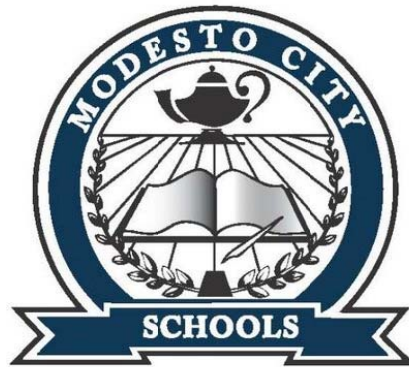


LEVEL 1 DEVELOPER FEE JUSTIFICATION STUDY



MARCH 2020

Prepared by:



Capitol | PFG

*2436 Professional Drive, Suite 300
Roseville, CA 95661
(916) 641-2734
www.capitolpfg.com*

DEVELOPER FEE JUSTIFICATION STUDY

TABLE OF CONTENTS

SECTION 1: EXECUTIVE SUMMARY	1
SECTION 2: PURPOSE OF THIS STUDY.....	2
SECTION 3: HISTORY OF DEVELOPER FEE LAW	3
SECTION 4: CURRENT LEGAL AUTHORITY FOR DEVELOPER FEES	4
LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY ELEMENTARY SCHOOL DISTRICT	6
SECTION 5: ELEMENTARY DISTRICT DEMOGRAPHIC INFORMATION	7
SECTION 6: ELEMENTARY DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS	10
SECTION 7: ELEMENTARY DISTRICT ENROLLMENT AND CAPACITY	11
HISTORICAL ENROLLMENT OF THE DISTRICT	11
DISTRICT CAPACITY	11
NEW DEVELOPMENT	14
STUDENT GENERATION RATE.....	15
SECTION 8: ELEMENTARY DISTRICT FACILITIES NEEDS	17
ANTICIPATED FACILITIES NEED	17
NEW CONSTRUCTION COSTS	17
SECTION 9: ELEMENTARY DISTRICT DEVELOPER FEE JUSTIFICATION	18
RESIDENTIAL DEVELOPMENT AND FEE ANALYSIS	18
COMMERCIAL/INDUSTRIAL DEVELOPMENT AND FEE ANALYSIS	19
SECTION 10: ELEMENTARY DISTRICT FINDINGS.....	22
ESTABLISHMENT OF A COST NEXUS	22
ESTABLISHMENT OF A BENEFIT NEXUS	22
ESTABLISHMENT OF A BURDEN NEXUS	22
LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY HIGH SCHOOL DISTRICT.....	23
SECTION 11: HIGH SCHOOL DISTRICT DEMOGRAPHIC INFORMATION	24
SECTION 12: HIGH SCHOOL DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS.....	27
SECTION 13: HIGH SCHOOL DISTRICT ENROLLMENT AND CAPACITY.....	29
HISTORICAL ENROLLMENT OF THE HIGH SCHOOL DISTRICT	29
HIGH SCHOOL DISTRICT CAPACITY	29
NEW DEVELOPMENT	31
STUDENT GENERATION RATE.....	32
SECTION 14: HIGH SCHOOL DISTRICT FACILITIES NEEDS.....	35
ANTICIPATED FACILITIES NEED	35
NEW CONSTRUCTION COSTS	35
SECTION 15: HIGH SCHOOL DISTRICT DEVELOPER FEE JUSTIFICATION	36
RESIDENTIAL DEVELOPMENT AND FEE ANALYSIS	36
COMMERCIAL/INDUSTRIAL DEVELOPMENT AND FEE ANALYSIS	37

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 16: HIGH SCHOOL DISTRICT FINDINGS	41
ESTABLISHMENT OF A COST NEXUS	41
ESTABLISHMENT OF A BENEFIT NEXUS	41
ESTABLISHMENT OF A BURDEN NEXUS	41
SECTION 17: IMPLEMENTATION OF THE FEES	43
DISTRICT BOARD APPROVAL	43
NOTIFICATIONS	43
FEE ACCOUNTING	43
APPENDIX A: 5 YEAR HISTORICAL AND CURRENT ENROLLMENT.....	I
APPENDIX B: SAMPLE NOTICE OF PUBLIC HEARING	II

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 1: EXECUTIVE SUMMARY

This study is intended to update the developer fee imposed by Modesto City Schools for both Modesto City Elementary School District (the “Elementary District”) and Modesto City High School District (the “High School District”). This report summarizes an analysis of the need for construction and reconstruction of school facilities to accommodate students from new development within the District’s boundaries and documents a reasonable relationship between new development, the fee, and the facilities to be funded.

Education Code section 17620 authorizes school districts to levy a fee against any development project for the construction or reconstruction of school facilities as long as the district can show justification for levying of fees.

In January 2020, the State Allocation Board adjusted the maximum statutory fee to \$4.08 per square foot of residential construction and \$0.66 per square foot of commercial/industrial construction. This study supports the adoption of a developer fee by the Modesto City Schools up to the statutory fees established by the State Allocation Board. However, as the Elementary District and the High School District share boundaries, they must also share developer fees. Therefore, the Elementary School District can levy developer fees up to 60% of the maximum statutory fee, or \$2.45 per square foot of residential and \$0.40 per square foot of commercial/industrial. The High School District shares its boundaries with eight elementary school districts and can levy developer fees up to 40% of the maximum statutory fee, or \$1.63 per square foot of residential and \$0.26 per square foot of commercial/industrial construction, in some cases the High School District collects 100% of the developer fees for commercial/industrial in other cases, the High School District does not collect any commercial/industrial fees.

Upon the submittal of this study to the District, it is incumbent upon the District’s Governing Board (the “Board”), assisted by staff, to review and evaluate the report for accuracy and agreement with the conclusions presented. Once the Board is satisfied that the fee adjustment recommendations are valid, the Board shall accept and consider public input. After accepting this input, the Board shall vote to approve findings and a resolution to set the appropriate fees.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 2: PURPOSE OF THIS STUDY

The purpose of this Developer Fee Justification Study is to comply with the provisions of Education Code section 17620 in relation to the levy and collection of developer fees. This study will substantiate that there is a “reasonable relationship”, or nexus, between residential, commercial, and industrial development projects and the cost to provide adequate school facilities for the students generated from those developments. It will identify the expected revenue derived from fees from those developments; identify other potential sources of revenue for facilities (and their viability); and identify the additional students projected to enroll in district schools as a result of these development projects. As required by Government Code sections 66000 through 66003, this report will also:

- ◆ Identify the purpose of the fee;
- ◆ Identify how the fee is to be used;
- ◆ Determine how a reasonable relationship exists between the fee’s use and the type of development project on which the fee is imposed; and
- ◆ Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.
- ◆ A fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 3: HISTORY OF DEVELOPER FEE LAW

Education Code section 17620 (AB 2926, Chapter 887/Statutes 1986), stipulates that “the Governing Board of any school district is authorized to levy a fee, charge, dedication, or other forms of requirement against any development project for the construction or reconstruction of school facilities.” To levy and collect developer fees, a school district must show the correlation (or “nexus”) between new residential, commercial and industrial development and the need for new school facilities.

Developer fees were originally established in 1987 with a maximum fee of \$1.50 per square foot of new residential construction and \$0.25 per square foot of new commercial/industrial construction. This maximum amount is reviewed and adjusted every two years by the State Allocation Board (SAB) based on the statewide Class B Construction Cost Index. The SAB raised the maximum fee at its January 2020 meeting to \$4.08 per square foot of residential and \$0.66 per square foot of commercial/industrial development.

Developer fees may be used to finance new schools and equipment, and to reconstruct existing facilities in order to maintain adequate housing for all of the District's students. Other legitimate uses of developer fees include, but are not limited to: interim housing, site acquisition, replacement of aged or inadequate portable classrooms, and housing for class-size reduction. Up to three percent of the fees collected may be used to defray the administrative costs incurred by the District in collecting these fees. Uses of the fees which are specifically prohibited by law are: regular or routine maintenance of facilities, asbestos abatement incidental to construction or reconstruction, and deferred maintenance programs.

Additionally, Government Code section 66008 (SB 1693, Chapter 569/Statutes 1996, effective January 1, 1997) mandates that school districts be specific on the intended use of the fees to be collected in their fee justification documents and include the general locations of new school facilities and estimated construction timelines in the report. These timelines, however, are influenced by many factors including actual (as opposed to projected) phasing of new development, eligibility for and availability of State School Facility Program (“SFP”) funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50 (“SB 50”), also known as the Leroy Greene School Facilities Act of 1998. This bill made major changes in the State Facilities Program as well as developer fee mitigation for school districts in California. The passage of SB 50 repealed all locally imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees.

- ◆ Level 1 fees are the current statutory fees (also referred to as “Stirling Fees”) allowed under Education Code section 17620.
- ◆ Level 2 fees are outlined in Government Code section 65995.5, and allow school districts to impose higher fees on residential construction if certain conditions are met. This level of developer fees is subject to a School Facility Needs Analysis based on Government Code section 65995.6.
- ◆ Level 3 developer fees are outlined in Government Code section 65995.7, and may be implemented by a district if the State certifies that there is no money available for facilities.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 4: CURRENT LEGAL AUTHORITY FOR DEVELOPER FEES

There are several legal code sections that deal with the levy and management of developer fees. A summary of some of the important code sections is included below.

- ◆ Education Code section 17620 explains several facets of developer fee law, including, but not limited to the following:
 - Exempts from fees residential additions of less than 500 square feet.
 - Allows a portion of the fees to be used to pay for the completion of developer fee justification studies.
 - Exempts from fees development projects that are used exclusively for government-owned facilities, private schools, and buildings that are tax-free based upon their use for religious purposes.
 - Limits the collection of fees for senior housing to the amount of commercial/industrial fees and requires any conversion from that use to be approved by the applicable local government agency after the school district has been notified.
- ◆ Education Code section 17625 authorizes the collection of fees on manufactured or mobile homes, but limits the imposition of the fees to the initial installation of the unit in the school district.
- ◆ Government Code sections 66000 through 66003 specify a variety of requirements regarding the collection and use of developer fees, some of which are stated in previous sections of this report, and include:
 - The identification of the purpose of the fee.
 - The identification of the use of the fee.
 - The determination of a reasonable relationship between the fee's use and the type of development project being assessed.
 - The determination of a reasonable relationship between the need for the public facility and the type of development project being assessed.
 - The accounting for any funds remaining unexpended in the fifth year after the first deposit into the fund, and every five years thereafter.
 - The identification of funding anticipated needed to finish any identified by incomplete projects, and the establishment of an approximate date for the anticipated completion of such projects.
 - The refunding, at specific times, of funds available that are not committed to specific projects.
 - A fee may not include the costs to existing deficiencies in public facilities, but may include costs attributable to the increased demand for public facilities reasonably related to a development project.
- ◆ Government Code section 66006 specifies the requirements for depositing and managing any fees that are collected and the restrictions for their use, including, but not limited to:
 - The establishment of a separate fund for the deposit of developer fees and any interest generated by them.
 - The use of such funds only for the purpose for which they were collected.

