

SANTA ANA UNIFIED SCHOOL DISTRICT

1601 E. Chestnut Avenue, Santa Ana, CA 92701

Annual and Five-Year Reportable Developer Fees Report for Fiscal Year 2018/2019



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Prepared by the Department of Facilities and Governmental Relations

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I. INTRODUCTION

This report reflects developer fees collected by the Santa Ana Unified School District (District) from July 1, 2018 through June 30, 2019.

The District intends to utilize developer fees collected to assist in the funding of classrooms to accommodate student enrollment that has grown beyond the capacity of the permanent facilities. Other uses of developer fees may include construction of school facilities that increase capacity, professional services necessary to construct facilities, studies to make findings, maintenance of school facilities, and administrative cost associated with developer fees.

A. Background

Government Code Sections 66006 and 66001 provide that the District shall make available to the public certain information and adopt prescribed findings relative to school facility fees adopted pursuant to Education Code Section 17620 and Government Code Sections 65995 (Level 1 fees and commercial/industrial fees, collectively “Statutory School Facility Fees”) and Government Code Sections 65995.5, 65995.6 and 65995.7 (Level 2 fees or “Alternative School Facility Fees”). The foregoing fees are collectively referred to as “Reportable Fees”. The described information and findings contained in this Annual and Five-Year Reportable Developer Fees Report (“Report”) relate to Reportable Fees that the District received, expended, or may expend in connection with school facilities in order to accommodate additional students from new and other residential development, as well as commercial and industrial construction (collectively referred to as “Development”) if funded or partially funded with Reportable Fees. The Reportable Fees only include money in possession of the District and does not include letters of credit, bonds, or other instruments to secure payment of Reportable Fees at a future date. The Reportable Fees have not been levied, collected, or imposed for general revenue purposes.

B. Reporting Requirements

Section 66000-66008 of the Government Code outlines when a school district can levy a fee and the annual reporting procedures that are required. In 1996, the legislature enacted two (2) changes related to the payment and reporting of school fees. The changes are outlined below:

Assembly Bill (AB) 3081 (Olberg) – Right to Protest

AB 3084 requires that notice of the right to protest payment be given by the school district before the applicable 180-day statute of limitation begins to run. The statute of limitation, if such notice is given, bars judicial review of school fees or mitigation amounts as well as payments.

Senate Bill 1693 (Monteith) – Detail Reporting Requirements

Effective January 1, 1997, SB 1693 requires more detailed reporting process to be complied with by December 31, 1997, and annually thereafter. It also requires certain findings to be made that may trigger a required refund by the school district of funds held to construct future school facilities.

This report and the associated Board of Education agenda item meet the reporting requirements of SB 1693 and Government Code Section 66006(b).

C. Use of Developer Fees

School facilities fees levied against new residential, commercial, and industrial development will be used only to finance school facilities necessary to accommodate students generated from such new development, including but not limited to:

- All costs associated with the construction or reconstruction of school facilities.
- All costs associated with providing additional space or interim housing to accommodate additional students.
- The costs of performing studies or otherwise making the findings and determinations required by law.
- To pay any bonds, notes, loans, leases, or other installment agreements.
- To finance projects for one or more participating school districts or to an authority as authorized by law.
- Maintenance and Repair of school facilities which is not regular and routine.
- The reimbursement of administrative costs.

II. ANNUAL REPORT

In accordance with Government Code 66006(b)(1) and (2), the District hereby presents the following information for fiscal year 2018/2019:

A. Description of the Type of Reportable Fees in the Account or Sub-account(s) of the School District

The Reportable Fees of the School District for fiscal year 2018/2019 consist of Statutory School Fees. The foregoing fees are collectively referred to as "Reportable Fees".

B. Amount of Reportable Fees

The Reportable Fees were authorized to be levied on Development by the Board of Education of the District at the time the Reportable Fee was adopted. As shown in the District's Fee Justification Study ("FJS"), the Reportable Fees only partially mitigate the impacts to the District caused by Development because the Reportable Fee amounts do not adequately fund the District's school facilities needs resulting from additional development within the District (Government Code Section 66006(b) (1) (A)).

Statutory School Facility Fees September 14, 2018 – Current (Government Code Section 66006(b) (1) (B))

| | |
|--|-------------------------|
| Level 1 Residential (Greater than 500 square feet) | \$ 3.79 per square foot |
| Level 1 Commercial/Industrial | \$ 0.61 per square foot |

As authorized by the State Allocation Board on January 24, 2018 and the SAUSD Board of Education on July 16, 2018

Note: The following fees are no longer in effect, but shown for reference.

Statutory School Facility Fees July 25, 2016 – September 14, 2018 (Government Code Section 66006(b) (1) (B))

| | |
|--|-------------------------|
| Level 1 Residential (Greater than 500 square feet) | \$ 3.48 per square foot |
| Level 1 Commercial/Industrial | \$ 0.56 per square foot |

As authorized by the State Allocation Board on February 24, 2016 and the SAUSD Board of Education on May 24, 2016

Statutory School Facility Fees May 12, 2014 – July 25, 2016 (Government Code Section 66006(b) (1) (B))

| | |
|--|-------------------------|
| Level 1 Residential (Greater than 500 square feet) | \$ 3.36 per square foot |
| Level 1 Commercial/Industrial | \$ 0.54 per square foot |

As authorized by the State Allocation Board on January 22, 2014 and the SAUSD Board of Education on March 11, 2014

Statutory School Facility Fees May 29, 2012 – May 11, 2014 (Government Code Section 66006(b) (1) (B))

| | |
|--|-------------------------|
| Level 1 Residential (Greater than 500 square feet) | \$ 3.20 per square foot |
| | \$ 0.51 per square foot |

