DEVELOPMENT IMPACT
FEE JUSTIFICATION

Prepared for:

CAJON VALLEY UNION SCHOOL DISTRICT

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TABLE OF CONTENTS

Chapter 1

Introduction & Summary

Background

Section 17620 of the California Education Code authorizes school districts to collect fees for mitigation of the impact of new development on enrollment. The current maximum fee levels under this Section are $3.79 per square foot of residential development, and $0.61 per square foot of commercial/industrial development. These maximum fee levels went into effect by action of the State Allocation Board (SAB) on January 24, 2018.

To maintain its eligibility to assess impact fees, the District desires to have updated documentation showing the nexus between future development, the educational facilities needed to accommodate students generated by future development, and, in turn, the cost of these facilities. This report analyzes the effect of residential and commercial/industrial development on the school facility needs of the Cajon Valley Union School District (CVUSD). It supports the District's levy of development impact fees under the authority and statutory guidelines of the code, particularly Government Code Section 66000 *et seq*.

When a geographical area is served by both an elementary and a secondary school district, rather than by a unified district, the law calls upon the districts to negotiate a sharing of the maximum fees. The latest developer fee revenue sharing agreement between the Cajon Valley Union School District and Grossmont Union High School District established the current fee sharing breakdown of 62% to Cajon Valley Union School District, and 38% to Grossmont Union High School District. CVUSD's share of the new maximums is therefore currently $2.35 and $0.38 per square foot for residential and commercial/industrial development, respectively.

Report Organization

The remainder of this report is structured as follows:

Chapter 2 describes the nexus between new residential and commercial/industrial development and its impact on District enrollment. It provides a theoretical framework for the analysis and findings in subsequent chapters.

Chapter 3 begins with a description of the methods of enrollment analysis. This chapter then offers projections of future enrollment from new housing.

Chapter 4 describes the District's classroom loading standards and reviews the District's classroom inventory to estimate future classroom availability. Using this information, it determines whether enrollment capacity is sufficient to

accommodate additional enrollment from new development.

Chapter 5 describes the future enrollment capacity needs resulting from new development, identifies the educational facilities needed, and estimates their costs.

Chapter 6 provides justification of fees on residential development. It first calculates the cost of needed facilities per square foot of new residential development. The chapter then demonstrates that the District is justified in levying the current maximum Section 17620 fees on residential development.

Chapter 7 provides justification of mitigation on future commercial/industrial development. It calculates facilities impact cost as a cost per square foot for each category of commercial and industrial development. The chapter then demonstrates that the District is justified in levying the maximum fees on almost all categories of commercial/industrial development.

Chapter 8 considers the legal requirements for the imposition of fees and sets forth findings that indicate that these requirements have been met.

Summary of Findings

- Current enrollment is 16,667 students, Transitional Kindergarten through Grade 8, in the District's 19 elementary schools and 6 middle schools. Students at EJE charter, Sevick, Empower, and Cajon Valley Home - Design Learning Academy are not included in these enrollment counts.

- At present, the District accommodates all students from existing homes in its own facilities. However, with class sizes consistent with appropriate loading standards, with reasonable numbers of classrooms assigned to academic enrichment and teaching resource needs, and with expectations that some relocatable classrooms will have to be refurbished or replaced for continued use, the total existing capacity of the District's elementary and middle schools is approximately 14,318 students. In other words, there is no excess capacity to house students from new homes, and it would require significant decline in enrollment from existing housing before the District would have capacity for enrollment from new housing.

- A total of 3,213 new housing units are projected. About 70% of these units are detached single-family homes, 15% are single-family attached homes (condos), and 15% are multi-family units (apartments). These homes could take over a decade to be built and occupied, but their impact on District facilities will be the same whether completed earlier or later

- Approximately 1,058 students are projected to live in these new homes a decade from now.

- The new school facilities necessary to house the 1,058 students from new development are estimated to cost $40.99 million.

- The cost impact per square foot of residential development is $6.47 per square foot. The Development fees can be levied at the maximum allowed by California law, $3.79 per square foot of new construction. The District's share of the current Section 17620 maximum residential fee level is $2.35 per square foot. This would account for only 36% of the estimated cost of facilities needed to house enrollment from new development.

- The maximum commercial/industrial space is $0.61 per square foot. The District's share of the current maximum fee for commercial/industrial space is $0.38 per square foot. This fee is justified on almost all of the categories of non-residential development. Lower fees are justified for parking structures and self-storage facilities.