DEVELOPER FEE JUSTIFICATION STUDY

- Reporting the use of such funds on an annual basis within 180 days of the end of each fiscal year.
- ◆ Government Code section 66016 requires that district hold a public hearing regarding the imposition of developer fees as part of a regularly scheduled governing board meeting prior to adopting or increasing such fees. A notice of the meeting must be published, with the first publication at least ten days prior to the meeting.

DEVELOPER FEE JUSTIFICATION STUDY

LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY ELEMENTARY SCHOOL DISTRICT

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 5: ELEMENTARY DISTRICT DEMOGRAPHIC INFORMATION

The Elementary District is located within Stanislaus County and serves the southern portion of the City of Modesto. The District's location allows easy access to both winter and summer recreational areas and within reasonable driving distance are Yosemite National Park, Sacramento, San Francisco, Los Angeles and Lake Tahoe. Post-Secondary educational institutions are present throughout the region. Several colleges and universities are located in or nearby including California State University Stanislaus, Modesto Junior College, Heald College Modesto, among others.

Community Demographics

Demography describes various population characteristics of the area's people. Primarily collected by local, state, and/or federal agencies such as the Census Bureau and local public health departments, demographic information covers a range of topics including population size, sex, age composition, ethnic backgrounds, household characteristics, geographic distribution, part-time versus full-time residents and other vital statistics. With regard to the master planning process, demographic data will assist the district in prioritizing projects, resource allocation, and facilities needs.

The most recent demographic survey performed by the Census Bureau was the American Community Survey, a discussion of which is provided below for the Elementary District.

Modesto City Elementary School District boundaries:

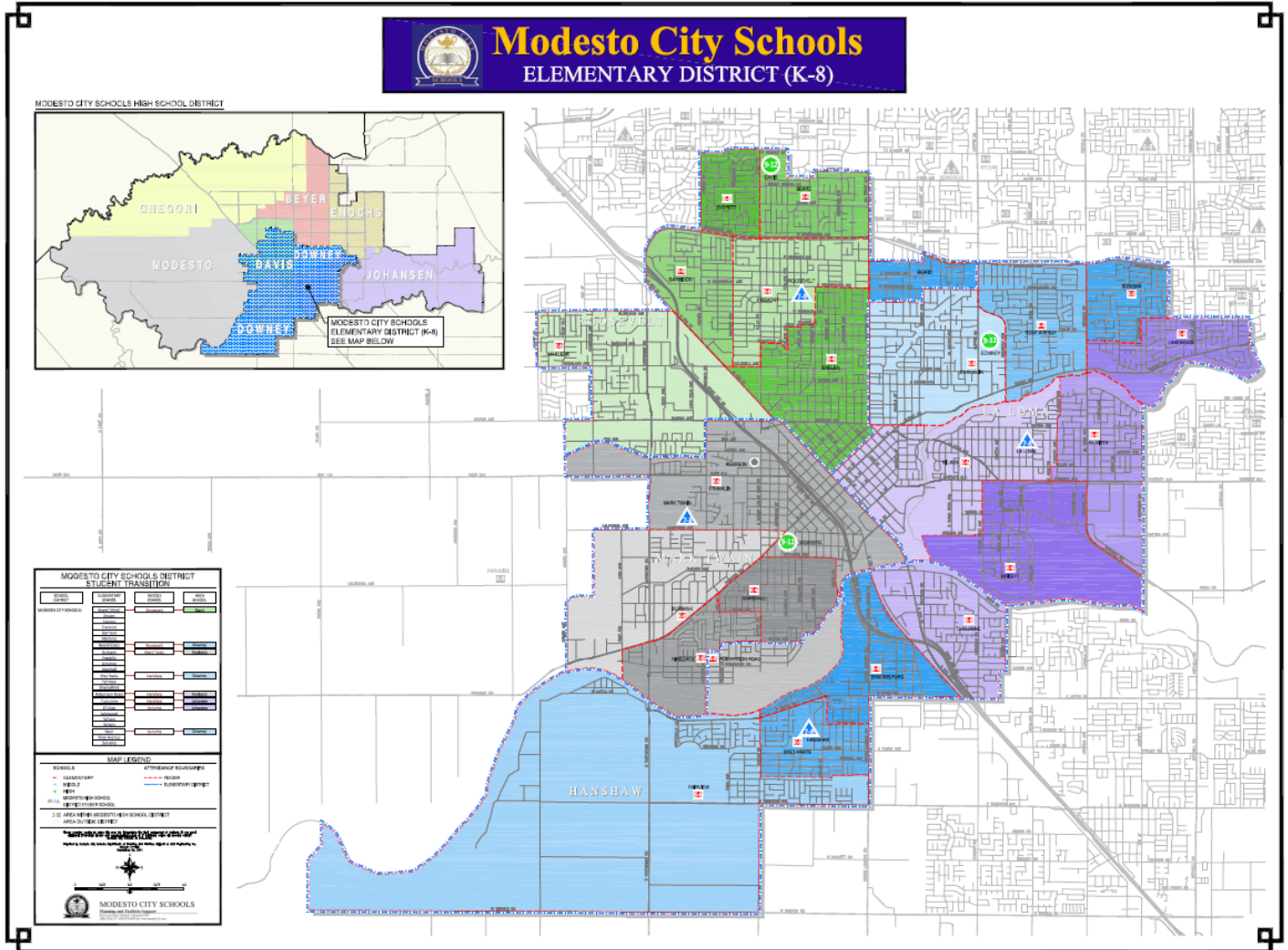
- ♦ 116,598 residents
- ♦ 39,750 total housing units and 37,256 households
- ♦ 40.7% of households had children under the age of 18
- ♦ 43.6% of households were married couples living together
- ♦ \$44,332 median income
- ♦ 20.2% of families and 24.6% of the population below the poverty line

Elementary District Description

The Elementary District provides education to K – 8 students in the southern portion of the City of Modesto. The Elementary District educates approximately 14,000 students at 26 school sites.

For reference, a map of the Elementary District boundaries is provided on below:

DEVELOPER FEE JUSTIFICATION STUDY



Elementary District School Sites

The Elementary District is made up of 26 school campuses, including: 22 elementary schools and 4 middle schools. District office facilities are located at 426 Locust Street, Modesto CA. The following page includes a listing of all the Elementary District's school sites and their locations.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City Elementary School District School Sites			
Site	Location	Grade Level	Year Built
Beard Elementary	915 Bowen Avenue, Modesto	K-6	1955
Bret Harte Elementary	909 Glenn Avenue, Modesto	K-6	1950
Burbank Elementary	1135 Paradise Road, Modesto	K-6	1943
El Vista Elementary	450 El Vista Avenue, Modesto	K-6	1953
Enslen Elementary	515 Coldwell Avenue, Modesto	K-6	1939
Everett Elementary	530 Mt. Vernon Drive, Modesto	K-6	1962
Fairview Elementary	1937 West Whitmore Avenue, Modesto	K-6	1951
Franklin Elementary	120 South Emerald Avenue, Modesto	K-6	1951
Fremont Elementary	1220 West Orangeburg Avenue, Modesto	K-6	1949
Garrison Elementary	1811 Teresa Street, Modesto	K-6	1956
Hanshaw Middle	1725 Las Vegas Street, Modesto	7-8	1990
Kirschen Elementary	1900 Kirschen Drive, Modesto	K-6	1986
La Loma Middle	1800 Encina Avenue, Modesto	7-8	1956
Lakewood Elementary	2920 Middleboro Place, Modesto	K-6	1978
Mark Twain Middle	707 Emerald Avenue, Modesto	7-8	1951
Marshall Elementary	515 Sutter Avenue, Modesto	K-6	1950
Martone Elementary	1413 Poust Road, Modesto	K-6	1987
Muir Elementary	1215 Lucern Avenue, Modesto	K-6	1950
Robertson Road Elementary	1821 Robertson Road, Modesto	K-6	1967
Roosevelt Middle	1330 College Avenue, Modesto	7-8	1951
Rose Avenue Elementary	1120 Rose Avenue, Modesto	K-6	1963
Shackelford Elementary	100 School Avenue, Modesto	K-6	1945
Sonoma Elementary	1325 Sonoma Avenue, Modesto	K-6	1973
Tuolumne Elementary	707 Herndon Road, Modesto	K-6	1950
Wilson Elementary	201 Wilson Avenue, Modesto	K-6	1929
Wright Elementary	1602 Monterey Street, Modesto	K-6	1948

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 6: ELEMENTARY DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

In 2018, the Elementary District adopted a Level 1 developer fee of \$2.27 per square foot of residential construction and \$0.37 per square foot of commercial/industrial construction. The Elementary District shares Level I developer fee revenue with the High School District. The Elementary District retains 60 percent of Level I fee revenue, and the High School District retains 40 percent. This arrangement is expected to continue and all future developer fee revenues will be split accordingly.

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to improve school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2015.