As authorized by the State Allocation Board on January 25, 2012 and the SAUSD Board of Education on March 27, 2012

Alternative School Facilities Fees August 24, 2011 – August 23, 2012 (Government Code Section 66006(b) (1) (B))

| | |
|---------------------|------------------------|
| Level 2 Residential | \$4.75 per square foot |
|---------------------|------------------------|

As authorized by the SAUSD Board of Education on August 23, 2011

C. Beginning and Ending Balance, Reportable Fees Collected, Interest Earned and Expenditures of the Fund (Government Code Section 66006(b) (1) (C) and (D)):

| | Reportable Fees |
|---|------------------------|
| Beginning Fund Balance (07/01/2018) | \$ 9,501,650 |
| Reportable Fees Collected | \$ 5,069,435 |
| Interest Earned | \$ 548,290 |
| Total Fund Available | \$ 15,119,376 |
| Expenditures | \$ (8,079,557) |
| Ending Fund Balance (06/30/2019) | \$ 7,039,819 |

D. Identification of Each District Project on Which Reportable Fees Were Expended Including the School Facilities Project (“Project”) Total and Percentage of the

Project Cost that was Funded with Reportable Fees (Government Code Section 66006(b)(1)(E)):

| Project Description | Project Expenditures | Percentage Funded with Reportable Fees |
|--|-----------------------------|---|
| Professional Consulting Services and Administrative Expenditures | \$ 126,245 | 100% |
| Valley High School Portable to Permanent | \$ 122,026 | 8.16% |
| INDA ¹ New School Site Acquisition | \$ 7,831,286 | 100% |
| Total Expenditures | \$ 8,079,557 | |

¹ Irvine Newport Development Area (INDA)

E. When the District Accumulates Sufficient Funds to Complete Project(s) for Which It Previously Identified as Intending to Spend Reportable Fees, the District Needs to Identify the Approximate Date It Will Commence Construction on Such Project(s) (Government Code 66006(b)(1)(F)):

The District has determined that at the close of fiscal year 2018/2019, sufficient funds have been accumulated to complete the financing of the project listed below.

| Project | Estimated Commencement Date |
|-------------------------|-----------------------------|
| INDA New School Remodel | July 2019 |

F. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

No interfund transfers were made to the account for fiscal year 2018/2019.

G. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

| | |
|----------------------|------|
| Per Section 66001(e) | None |
| Per Section 66001(f) | None |

III. FIVE-YEAR REPORT

For the fifth fiscal year following the first deposit into the Fund, and every five years thereafter, the District is required to make all of the following findings with respect to that portion of the Fund remaining unexpended, whether committed or uncommitted.

A. Identification of All Projects for Which the Reportable Fees Will be Expended in the Future:

The purpose of the Reportable Fees imposed and collected on Development within the District is to fund additional school facilities required to serve the students of the District generated by Development within the District. Specifically, the Reportable Fees will be used for the construction and/or acquisition of additional school facilities, remodeling existing school facilities to accommodate new growth from new development including, but not limited to, adding additional classrooms, and acquiring and installing additional portable classrooms (Government Code Section 66001(d)(1)(A)).

Further information regarding such Project(s) is set forth in the following chart:

| Project Name | Source of Funds ² | Amount of Anticipated Funding From Each Source | Project Total |
|-------------------------|------------------------------|--|---------------------|
| INDA New School Remodel | Developer Fees | \$9,500,000 | |
| | Redevelopment Fund | \$2,000,000 | \$11,500,000 |
| | | Total | \$11,500,000 |

B. Demonstration of a Reasonable Relationship Between the Reportable Fees and the Purposes for Which They are Charged:

As shown in the FJS and/or SFNA, there is a roughly proportional, reasonable relationship between the Development upon which the Reportable Fees are charged and the need for additional school facilities by reason of the fact that additional students will be generated by additional Development within the District, and the District does not have student capacity in its existing school facilities to accommodate these new students. Furthermore, the Reportable Fees charged on Development will be used to fund school facilities that will be used to serve the students generated from Development. The Reportable Fees do not exceed the costs of providing such school facilities for new students (Government Code Section (d)(1)(B)).

² See chart in Paragraph C below for applicable sources of funds.

C. Identification of All Sources and Amounts of Funding Anticipated to Complete Incomplete Projects Identified by the District in Paragraph A Above and Approximate Date Funding Is Expected to Be Deposited. (Government Code Section 66001(d)(1)(C) and (D):

| Source of Funding | Amount of Funding Anticipated to Complete Incomplete Projects | Approximate Date Funding Expected to Be Deposited |
|---|--|--|
| 1. State Funding Program Funds | \$ 0 | |
| 2. State Hardship Funds | \$ 0 | |
| 3. Community Facilities Districts | \$ 0 | |
| 4. General Obligation Bond Proceeds (Not Authorized, Only Issued) | \$ 0 | |
| 5. Redevelopment Pass-Through Agreements | \$ 2,000,000 | In Fund Balance |
| 6. Existing Reportable Fees | \$7,039,819 | In Fund Balance |
| 7. Anticipated Reportable Fees | \$ 2,500,000 | Fiscal Year 2019/20 |
| 8. Certificates of Participation | | |
| 9. SB-201 Fees (Government Code Section 65970, <i>et seq.</i>) | \$ 0 | |
| 10. Special Reserves | | |
| 11. Total Funding (Add Lines 1 – 10 above) | \$11,539,819 | |
| 12. Total Costs of All Incomplete Projects | \$11,500,000 | |
| 13. Minus Total of All Funding Sources (Enter from Line 11 above) | \$11,539,819 | |
| 14. Unfunded Balance (Line 12, minus Line 13) | (\$39,819) | |