Chapter 2

Nexus between Development and Enrollment

New development can be required to provide mitigation only to the extent of its impacts. For schools, the impacts are students for whom additional capacity must be provided. The mitigation is funds to offset the costs involved in providing facilities to accommodate the increased enrollment. A school district seeking mitigation from developers has the burden of documenting the nexus between development and the facilities that will be needed. This chapter describes this nexus in general terms. Its purpose is to clarify the causal chain between development and its facility impacts, and, in so doing, provide a framework for the quantification of the impacts in the remainder of the report.

This brief chapter begins with a description of the nature of growth in a regional economy and the associated growth in population. It then traces the effect of the construction of workplaces and homes, components of regional growth to increases in enrollment in local schools. It concludes by discussing how the estimated cost of facilities to accommodate the increased enrollment can be allocated among the development that generates this additional enrollment.

Economic Growth

Commercial/industrial construction and residential development (and hence new households and children) are related components of economic growth. An expanding regional economy results from increased demand for the goods and services produced in that region. As economic expansion progresses, more workers are needed, and increasingly these workers must be attracted from outside the region. Sometimes the process is reversed; the availability of a productive labor force can be a key factor leading to the expansion of business activity in the region, with a resultant increase in employment.

Both increased business activity and new households require new development. The business activity requires new commercial and industrial space; the addition of families requires additional housing units. This is not to imply that the additional employees necessarily work in the new commercial/industrial space or that the new households necessarily occupy the new housing units; this is obviously not the case. However, when new space is constructed, and existing businesses or households move into it, the space they previously occupied is then made available to other families. Whatever the number of shifts in the chain, space is eventually available for occupancy by new employees and/or residents from outside the region. In contrast, in regions where economic growth is not occurring, new construction is slow to occur because

there is little market for the space made available, which keeps property prices and rents below the levels necessary to cover the cost of new construction.

Impacts on Schools

The interrelated nature of commercial/industrial development and residential development justified the California legislature's adoption of fee legislation that recognized both as contributing to enrollment growth in schools. The higher per square foot fee on residential development represents the immediacy of the new home's role in generating additional students; when a new home is occupied, most of the children immediately begin attending local schools. Yet it is clear that new homes are developed primarily in response to the need for additional housing to accommodate the growing labor force and their families, making employment growth a major contributor to the need for additional school facilities. The enrollment impacts are therefore the joint effect of local housing development and both local and regional commercial/industrial development.

The most immediate school impact of new homes is, as stated above, additional students enrolling in the local schools. The associated impact is the need for school facilities to accommodate these students. In fact, the school district must usually anticipate this need far in advance in order to plan for the construction of the additional facilities needed. The enrollment projections must include consideration of factors affecting enrollment other than new development. For example, rising birth rates may result in increased enrollment from older homes. However, the enrollment impacts of new development must be separately identified, as mitigation can be sought from new development only for the portion of the facilities that would not have been needed in the absence of that development.

Thus, the final step in the demonstration of nexus is the determination of the facilities anticipated to be needed to accommodate the additional enrollment that would not have occurred without the new development. The facilities are often new schools, though they are sometimes wings to be added to existing schools, relocatable classrooms, or, occasionally, the reconstruction or replacement of school buildings that would otherwise have reached the end of their useful life. Once the facilities appropriate to provide the needed capacity have been identified, their cost must be estimated. It is the mitigation of this cost, and only this cost, that the district may seek from new development.

Determination of Mitigation

It should be noted that the task of quantifying the impacts of new development on school facility costs involves identifying the relative shares of the cost impacts attributable to each individual development project. To begin with, how much of the cost should be allocated to commercial/industrial development and how much to residential? Within these categories, how much, for example, should be allocated to office versus retail space and how much to single-

family homes as compared to multi-family? The most common approach is to assume that housing development should bear the cost of mitigation up to the level set by the State legislation. If fees at that level are inadequate, fees on commercial/industrial development are then appropriate. The amount of the commercial/industrial fee is based on the portion of the cost calculated to be unfunded after the fees on residential development are paid (up to the limits set by the State). This perspective reflects the immediacy with which residential development impacts school enrollment. In the majority of cases the total of residential and commercial/industrial fees are inadequate to provide the facilities to accommodate the enrollment from new development.

The impacts of residential development tend to be somewhat proportional to size of unit (i.e., larger homes tend to generate more students). This relationship supports the implicit determination in state legislation for square feet as a measure of relative causality of school impacts.

The school enrollment resulting from commercial/industrial development is proportional to the number of employees. Thus, appropriate mitigation amounts per square foot are determined in proportion to the employment density of each type of building. The approach taken in this report is conservative, in that it assumes that only the proportion of employees residing in the local school district impact that district and ignores the impact on all the other districts in which the employees reside. If all districts use this approach in their analysis, the majority of the impact from employment is never considered, simply because on a regional basis the majority of the labor force commutes to work in districts other than where the employees reside.