Modesto City Elementary School District Five Year Historical Developer Fee Collections			
Year	Residential	Commercial/ Industrial	Total
2019	\$99,660.95	\$1,477.04	\$101,137.99
2018	\$77,327.77	\$24,876.18	\$102,203.95
2017	\$155,842.96	\$76,793.62	\$232,636.58
2016	\$118,670.53	\$0.00	\$118,670.53
2015	\$63,127.40	\$20,965.46	\$84,092.86
Total	\$514,629.61	\$124,112.30	\$638,741.91

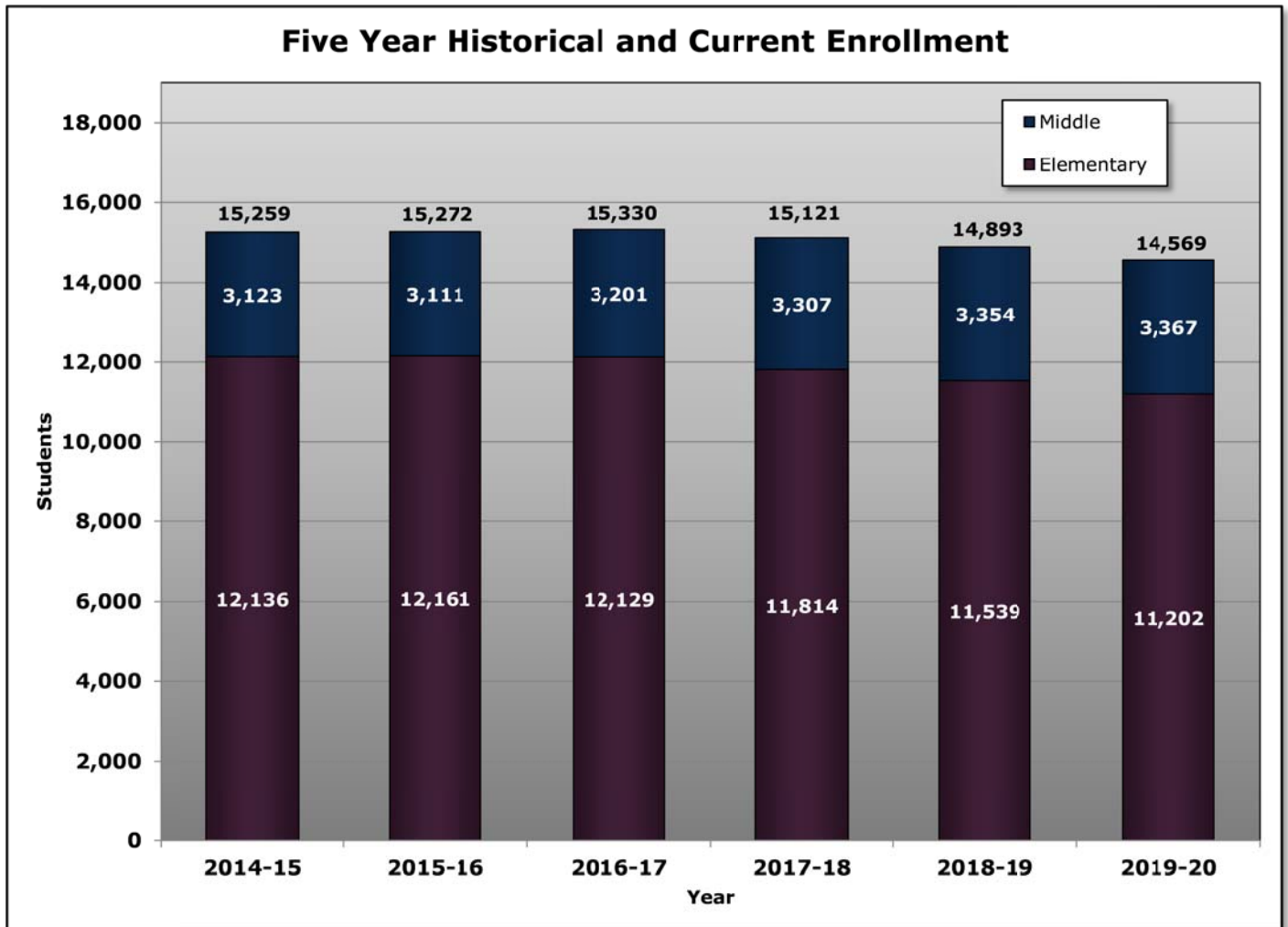
Source: Modesto City Schools

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 7: ELEMENTARY DISTRICT ENROLLMENT AND CAPACITY

Historical Enrollment of the District

The annual enrollment for the Elementary District has remained relatively steady over the past five years, peaking with 15,330 in the 2016-17 school year. Currently the Elementary District has an enrollment of 14,569, as is shown in the chart below:



Source: California Department of Education CALPADS and Modesto City Schools

A breakdown of the Elementary District's historical CALPADS enrollment, by grade level, is included as Appendix A.

District Capacity

The Elementary District's capacity was determined using loading standards of 24 students per classroom for elementary school sites and 30 students per classroom for middle school sites. Many of the Elementary District's school sites have portables that have exceeded their useful life and are in need of replacement in order to house students from new development. For the purposes of this study, all portables over 20 years old have been

DEVELOPER FEE JUSTIFICATION STUDY

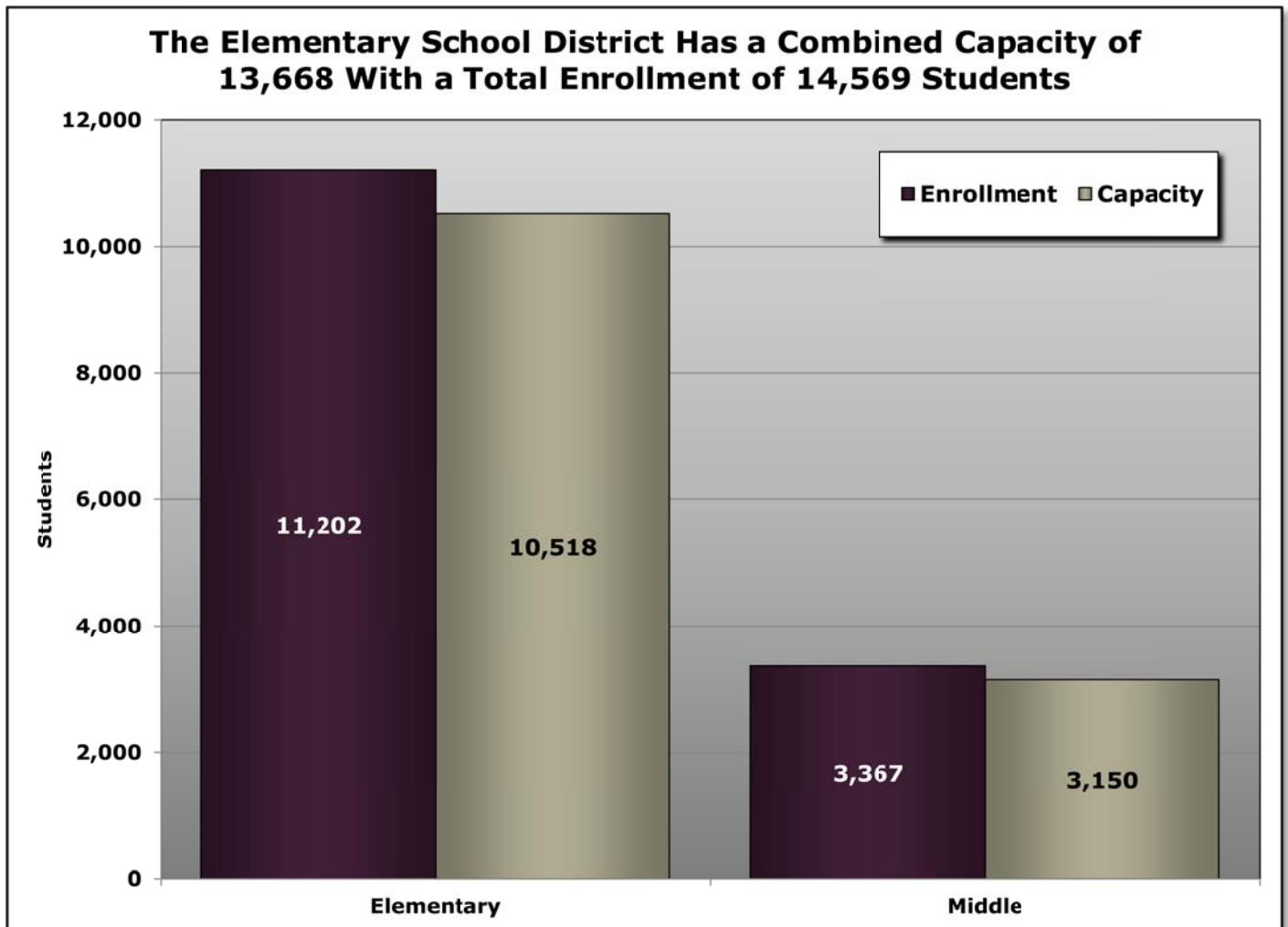
removed from the allowable capacity. Based on State average loading standards, the District has an elementary capacity for 10,518 students and a middle school capacity for 3,150 students.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City Elementary School District Allowable Capacity			
School Site	Capacity	Portable Classrooms Over 20 Years	Total Capacity Less Portables
Elementary			
Beard Elementary	640	3	568
Bret Harte Elementary	1,303	14	967
Burbank Elementary	874	10	634
El Vista Elementary	624	6	480
Enslen Elementary	469	4	373
Catherine Everett Elementary	509	0	509
Fairview Elementary	970	22	442
Franklin Elementary	1,043	15	683
John Fremont Elementary	661	6	517
William Garrison Elementary	596	6	452
Kirschen Elementary	691	24	115
Lakewood Elementary	520	1	496
James Marshall Elementary	845	8	653
Alberta Martone Elementary	762	26	138
John Muir Elementary	577	12	289
Ethel Pearson Elementary	384	0	384
Robertson Road Elementary	517	4	421
Rose Avenue Elementary	656	5	536
Shackelford Elementary	536	7	368
Sonoma Elementary	751	0	751
Toulumne Elementary	772	18	340
Wilson Elementary	329	4	233
Orville Wright Elementary	529	15	169
Elementary Total	15,558	210	10,518
Middle			
Evelyn Hanshaw Middle	978	0	978
La Loma Junior High	1,038	9	768
Mark Twain Junior High	816	9	546
Roosevelt Junior High	918	2	858
Middle Total	3,750	20	3,150
Total District	19,308	230	13,668

DEVELOPER FEE JUSTIFICATION STUDY

As shown in the following chart, the Elementary District is currently operating over capacity by 684 elementary and 217 middle school students and, therefore, does not have capacity to house any additional students being generated by new construction.



New Development

New residential development typically results in new students for the Elementary District to accommodate. Therefore, it is important for the Elementary District to monitor the development plans of the local land use agencies. There are two land use agencies within the Elementary District's boundaries – the City of Modesto and the County of Stanislaus.

The Elementary District must plan for facilities assuming maximum potential student capacity. Residential development within the Elementary District grew at an average rate of 37 homes per year from 2015 to 2019, as is shown in the table on the following page. It is projected that the Elementary District will maintain this same rate of growth over the next five years, with a total of 185 new residential units being constructed.

