



Millbrae School District

555 Richmond Drive, Millbrae, CA 94030

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MEMO

To: Board of Trustees

From: Rick Champion,
Chief Business Official

Date: November 20, 2018

Subject: In response to public comments to Developer Fee Study

On or about October 24, 2018 the District received two (2) letters sent on behalf of Republic Millbrae LLC—one from Jeanette C. Justus Associates and one from Berliner Cohen LLP—addressed to the Board and making various comments, pursuant to Government Code section 65995.6(c), regarding the 2018 Developer Fee Study as prepared by the District's facility advisor, SchoolWorks, Inc., as presented and adopted by the Board of Trustees as its September 4, 2018 agenda meeting.

The District staff's analysis and proposed responses to each of the comments submitted on behalf of Republic Millbrae LLC—which District staff recommends be adopted by the Board as its response to Republic Millbrae LLC in accordance with Government Code section 65995.6(c)—are set forth below.

With regard to the comments set forth in the Berliner Cohen LLP letter at pages 3-4:

- What is "enough" development activity? Where is the new school to be located?
District's Response: A new school is not anticipated at this time, however, if 2,000 new homes are built, a new school would likely be needed. The location would be decided by the Board at some point in the future as needed.
- When infill development occurs, will such development occur within the 5 years or will it be longer? Which existing schools will receive additional classrooms and support facilities?
District's Response: No major infill impacts are anticipated at this time; however, the District needs to be prepared for any impacts from the development community. The District anticipates adding additional classrooms to Lomita Park to accommodate the planned developments in the area as addressed in the facility master plan.
- Which portables will be replaced? Where will the new portables and/or permanent modular classrooms be located? At which existing school locations?
District's Response: The school board has not approved any specific portable replacement projects as of this time. The needs will be dependent on the future impact(s) of developments.
- Which older schools will be modernized? Which buildings will be upgraded?

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District's Response: The District's plan is to upgrade/modernize those facilities/buildings which have gone 25 to 30 year since the last major project, as that is when they are eligible for matching State modernization funds. For more details refer to the facility inventory in the facility master plan.

With regard to the comments set forth in the letter sent on Republic Millbrae's behalf from Jeanette C. Justus & Associates:

- SGR ("student generation rate") is districtwide and does not distinguish between product types. - SGR is not representative of the development analyzed in the DFJS ("developer fee justification study"). - SGR overstates the impacts on district school facilities. - SGR is dated.

District's Response: The SGR has been updated to account for the type of development being planned in a revised DFJS. However, any change to the SGR does not negatively affect the ultimate conclusions and recommendations in the DFJS.

- Inconsistency in classroom counts between the 2017/2018 Demographics Study and the 2018 DFJS. - It appears there is more capacity than claimed in the 2018 DFJS.

District's Response: The capacity has been corrected in the revised DFJS to match the Facility Master Plan/Demographics Report. However, any change to the capacity does not negatively affect the ultimate conclusions and recommendations in the DFJS.

- School facility costs at the middle school level are overstated. There is sufficient capacity at the middle school level to house all students projected from new development. - School site acquisition is unlikely for the number of students projected in the 2018 DFJS. New development school fees should be based on expansion of existing school campuses

District's Response: No new facility costs for middle school students are included in the revised DFJS. Only the development's fair share of the modernization needs are included for Taylor Middle School. The revised DFJS includes a small increase in the number of acres needed for the elementary schools based on the elementary students to be generated from the developments as appropriate in the Education Code for studying the impacts of new developments.

- Demographics Study identifies that there are 112 inter-district transfer students. These students appear to be included in the estimates of capacity required to serve the existing population. If the 2018 DFJS would not assume the 112 students are continued to be housed at Millbrae schools, it would open up capacity for district's future resident students from new development. The development impact fee amount should not assume that inter-district transfer students receive priority over future resident students at existing schools.

District's Response: The issue of inter-district enrollment was not addressed as that is not a requirement in these studies. Districts typically have students transferring in and out due to many various reasons. There are no regulations that require Districts to eliminate those transfers.

In addition, and with further regard to Republic Millbrae's assertions in the Berliner Cohen Letter that the Developer Fee Study did not: (1) comply with the Mitigation Fee Act's nexus requirement or (2) identify the public facilities that

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the fees will be used to construct or reconstruct (see October 24, 2018 Letter from Berliner Cohen at p. 2-4), District staff recommends that the Board respond as follows:

- 1) **Nexus:** Based on the data contained and conclusions reached in the study as prepared by SchoolWorks, Inc., it is found that a reasonable relationship exists between residential, commercial/industrial development and the need for additional school facilities in the Millbrae School District. SchoolWorks, Inc. has concluded that the following three nexus tests required to show justification for levying fees have been met:
 - **Burden Nexus:** New residential development will generate an average of 0.1250 TK-8 grade students per unit. Because the District does not have adequate facilities for all the students generated by new developments, the district will need to build additional facilities and/or modernize/reconstruct the existing facilities in order to maintain existing level of services in which the new students will be housed.
 - **Cost Nexus:** The cost to provide new and reconstructed facilities is an average of \$4.92 per square foot of residential development. Each square foot of residential development will generate \$2.27 (60% of \$3.79) in developer fees resulting in a shortfall of \$2.65 per square foot.
 - **Benefit Nexus:** The developer fees to be collected by the Millbrae School District will be used for the provision of additional and reconstructed or modernized school facilities. This will benefit the students to be generated by new development by providing them with adequate educational facilities.
- 2) **Specific Projects**—The District's planned use of the fees received from development impacts will include the following types of projects, each of which will benefit students from new developments.
 - **New Schools:** When there is enough development activity occurring in a single area, the District can build a new school to house the students from new developments.
 - **Additions to Existing Schools:** When infill development occurs, the District can accommodate students at existing schools by building needed classrooms and/or support facilities such as cafeterias, restrooms, gyms and libraries as needed to increase the school capacity. Schools may also need upgrades of the technology and telecommunication systems to be able to increase their capacity.
 - **Portable Replacement Projects:** Some of the District's capacity is in portables. These portables can be replaced with new permanent or modular classrooms to provide adequate space for students from new developments. In addition, old portables that have reached the end of their life expectancy will need to be replaced to maintain the existing level of service. These types of projects are considered modernization projects in the State building program. If development impacts did not exist, the old portables could be removed.
 - **Modernization/Upgrade Projects:** In many cases, students from new developments are not located in areas where new schools are planned to be built. The District can modernize or upgrade older schools to be equivalent to new schools so students will be housed in equitable facilities to those students housed in new schools. These projects may include updates to the building structures to meet current building standards, along with upgrades to the current fire and safety standards and any access compliance standards.

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Per the District's agreement with the San Mateo Union High School District, the Millbrae School District's share of the developer fees collected is 60%. The reasonable relationship identified by these findings provides the required justification for the Millbrae School District to levy the maximum fees of \$2.27 (60% of \$3.79) per square foot for residential construction and \$0.37 (60% of \$0.61) per square foot for commercial/industrial construction, except for Rental Self Storage facilities in which a fee of \$0.07 per square foot is justified as authorized by Education Code Section 17620.

Recommendation

Consistent with the 2018 Developer Fee Study and the analysis above, District staff recommends that the Board adopt the responses set forth above as the Board's response to the questions submitted on behalf of Republic Millbrae, LLC in accordance with Education Code 17621 and Government Code section 65995.6.

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