Chapter 3

Housing and Enrollment Projections

This chapter presents information about the outlook for housing development within the Cajon Valley Union School District (CVUSD) boundaries and the increased enrollment that will result from that development. The potential for new development is discussed first in this chapter. Student generation characteristics are then applied to the projected residential development to arrive at the associated enrollment growth.

New Housing Development

A fee justification study must identify and calculate the impact of enrollment from *new* development, thereby distinguishing this impact from the costs of housing students from *existing* homes; enrollment from new housing is therefore projected separately from future enrollment generated by the existing housing stock. The analysis of enrollment from new housing begins with projections of new residential development within the District. Because planning for capital facilities generally requires a long-term perspective, projections of new housing typically have a future time horizon of a decade or more.

The Cajon Valley Union School District encompasses a very large area, the majority of which is unincorporated rural uninhabited hill land. While public policy is increasingly supporting more dense development, the 2014-15 through 2016-17 residential building permits issued by the City of El Cajon have almost all been for single-family detached units and additions, without any permits for units in multi-family buildings and just a small percentage for single-family attached (townhouse) units. El Cajon city planners have confirmed the predominance of single-family homes in recent development. This has been the trend for the last five to seven years. Considering these factors, we expect that the market will continue to be heavily weighted toward single-family detached units. Therefore, we project 70% single-family detached (SF), 15% single-family attached (SFA), and 15% multi-family (MF) units. A planner in the El Cajon city planning department considered this a reasonable distribution of housing types.

The San Diego Association of Governments (SANDAG), the regional agency responsible for forecasting demographic growth in San Diego County, published its most recent population and housing projections in October 2013. They estimated 780 units (~130/year) to be built from 2012 - 2020 and 2,827 units (~565/year) from 2020 - 2025. This would provide 402 units per year. Building permit data from 2014-17 indicates that the 2012-2020 SANDAG estimates are conservative. Therefore, we feel confident that the SANDAG forecasts over the next eight years are reasonable estimates for future housing in the district.

Based on SANDAG estimates, 3,213 new non-senior residential units are projected to be built and occupied from 2017 to 2025. This includes 2,249 detached single-family homes, 482 single-family attached homes (condos), and 482 multi-family units (apartments). The number of units for each housing type and the percentage each represents for all new development is shown in Table 3-1.

The actual volume and timing of new housing within the District is not critical when calculating the cost impact of new residential development for fee calculation purposes. Regardless of whether these projections are realized in five years or 15 years, the same number of students from new housing will have to be accommodated. Furthermore, while any unanticipated change in the *amount* of housing constructed in a given time frame will change the projected enrollment from new housing, and the cost of accommodating it, it will also change by the same proportion the assessable square footage projected to be constructed over that same time period, leaving the per square foot cost of new development essentially unchanged. In other words, using a lower growth estimate than is assumed here would not affect the cost impact of an individual new housing unit.

Table 3-1
Projected Residential Development (2017 - 2025)

Unit Type	*Projected Units*	*Percent*
Single-family detached	**2,249**	**70%**
Single-family attached (condo)	**482**	**15%**
Multi-family (apt)	**482**	**15%**
Total	**3,213**	

Source: SANDAG and Schoolhouse Services

Student Generation Rates

Student generation rates (SGRs) differ among different types of housing. Single-family housing usually generates a fairly large number of students. Apartments and, especially, condominiums often generate very few students, but can generate even more than single-family units if the apartments and condominiums are designed with family-friendly features and are affordable.

In 2008, Cajon Valley provided an electronic file including the addresses of all students currently enrolled in the District. The student and the new development files were then searched, seeking matches of the addresses of new units with the addresses of the District's students, thus providing a count of the students in these homes. We used those rates to compare current enrollment to current existing housing units. Based on that analysis, we determined that the 2008 SGRs are still relevant and even a bit conservative.

The cost of facilities varies for students of different grade levels. Therefore, SGRs have been stratified not only for housing types (SF, SFA, and MF) but also for grade levels (Kindergarten through Grade 5 and Grade 6 through Grade 8). SGRs and total students for each category are shown in the Table 3-2 below.

Table 3-2
Student Generation Rates (SGRs)

Unit Type	*K-5 SGR*	*6-8 SGR*
Single-family detached	***0.230***	***0.134***
Single-family attached (condo)	***0.198***	***0.123***
Multi-family (apt)	***0.98***	***0.077***

Source: Schoolhouse Services

Enrollment from New Development

These student generation rates are applied to the projected new single-family detached, single-family attached, and multi-family housing units to arrive at projected enrollment from new housing. Enrollment from the projected 3,213 housing units is shown in Table 3-3. As shown in the table, new development from 2017-2025 is projected to result in 1,058 additional students., with 660 students in Grades K-5 and 398 students in Grades 6-8.