DEVELOPER FEE JUSTIFICATION STUDY

5 Year Historical Residential Development	
Year	Total Units
2019	41
2018	28
2017	49
2016	39
2015	27
Average	37

Source: Modesto City Schools

Student Generation Rate

A total of 185 units are projected to be constructed within the Elementary District's boundaries over the next five years. In terms of facilities planning, it is important that the Elementary District project the potential facilities impact. A key component of the planning process is the student generation factor, which is the ratio of students produced per home within a new construction project. This serves as a tool to use in the planning process and will allow the Elementary District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources throughout the Elementary District.

The Elementary District has not performed a student generation rate study for this Level 1 report; rather it will use the student generation rate utilized by the State Office of Public School Construction, 0.7. A breakdown of the student generation rate for grade level is provided in the table below:

Student Generation Rates by Grade			
K-6	7-8	9-12	Total
0.4	0.1	0.2	0.7

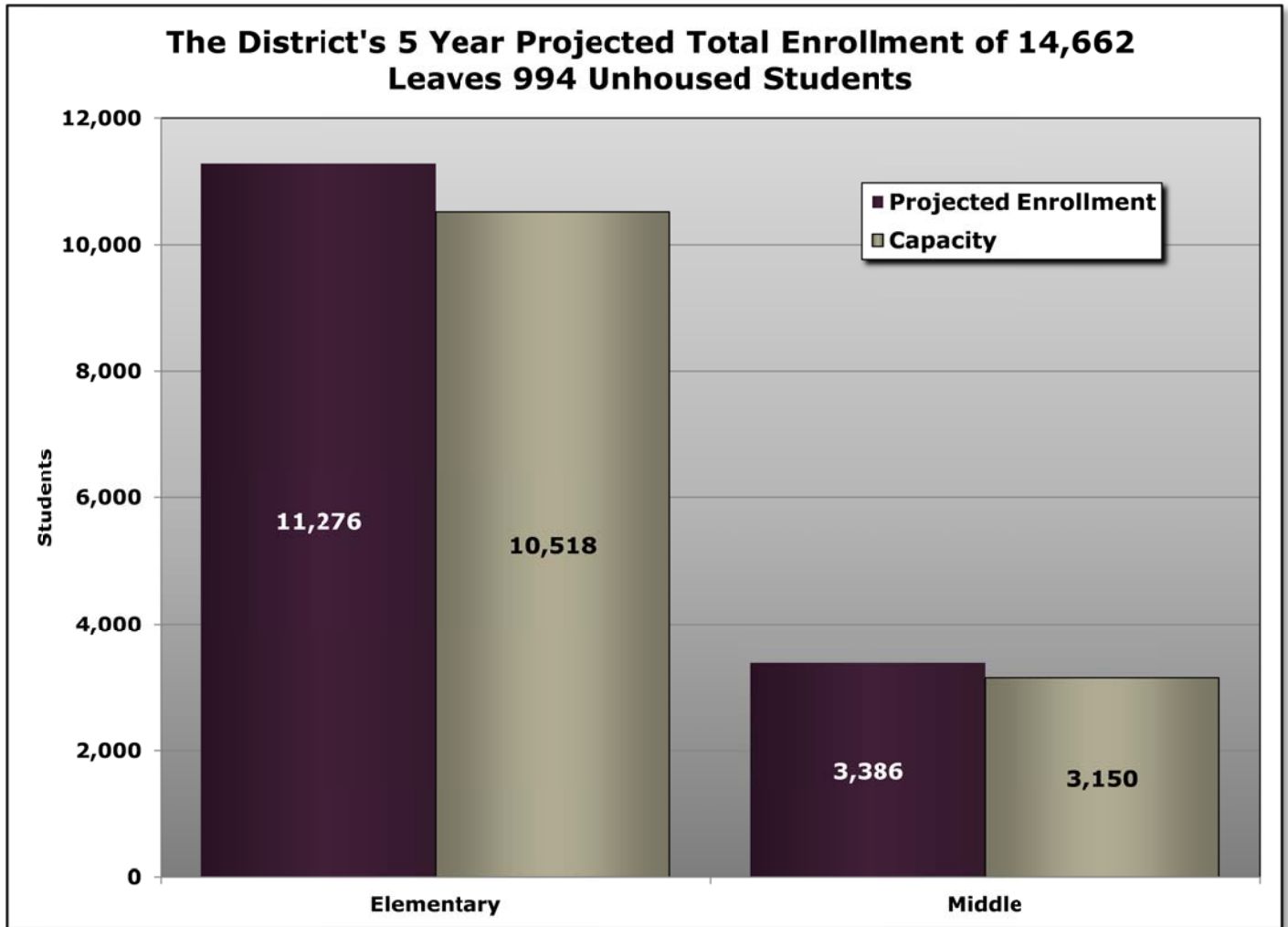
Given the 185 projected units and the student generation rate to be used per home, the Elementary District can estimate that approximately 93 new students will be generated as a result of the development projects.

Summary of Five Year Enrollment Projections			
Number of Units	K-6 Enrollment	7-8 Enrollment	Total
185	74	19	93

Current enrollment trends coupled with development data demonstrate a need for new school facilities. It has been shown that the Elementary District is operating over capacity and does not have sufficient capacity to house new students projected from new residential development and will suffer significant strain from the development occurring within its boundaries. The Elementary District has a projected enrollment of 11,276

DEVELOPER FEE JUSTIFICATION STUDY

elementary students and 3,386 middle school students, the District will need to construct additional classrooms to provide facilities for the 74 unhoused elementary and 19 middle school students generated from new construction of residential units.



DEVELOPER FEE JUSTIFICATION STUDY

SECTION 8: ELEMENTARY DISTRICT FACILITIES NEEDS

The Elementary District has experienced some growth within its boundaries over recent years and will need to plan for the construction of additional classrooms in order to accommodate students generated from projected residential growth. The Elementary District has available funds that it will contribute toward the construction of these facilities, but lacks sufficient funding to pay for all necessary construction.

Anticipated Facilities Need

Based on the projected student generation, it is anticipated that the Elementary District will need to construct additional classrooms. The Elementary District will need to fund the design and construction of these facilities.

New Construction Costs

Based on the estimated cost for the design, site work and acquisition, a new portable classroom will cost approximately \$350,000. The following table shows the number of classrooms required to accommodate students from new development.

Number of Classrooms Required for Projected Unhoused Students from New Development			
Grade Level	Projected Unhoused Students from New Development	Classroom Capacity	Number of Classrooms Required
Elementary	74	24	4
Middle	19	30	1

The number of classrooms required to house the projected unhoused students from new development is multiplied by the estimated all-in portable classroom costs, shown above, to determine the total capacity costs for new development. The calculation is as follows:

Calculation of School Construction			
Grade Level	Portable Classroom Cost	Classrooms Required	Total Unfunded Construction Costs
Elementary	\$350,000	4	\$1,400,000
Middle	\$350,000	1	\$350,000
Total			\$1,750,000

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 9: ELEMENTARY DISTRICT DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the Elementary District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the Elementary District.

Residential Development and Fee Analysis

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the Elementary District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the Elementary District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 8 and include any money the Elementary District plans to contribute towards new construction. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the Elementary District expects 93 unhoused students to be generated from new development, the per student facilities cost for each student is estimated to be \$18,817.

<p style="text-align: center;"><u>Facilities Cost Per Student</u></p>
--

<p style="text-align: center;">$\\$1,750,000 / 93 = \\$18,817 \text{ per student}$</p>

As previously explained, based on State standards, each home generates approximately 0.5 elementary and middle school students. Therefore, if the per student facilities cost is \$18,817, we can multiply that by the student generation rate of 0.5 and estimate the impact per unit of \$9,409. This analysis will assume that the average size of new single family residential units to be constructed within the Elementary District's boundaries will be approximately 2,000 square feet. To determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the Elementary District. As calculated, the facilities cost per square foot is \$4.70:

<p style="text-align: center;"><u>Facilities Cost Per Square Foot</u></p>
--

<p style="text-align: center;">$\\$9,409 / 2,000 \text{ sq. ft.} = \\4.70 per sq. ft.</p>
--

Therefore, the Elementary District's facilities cost per square foot of new development (\$4.70 per square foot) exceeds the maximum developer fee (\$4.08 per square foot) that can be imposed.

DEVELOPER FEE JUSTIFICATION STUDY

Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the Elementary District and the need for new school facilities. This relationship is based on the finding that the Elementary District exceeds its facility capacity. New students to be generated by new residential development will have to be housed in new school facilities. The cost to provide additional school facilities exceeds the amount of fees to be generated from new residential construction. The Elementary District is justified in the levying of residential developer fees of up to 60% of the statutory maximum equal to \$2.45 per square foot of new residential development. Specifically, this is the District's 60% share, per agreement with the High School District, of the statutory maximum of \$4.08 per square foot.

Commercial/Industrial Development and Fee Analysis

In order to levy fees on commercial and industrial development, existing law stipulates that the Elementary District ". . . must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the District." The school facilities costs incurred by the Elementary District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

1. Employees per square foot of new commercial/industrial development;
2. Percent of employees in the District that also live in the District;
3. Dwelling Units per employee;
4. Students per Dwelling Unit;
5. School facility cost per student.

Employees Per Square Foot Of New Commercial/Industrial Development

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the Elementary District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

DEVELOPER FEE JUSTIFICATION STUDY

Employees Per Square Foot of New Commercial/Industrial Development		
Commercial/Industrial Category	Average Square Foot Per Employee	Employees Per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report

Percent of Employees in the District That Also Live in the Elementary District

To estimate the percentage of new Elementary District employees that will reside in the Elementary District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the Elementary District will also live in the Elementary District and two-thirds will live outside of the Elementary District.

Dwelling Units per Employee

Data from the American Community Survey indicates that there were 50,800 workers living in 39,750 housing units in the Elementary District. Therefore, there are 0.782 housing units for every one worker. This study, thereby assumes that each new resident worker in the Elementary District will demand 0.782 housing units.

Students per Dwelling Unit

As stated in Section 7 of this study, based on SFP standards, this study assumes that 0.5 elementary and middle school students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

DEVELOPER FEE JUSTIFICATION STUDY

School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Sq. Ft.	% Employees Residing in District	Dwelling Units Per Employee	K-8 Students per Dwelling Unit	Cost per K-8 Student	Cost per Square Foot
Banks	0.00283	0.333	0.782	0.5	\$9,409	\$3.47
Community Shopping Centers	0.00153	0.333	0.782	0.5	\$9,409	\$1.87
Neighborhood Shopping Centers	0.00271	0.333	0.782	0.5	\$9,409	\$3.32
Industrial Business Parks	0.00352	0.333	0.782	0.5	\$9,409	\$4.31
Industrial Parks	0.00135	0.333	0.782	0.5	\$9,409	\$1.65
Rental Self Storage	0.00006	0.333	0.782	0.5	\$9,409	\$0.07
Scientific Research & Development	0.00304	0.333	0.782	0.5	\$9,409	\$3.72
Lodging	0.00113	0.333	0.782	0.5	\$9,409	\$1.38
Standard Commercial Office	0.00479	0.333	0.782	0.5	\$9,409	\$5.87
Large High Rise Commercial Office	0.00431	0.333	0.782	0.5	\$9,409	\$5.28
Corporate Offices	0.00269	0.333	0.782	0.5	\$9,409	\$3.30
Medical Offices	0.00427	0.333	0.782	0.5	\$9,409	\$5.23

Commercial Developer Fee Justification

As indicated in the per square foot cost provided above, maximum statutory developer fee of \$0.66 per square foot is justified for all categories except rental self-storage. It is then reasonable the Elementary District collects \$0.40 per square foot of commercial/industrial construction except rental self-storage, which of course is the Elementary District's 60% share of the fees collected.

Based on data available for the purpose of determining the impact of rental self-storage construction on the District, it has been determined that rental self-storage construction has significantly less impact than other commercial/industrial construction. Rental self-storage construction generates 0.00006 employees per square foot of school construction. This information was provided by the San Diego Association of Governments, Traffic Generators, January 1990, and is cited for use in Education Code section 17621 (e) (B). The generation of 0.00006 employees per square foot and the utilization of the student generation rate per household yields an impact of \$0.07 per square foot of rental self-storage construction. Therefore, the District is justified in collecting a fee for rental self-storage not to exceed \$0.04 per square foot.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 10: ELEMENTARY DISTRICT FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

Establishment of a Cost Nexus

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The Elementary District has undertaken significant reconstruction and modernization projects to serve existing development and potentially, all capacity that must be provided. Additionally, the cost for providing these facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

Establishment of a Benefit Nexus

Students generated by new residential, commercial and industrial development will be attending the Elementary District's schools. Housing Elementary District students in new and/or updated facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

Establishment of a Burden Nexus

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The Elementary District must carry the burden of constructing new facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

Conclusion

The Elementary District has met the nexus requirements described in Government Code section 66001. As demonstrated in this study, the Elementary District is justified in charging up to the statutory maximum developer fee of \$4.08 per square foot of residential development and \$0.66 per square foot of commercial/industrial development. As an elementary district sharing boundaries with another district serving grades 9-12, the Elementary District must split this statutory maximum fee with the High School District based on each district's agreed upon share of the fee. Therefore, the Elementary District can levy developer fees up to 60% of the maximum statutory fee, or \$2.45 per square foot of residential construction and \$0.40 per square foot of commercial/industrial construction, except for rental self-storage facilities, which are justified up to a fee of \$0.04 per square foot.

LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY HIGH SCHOOL DISTRICT

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 11: HIGH SCHOOL DISTRICT DEMOGRAPHIC INFORMATION

Modesto City High School District (the “High School District”) is located within Stanislaus County and serves the communities of Modesto, Riverbank, Ceres, Empire and Salida. The High School District’s location allows easy access to both winter and summer recreational areas and within reasonable driving distance are Yosemite National Park, Sacramento, San Francisco, Los Angeles and Lake Tahoe. Post-Secondary educational institutions are present throughout the region. Several colleges and universities are located in or nearby including California State University Stanislaus, Modesto Junior College, Heald College Modesto among others.

Community Demographics

Demography describes various population characteristics of the area’s people. Primarily collected by local, state, and/or federal agencies such as the Census Bureau and local public health departments, demographic information covers a range of topics including population size, sex, age composition, ethnic backgrounds, household characteristics, geographic distribution, part-time versus full-time residents and other vital statistics. With regard to the master planning process, demographic data will assist the district in prioritizing projects, resource allocation, and facilities needs.

The most recent demographic survey performed by the Census Bureau was the American Community Survey, a discussion of which is provided below for the High School District.

Modesto City High School District boundaries:

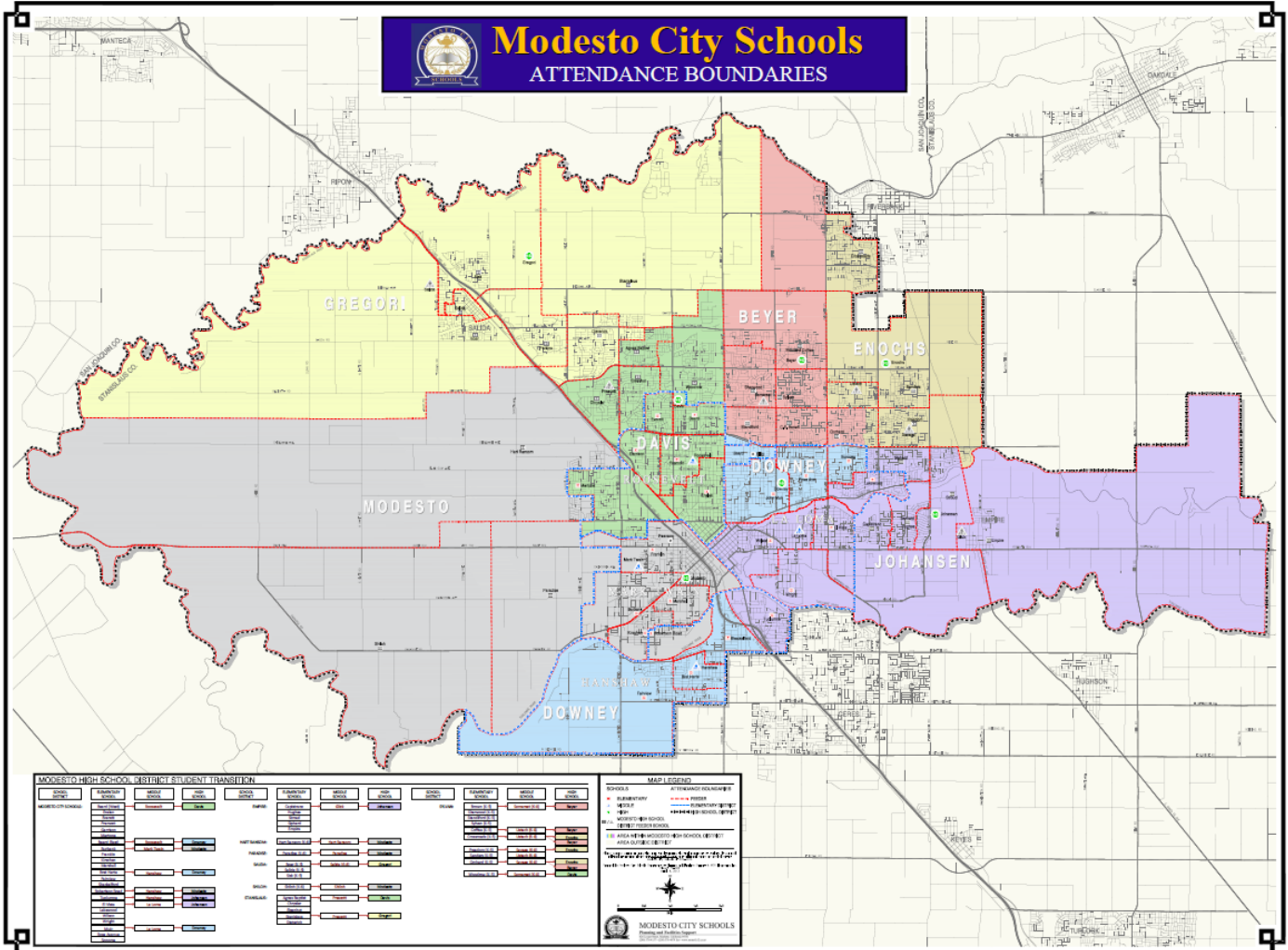
- ◆ 276,049 residents
- ◆ 95,370 total housing units and 90,762 households
- ◆ 38.7% of households had children under the age of 18
- ◆ 49.3% of households were married couples living together
- ◆ \$53,534 median income
- ◆ 14.2% of families and 25.1% of the population below the poverty line

High School District Description

The High School District provides education to 9-12 grade students in the Cities of Modesto, Ceres, Empire and Salida, as well as portions of the City of Riverbank and Stanislaus County. The High School District educates approximately 15,100 students at 8 school sites.

For reference, a map of the High School District boundaries is provided on below:

DEVELOPER FEE JUSTIFICATION STUDY



High School District School Sites

The High School District is made up of 8 school campuses, including: 7 comprehensive high schools and 1 continuation high school. District office facilities are located at 426 Locust Street, Modesto CA. The following page includes a listing of all the High School District's school sites and their locations.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District School Sites			
Site	Location	Grade Level	Year Built
Beyer High	1717 Sylvan Avenue, Modesto	9-12	1972
Davis High	1200 West Rumble Road, Modesto	9-12	1961
Downey High	1000 Coffee Road, Modesto	9-12	1950
Elliott Alternative Education	1440 Sunrise Avenue, Modesto	9-12	1950
Enochs High	3201 Sylvan Avenue, Modesto	9-12	2006
Gregori High	3701 Pirrone Road, Modesto	9-12	2010
Johansen High	641 Norseman Drive, Modesto	9-12	1990
Modesto High	18 H Street, Modesto	9-12	1921

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 12: HIGH SCHOOL DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

The High School District shares Level 1 developer fee revenue with multiple elementary school districts within its boundaries. The following tables show breakdowns of the High School District's share of the adopted 2018 residential construction fees and commercial/industrial construction fees. These arrangements are expected to continue and all future developer fee revenues will be split accordingly.

Modesto City High School District Fee Sharing - Residential			
Elementary District	2018 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$3.79	40%	\$1.52
Hart-Ransom Union	\$3.79	40%	\$1.52
Modesto City Elementary	\$3.79	40%	\$1.52
Paradise	\$3.79	40%	\$1.52
Salida Union	\$3.79	40%	\$1.52
Shiloh	\$3.79	40%	\$1.52
Stanislaus Union	\$3.79	40%	\$1.52
Sylvan Union	\$3.79	40%	\$1.52

Modesto City High School District Fee Sharing - Commercial/Industrial			
Elementary District	2018 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$0.61	40%	\$0.24
Hart-Ransom Union	\$0.61	100%	\$0.61
Modesto City Elementary	\$0.61	40%	\$0.24
Paradise	\$0.61	100%	\$0.61
Salida Union	\$0.61	0%	\$0.00
Shiloh	\$0.61	100%	\$0.61
Stanislaus Union	\$0.61	40%	\$0.24
Sylvan Union	\$0.61	100%	\$0.61

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to modernize school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2015.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Five Year Historical Developer Fee Collections			
Year	Residential	Commercial/ Industrial	Total
2019	\$554,020.07	\$8,155.95	\$562,176.02
2018	\$303,985.56	\$83,868.47	\$387,854.03
2017	\$241,353.31	\$76,286.72	\$317,640.03
2016	\$161,141.75	\$33,794.42	\$194,936.17
2015	\$133,907.80	\$142,560.78	\$276,468.58
Total	\$1,394,408.49	\$344,666.34	\$1,739,074.83

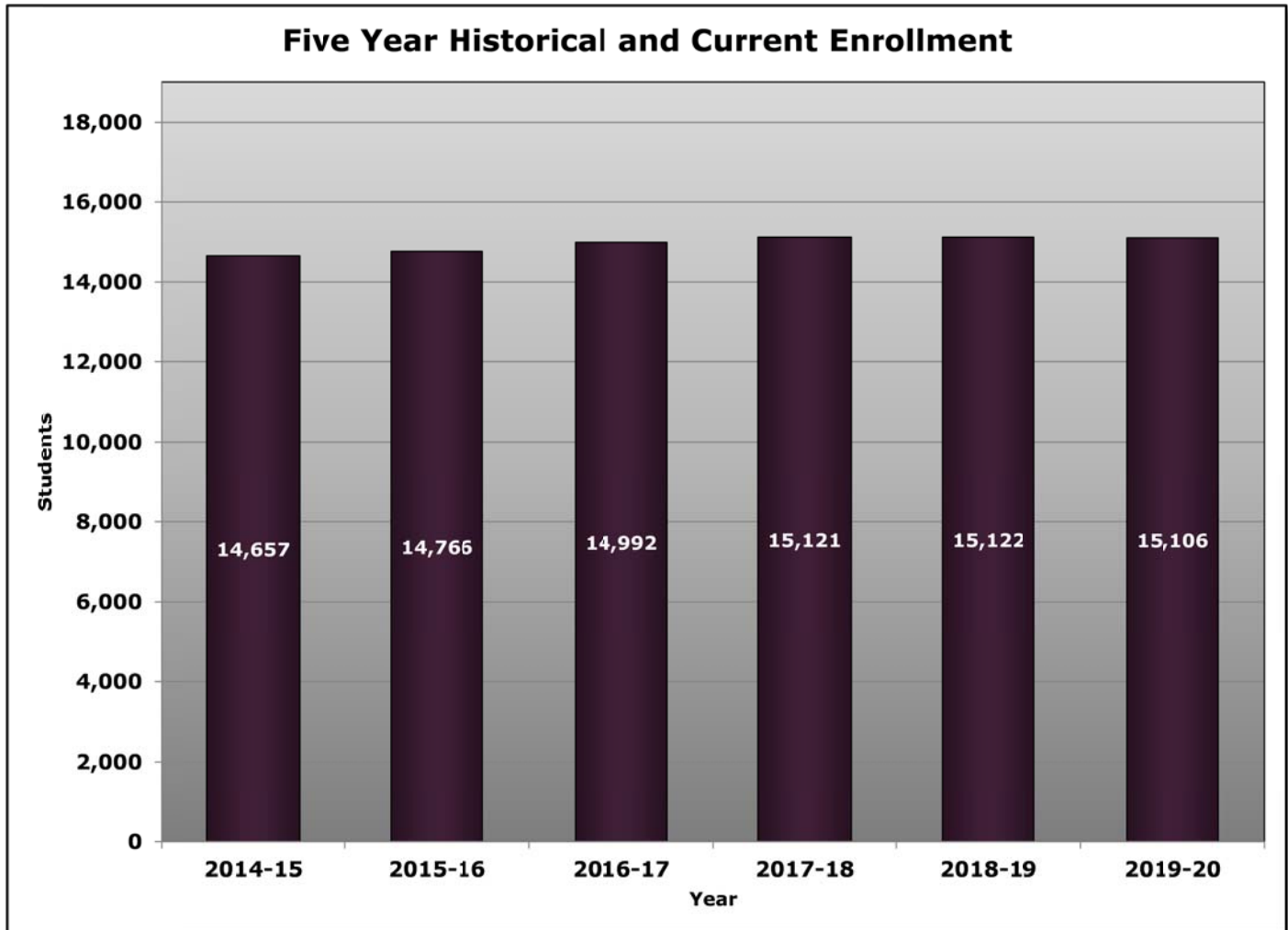
Source: Modesto City Schools

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 13: HIGH SCHOOL DISTRICT ENROLLMENT AND CAPACITY

Historical Enrollment of the High School District

The annual enrollment for the High School District has remained relatively steady over the past five years, as is shown in the chart below:



Source: California Department of Education CALPADS and Modesto City Schools

A breakdown of the High School District's historical CALPADS enrollment, by grade level, is included as Appendix A.

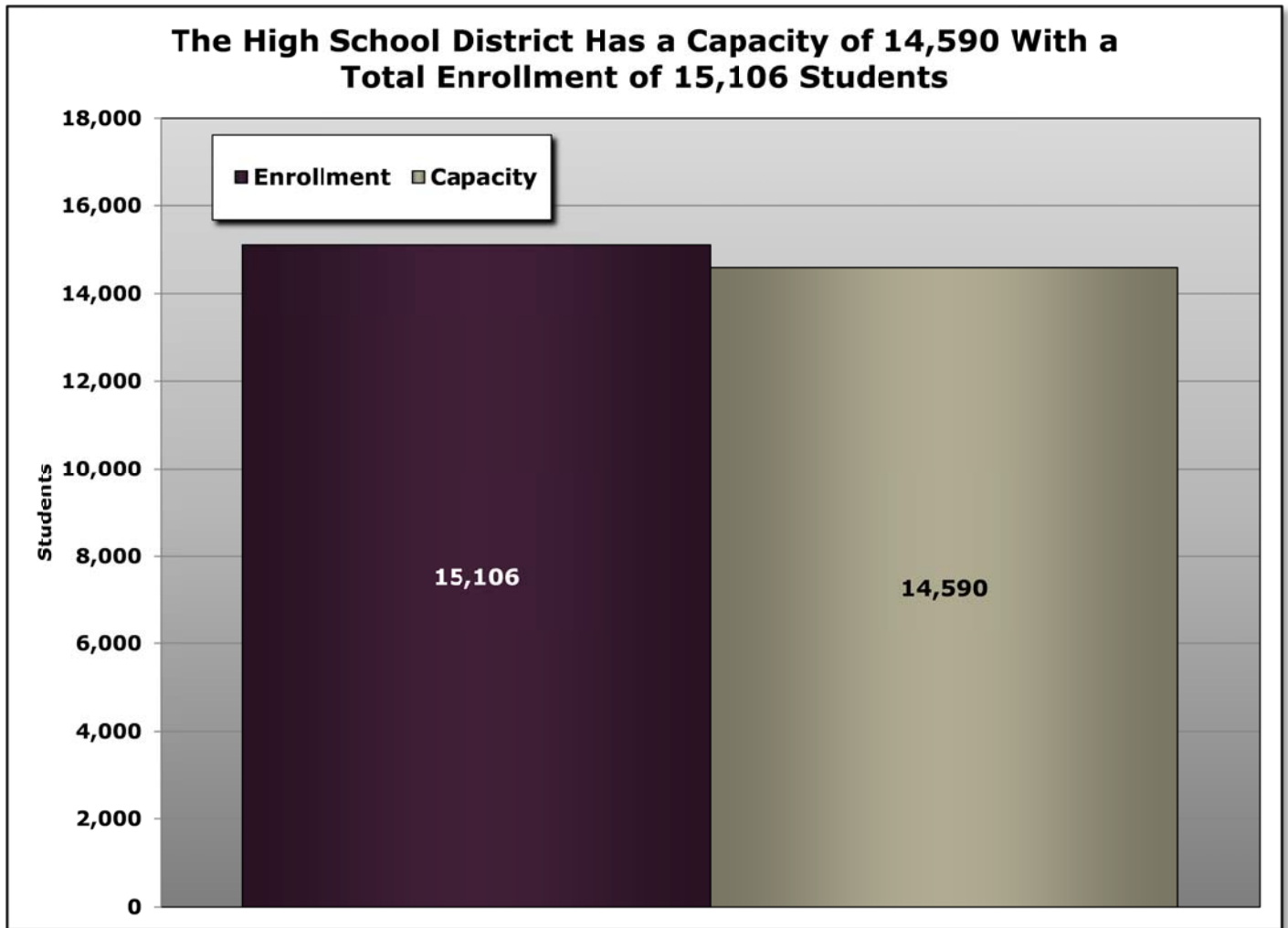
High School District Capacity

Some of the High School District's school sites have portables that have exceeded their useful life and are in need of replacement in order to house students from new development. For the purposes of this study, all portables over 20 years old have been removed from the allowable capacity. Based on an average classroom loading standard of 30 students per classroom, the High School District has a capacity for 14,590 students.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Allowable Capacity			
School Site	Capacity	Portable Classrooms Over 20 Years	Total Capacity Less Portables
Fred C. Beyer High	1,980	17	1,470
Grace Davis High	1,972	3	1,882
Thomas Downey High	2,178	13	1,788
Robert Elliott Education Center	876	15	426
James Enochs High	2,430	0	2,430
Joseph Gregori High	2,502	0	2,502
Peter Johansen High	2,088	5	1,938
Modesto High	2,664	17	2,154
Total District	16,690	70	14,590

The High School District is currently operating over capacity and does not have sufficient capacity to house any additional students being generated by new construction within its boundaries. As shown in the following table, based on 2019-20 enrollment, the District is currently over capacity by 516 students.



New Development

New residential development typically results in new students for the High School District to accommodate. Therefore, it is important for the High School District to monitor the development plans of the local land use agencies. For the High School District, there are three land use agencies within the High School District's boundaries – the Cities of Modesto and Riverbank and the County of Stanislaus.

There are several development projects currently mapped for new construction within the High School District's boundaries. Provided below is a summary of the known mapped development projects within the High School District's boundaries:

DEVELOPER FEE JUSTIFICATION STUDY

Projected Residential Development		
Development Project	Feeder District	# of Units
Crossroads West	Sylvan Union	1,975
Del Rio	Stanislaus Union	51
Tivoli	Sylvan Union	3,193
Trails at Dry Creek	Sylvan Union	30
Vintage Square	Salida Union	164
Wisdom Place	Sylvan Union	16
Woodglen	Stanislaus Union	533
Total		5,962

Source: City of Modesto, City of Riverbank, County of Stanislaus

Outside of the planned development projects the High School District grew at an average rate of 70 homes per year from 2015 to 2019, as is shown in the following table. It is projected that the High School District will maintain this same rate of growth over the next five years, with a total of 350 new residential units being constructed.

5 Year Historical Residential Development	
Year	Total Units
2019	74
2018	54
2017	96
2016	65
2015	61
Average	70

Source: Modesto City Schools

Based on the planned residential development and the projected 350 new units, there will be a total of 6,312 new residential units being constructed within the High School District's boundaries. The District must plan for facilities assuming maximum potential student capacity, especially given the number of projects that are planned for construction within the High School District's boundaries.

Student Generation Rate

A total of 6,312 units are projected to be constructed over the next five years. In terms of facilities planning, it is important that the High School District project the potential facilities impact. A key component of the planning process is the student generation factor. A student generation factor is the ratio of students produced per home within a new construction project. This serves as a tool for District's to use in the planning process and will allow the High School District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources.

DEVELOPER FEE JUSTIFICATION STUDY

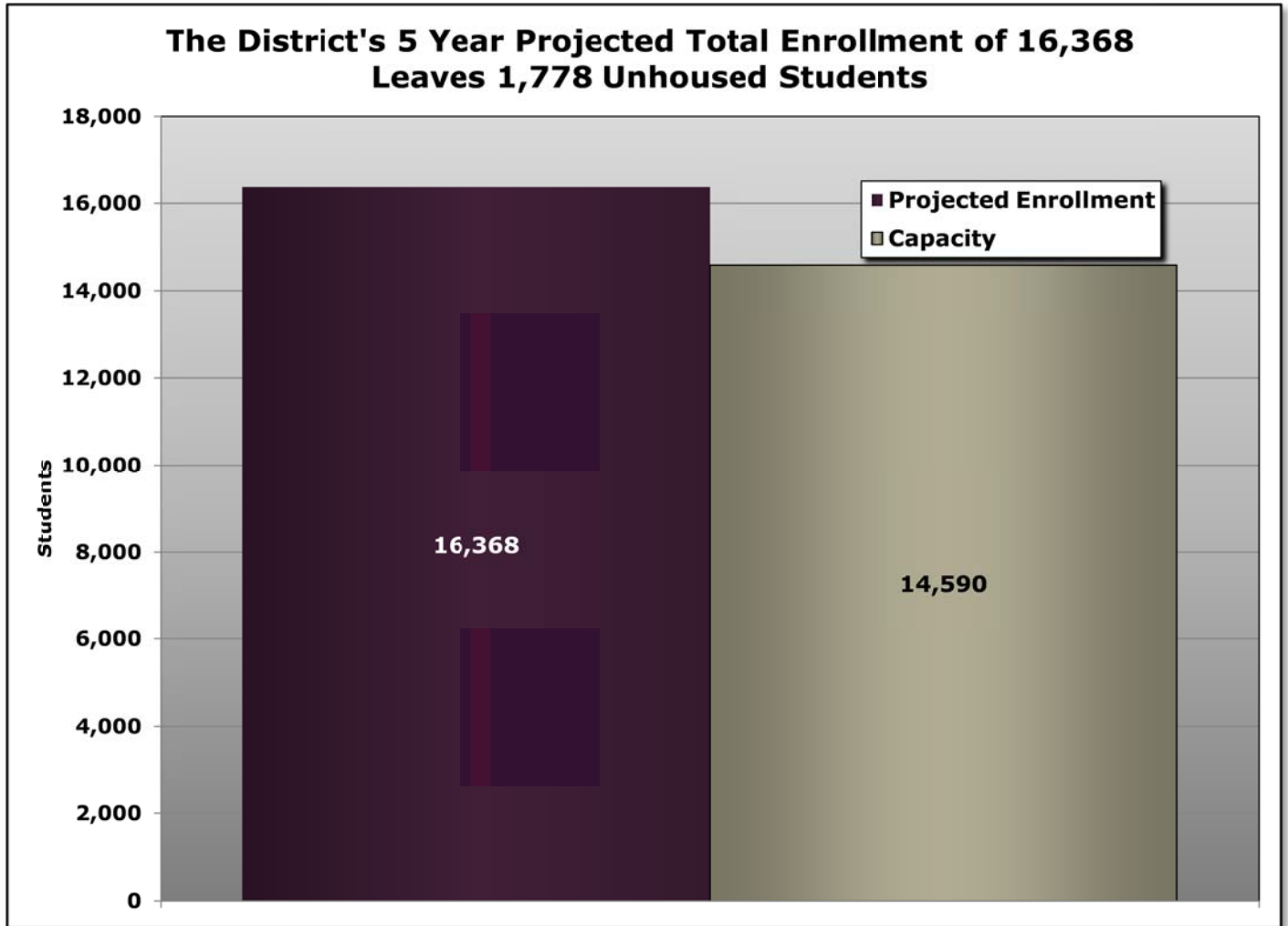
The High School District has not performed a student generation rate study for this Level 1 report; rather it will use the student generation rate utilized by the Office of Public School Construction, 0.7. A breakdown of the student generation rate for grade level is provided in the table below:

Student Generation Rates by Grade			
K-6	7-8	9-12	Total
0.4	0.1	0.2	0.7

Given the 6,312 projected units and the student generation rate to be used per home, the High School District can estimate that approximately 1,262 new students will be generated as a result of the development projects.

Summary of Five Year Enrollment Projections			
Development Project	Feeder District	# of Units	Projected # of Students
Crossroads West	Sylvan Union	1,975	395
Del Rio	Stanislaus Union	51	10
Tivoli	Sylvan Union	3,193	639
Trails at Dry Creek	Sylvan Union	30	6
Vintage Square	Salida Union	164	33
Wisdom Place	Sylvan Union	16	3
Woodglen	Stanislaus Union	533	107
Total Developments		5,962	1,192
Other Development		350	70
Total		6,312	1,262

Current enrollment trends coupled with development data demonstrate a need for new school facilities. The High School District does not have sufficient capacity to house new students projected from new residential development and will suffer significant strain from the development occurring within its boundaries. The High School District has a projected enrollment of 16,368 students and will need to construct additional classrooms to provide facilities for the 1,262 unhoused high school students generated from new construction of residential units.



DEVELOPER FEE JUSTIFICATION STUDY

SECTION 14: HIGH SCHOOL DISTRICT FACILITIES NEEDS

The High School District has experienced some growth within its boundaries over recent years and will need to plan for the construction of an additional school facility in order to accommodate students generated from additional projected residential growth. The High School District has available funds that it will contribute toward the construction of these facilities, but lacks sufficient funding to pay for all necessary construction.

Anticipated Facilities Need

Based on the projected student generation, it is anticipated that the District will need to construct additional capacity to accommodate the future student population. The High School District will need to both design and construct these facilities.

New Construction Costs

Based on the total construction cost of recently built high schools within the state of California, a new high school is estimated to cost approximately \$110,000,000. The students projected to be generated from the new housing developments within the High School District will only make up a portion of the total capacity of the construction of a new high school. Therefore, the site acquisition and development costs are allocated based on the portion of the facility that the students from new development would occupy. The following table shows the portion of a school required to accommodate students from new development.

Number of Schools Required for Projected Unhoused Students from New Development			
Grade Level	Projected Unhoused Students from New Development	School Capacity	Number of Schools Required
High	1,262	1,800	0.70

The number of schools required to house the projected unhoused students from new development is multiplied by the site and development costs, shown above, to determine the total school construction costs. The calculation is as follows:

Calculation of School Construction			
Grade Level	School Construction Costs	Schools Required	Total Unfunded Construction Costs
High	\$110,000,000	0.70	\$77,000,000
Total			\$77,000,000

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 15: HIGH SCHOOL DISTRICT DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the High School District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the High School District.

Residential Development and Fee Analysis

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the High School District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the High School District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 14 and include any money the High School District plans to contribute towards new construction. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the High School District expects 1,262 unhoused students to be generated from new development, the per student facilities cost for each student is estimated to be \$61,014.

<p style="text-align: center;"><u>Facilities Cost Per Student</u></p> <p style="text-align: center;">$\\$77,000,000 / 1,262 = \\$61,014 \text{ per student}$</p>
--

As previously explained, based on State standards, each home generates approximately 0.2 high school students. Therefore, if the per student facilities cost is \$61,014, we can multiply that by the student generation rate of 0.2 and estimate the impact per unit of \$12,203. This analysis will assume that the average size of new single family residential units to be constructed within the High School District's boundaries will be approximately 2,000 square feet. Therefore, to determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the High School District. As calculated, the facilities cost per square foot is \$6.10:

<p style="text-align: center;"><u>Facilities Cost Per Square Foot</u></p> <p style="text-align: center;">$\\$12,203 / 2,000 \text{ sq. ft.} = \\6.10 per sq. ft.</p>
--

Therefore, the High School District's facilities cost per square foot of new development (\$6.10 per square foot) far exceeds the maximum developer fee (\$4.08 per square foot) that can be imposed.

DEVELOPER FEE JUSTIFICATION STUDY

Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the High School District and the need for new school facilities. This relationship is based on the finding that the High School District exceeds its facility capacity. New students to be generated by new residential development will have to be housed in new school facilities. The cost to provide additional school facilities exceeds the amount of fees to be generated from new residential construction. The High School District is justified in the levying of residential developer fees of up to 40% of the statutory maximum equal to \$1.63 per square foot of new residential development. Specifically, this is the District's 40% share, per agreement with the elementary school districts within its boundaries, of the statutory maximum of \$4.08 per square foot.

Commercial/Industrial Development and Fee Analysis

In order to levy fees on commercial and industrial development, existing law stipulates that the High School District ". . . must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the District." The school facilities costs incurred by the High School District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

6. Employees per square foot of new commercial/industrial development;
7. Percent of employees in the District that also live in the District;
8. Dwelling Units per employee;
9. Students per Dwelling Unit;
10. School facility cost per student.

Employees Per Square Foot Of New Commercial/Industrial Development

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the High School District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

DEVELOPER FEE JUSTIFICATION STUDY

Employees Per Square Foot of New Commercial/Industrial Development		
Commercial/Industrial Category	Average Square Foot Per Employee	Employees Per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report

Percent of Employees in the District That Also Live in the High School District

To estimate the percentage of new District employees that will reside in the High School District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the High School District will also live in the High School District and two-thirds will live outside of the High School District.

Dwelling Units per Employee

Data from the American Community Survey indicates that there were 127,882 workers living in 95,370 housing units in the High School District. Therefore, there are 0.746 housing units for every one worker. This study, thereby assumes that each new resident worker in the High School District will demand 0.746 housing units.

Students per Dwelling Unit

As stated in Section 13 of this study, based on SFP standards, this study assumes that 0.2 high school students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

DEVELOPER FEE JUSTIFICATION STUDY

School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Sq. Ft.	% Employees Residing in District	Dwelling Units Per Employee	9-12 Students per Dwelling Unit	Cost per 9-8 Student	Cost per Square Foot
Banks	0.00283	0.333	0.746	0.2	\$12,203	\$1.72
Community Shopping Centers	0.00153	0.333	0.746	0.2	\$12,203	\$0.93
Neighborhood Shopping Centers	0.00271	0.333	0.746	0.2	\$12,203	\$1.64
Industrial Business Parks	0.00352	0.333	0.746	0.2	\$12,203	\$2.13
Industrial Parks	0.00135	0.333	0.746	0.2	\$12,203	\$0.82
Rental Self Storage	0.00006	0.333	0.746	0.2	\$12,203	\$0.04
Scientific Research & Development	0.00304	0.333	0.746	0.2	\$12,203	\$1.84
Lodging	0.00113	0.333	0.746	0.2	\$12,203	\$0.69
Standard Commercial Office	0.00479	0.333	0.746	0.2	\$12,203	\$2.90
Large High Rise Commercial Office	0.00431	0.333	0.746	0.2	\$12,203	\$2.61
Corporate Offices	0.00269	0.333	0.746	0.2	\$12,203	\$1.63
Medical Offices	0.00427	0.333	0.746	0.2	\$12,203	\$2.59

Commercial Developer Fee Justification

As indicated in the per square foot cost provided above, maximum statutory developer fee of \$0.66 per square foot is justified for all categories except rental self-storage. The table below shows the High School District's share of commercial/industrial construction fees.

Modesto City High School District Fee Sharing - Commercial/Industrial			
Elementary District	2020 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$0.66	40%	\$0.26
Hart - Ransom Union	\$0.66	100%	\$0.66
Modesto City Elementary	\$0.66	40%	\$0.26
Paradise	\$0.66	100%	\$0.66
Salida Union	\$0.66	0%	\$0.00
Shiloh	\$0.66	100%	\$0.66
Stanislaus Union	\$0.66	40%	\$0.26
Sylvan Union	\$0.66	100%	\$0.66

Based on data available for the purpose of determining the impact of rental self-storage construction on the District, it has been determined that rental self-storage construction has significantly less impact than other commercial/industrial construction.

DEVELOPER FEE JUSTIFICATION STUDY

Rental self-storage construction generates 0.00006 employees per square foot of school construction. This information was provided by the San Diego Association of Governments, Traffic Generators, January 1990, and is cited for use in Education Code section 17621 (e) (B). The generation of 0.00006 employees per square foot and the utilization of the student generation rate per household yields an impact of \$0.04 per square foot of rental self-storage construction. Therefore, the District is justified in collecting a fee for rental self-storage not to exceed \$0.04 per square foot.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 16: HIGH SCHOOL DISTRICT FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

Establishment of a Cost Nexus

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The High School District has undertaken significant reconstruction and modernization projects to serve existing development and potentially, all capacity that must be provided. Additionally, the cost for providing these facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

Establishment of a Benefit Nexus

Students generated by new residential, commercial and industrial development will be attending the High School District's schools. Housing High School District students in new and/or modernized facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

Establishment of a Burden Nexus

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The High School District must carry the burden of constructing new facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

Conclusion

The High School District has met the nexus requirements described in Government Code section 66001. As demonstrated in this study, the High School District is justified in charging up to the statutory maximum developer fee of \$4.08 per square foot of residential development and \$0.66 per square foot of commercial/industrial development, or \$0.04 per square foot of rental self-storage construction. As a high school district sharing boundaries with other districts serving grades K-8, the High School District must split this statutory maximum fee with the elementary school districts based on each district's agreed upon share of the fee. The tables below provide a breakdown of the High School District's share of residential construction and commercial/industrial construction developer fees.

DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Fee Sharing - Residential			
Elementary District	2020 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$4.08	40%	\$1.63
Hart-Ransom Union	\$4.08	40%	\$1.63
Modesto City Elementary	\$4.08	40%	\$1.63
Paradise	\$4.08	40%	\$1.63
Salida Union	\$4.08	40%	\$1.63
Shiloh	\$4.08	40%	\$1.63
Stanislaus Union	\$4.08	40%	\$1.63
Sylvan Union	\$4.08	40%	\$1.63

Modesto City High School District Fee Sharing - Commercial/Industrial			
Elementary District	2020 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$0.66	40%	\$0.26
Hart-Ransom Union	\$0.66	100%	\$0.66
Modesto City Elementary	\$0.66	40%	\$0.26
Paradise	\$0.66	100%	\$0.66
Salida Union	\$0.66	0%	\$0.00
Shiloh	\$0.66	100%	\$0.66
Stanislaus Union	\$0.66	40%	\$0.26
Sylvan Union	\$0.66	100%	\$0.66

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 17: IMPLEMENTATION OF THE FEES

If the Board accepts the recommendation to accept the developer fee as justified in this study, the following process should be followed for fee implementation.

District Board Approval

The Board should adopt the proposed fee as provided for in this study. To do so, the District must:

- ♦ Send a notice of a public hearing at least 14 days prior to the hearing to any party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Have this report and all supporting documentation available for review by the public at least 10 days prior to the hearing;
- ♦ Submit a notice of public hearing in the local newspaper at least 10 days prior to the public hearing. This notice should run at least twice in a newspaper of general circulation within the District;
- ♦ Hold the public hearing to consider adoption of the developer fee;
- ♦ Adopt a resolution to set the fee;
- ♦ Begin collecting the fee no sooner than 60 days following adoption of the resolution.

Notifications

Modesto City Schools should provide the planning and building departments of the Cities of Modesto and Riverbank, and the County of Stanislaus, with notice of the current fee rates and other information so that they may coordinate issuance of building permits with the District's fee program.

Fee Accounting

All fee revenues should be deposited into a restricted public facility fee account. Interest earned on fund balances should be credited to the fund.

On an annual basis, the District must provide a detailed accounting of the developer fee funds. This accounting must include such items as an indication of the specific public improvement or improvements on which fees were expended, the amount of expenditure on each improvement, the estimated date by which construction will begin if sufficient funds are in place and a particular improvement is not yet complete, a description of each transfer or loan made to or from the account, and the amount of refunds made or fees that had remained unexpended and uncommitted for five or more years. The new statute gives school districts 180 days from the close of the fiscal year to prepare this detailed annual accounting.

DEVELOPER FEE JUSTIFICATION STUDY

APPENDIX A: 5 YEAR HISTORICAL AND CURRENT ENROLLMENT

Five Year Historical and Current Year Enrollment						
Grade	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
K	1,663	1,750	1,735	1,602	1,652	1,657
1	1,788	1,590	1,693	1,638	1,501	1,548
2	1,795	1,759	1,587	1,697	1,622	1,496
3	1,807	1,808	1,725	1,587	1,686	1,595
4	1,767	1,803	1,796	1,728	1,586	1,654
5	1,672	1,770	1,818	1,782	1,738	1,584
6	1,644	1,681	1,775	1,780	1,754	1,668
Total K-6	12,136	12,161	12,129	11,814	11,539	11,202
7	1,549	1,577	1,617	1,696	1,687	1,688
8	1,574	1,534	1,584	1,611	1,667	1,679
Total 7-8	3,123	3,111	3,201	3,307	3,354	3,367
9	3,725	3,795	3,801	3,892	3,794	3,913
10	3,741	3,703	3,794	3,799	3,820	3,741
11	3,616	3,701	3,643	3,721	3,668	3,771
12	3,575	3,567	3,754	3,709	3,840	3,681
Total 9-12	14,657	14,766	14,992	15,121	15,122	15,106
Total District	29,916	30,038	30,322	30,242	30,015	29,675

DEVELOPER FEE JUSTIFICATION STUDY

APPENDIX B: SAMPLE NOTICE OF PUBLIC HEARING

PUBLIC HEARING ON MARCH 20, 2020 AT 6:00 PM
AT MODESTO CITY SCHOOLS STAFF DEVELOPMENT CENTER BUILDING BOARD
ROOM

Regarding

**NOTICE OF PUBLIC HEARING AND OF PROPOSAL FOR INCREASING SCHOOL
FACILITIES FEES AS AUTHORIZED BY GOVERNMENT CODE SECTION 65995**

PLEASE TAKE NOTICE that immediately following a public hearing on the matter, a resolution will be considered by the Governing Board of Modesto City Schools at its regular meeting on March 20, 2020 at 6:00 PM located at Staff Development Center Building Board Room, 425 Locust Street, Modest CA, which if adopted by the Board will increase development fees established by the District against residential construction and reconstruction by the maximum of \$2.45 per square foot (60% of the established maximum fee) within Modesto City Elementary School District and a maximum of \$1.63 per square foot (40% of the established maximum fee) within Modesto City High School District. Commercial or industrial construction will also be increased to the maximum of \$0.40 per square foot (60% of the established maximum fee) within Modesto City Elementary School District and a maximum of \$0.26 per square foot within Modesto City High School District, although some areas may see a lower fee based on agreements with the local elementary school districts. The proposed fees are authorized by Government Code Section 65995. Data pertaining to the cost of school facilities is available for inspection during regular business hours at the District Office. The increased fee, if approved by the Governing Board, will become effective on May 29, 2020, which is 60 days after the proposed adoption of the resolution levying such fee by the Governing Board.