Table 3-3
Projected Enrollment from New Development 2017-2025

		K-5		*6-8*		*Totals*
Unit Type	*Units*	*SGR*	*students*	*SGR*	*students*	*students*
Single-family detached	*2,249*	*0.230*	*517*	*0.134*	*301*	*819*
Single-family attached (condo)	*482*	*0.198*	*95*	*0.123*	*59*	*155*
Multi-family (apt)	*482*	*0.98*	*47*	*0.077*	*37*	*84*
Total	*3,213*		***660***		***398***	***1,058***

Source: Schoolhouse Services

The cost is also different for Special Day Classes (SDC) students, so the count of SDC students also needs to be determined. SDC students are spread throughout the grade levels in proportion to SDC enrollment. The breakdowns are shown in Table 3-4.

Table 3-4
Enrollment from New Housing
(By Grade Level and SDC)

Unit Type	Total Students	% SDC	SDC Students	% Non-SDC	Non-SDC Students
Elementary School (K-5)	*660*	*3.05%*	*20*	*96.95%*	*640*
Middle School (6-8)	*398*	*3.30%*	*13*	*96.70%*	*385*
Total	***1,058***		***33***		***1,025***

Source: Schoolhouse Services

Enrollment Trends from Existing Housing

Enrollment in the District declined early in this century as the baby boom echo students passed from their elementary and middle school years. Enrollment has increased significantly since then. Four relatively flat years have been followed by a steady increase in enrollment, totaling 750 students over the last seven years. Enrollment from existing housing will probably be increasing; it will not be declining and freeing up space for students from new development.

Chapter 4

Capacity Analysis

This chapter determines the future enrollment capacity of the existing facilities of the Cajon Valley Union School District. This chapter begins with an analysis of District standards in matters critical to enrollment capacity. Information is then provided regarding the amount and availability of the different types of classroom space. The chapter concludes with a determination of enrollment capacity consistent with District standards for classroom loading.

Classroom Loading

The enrollment capacity of a school is a function of the District's educational standards. One key standard is the average number of students per classroom. As used here, a "standard" is the reasonable level the District believes it should be using when financially possible based on academic criteria and is therefore the level it uses in planning for the future. For example, one key standard is the average number of students per classroom. (This standard is also referred to as classroom loading or class size, and can also (for our purpose) usually be seen as equal to the student/teacher ratio.)

The State has set forth a standard of 24 students per Kindergarten through Grade 3 class and provided funding incentives for districts to meet that standard. It has also recommended classroom loading standards of 27 students per classroom in Grades 4-8.

That standard for the higher elementary grades is used here. This is consistent with other California districts. This standard is considerably above the state standard for Grades K-3 and the District would consider a number closer to that standard as educationally justified.

A District loading standard of 27 students per room for most classes in its middle schools is used here. This assumes that some classes are loaded at a higher or lower standard; for example, a music room might be loaded at a higher number for band or chorus, but at a lower number for smaller groups. Educationally, this loading standard would be a significant improvement over the current financially constrained situation.

Under current financial constraints, the District loads Grade 4 through Grade 8 classrooms at 34 students per room. Information from Ed-Data shows that these loading averages are significantly above average class sizes in both the county and the state. The District believes that a standard of 27 students per classroom would be a significant educational improvement over the current financially constrained situation.

Special Day Classes (SDC), which have a significantly lower average size than the standards mentioned above, are provided for students qualified for this program. The SDC classroom loading limitations for State funding determinations are 13 per room for non-severely handicapped students and nine per room for severely handicapped students. The District uses an average of 12 students per class as its planning standard.

The classroom loading standards listed in Table 4-1 will be multiplied times the District's classroom count to determine the District's current enrollment capacity.

Table 4-1
Classroom Loading Standards

Type	*Students*
Kindergarten - 3rd Grade	**24**
4th-5th Grade	**27**
Middle School	**27**
Special Day Classes (SDC)	**12**

Source: District reports and Schoolhouse Services

District Capacity

The District has 25 school campuses that primarily house its elementary and middle schools. It also has some additional programs housed in District and non-District sites. Sevick is a school for early age students (infant to 5 years old) with disabilities and has early intervention programs Sevick is its own school, located behind Madison, but not associated with Madison. Empower, formerly known as Community Day School, is a school for students with severe emotional disturbance. Empower is housed within the district office. Cajon Valley Home-Design Learning Academy is run by office staff in one classroom at Crest Elementary. Students in the program are housed in three classrooms at Bostonia Language Academy. EJE is charter that is not run by the District. EJE is housed on what was formerly the Cuyamaca school site. None of the classrooms for these above-mentioned programs or their respective students are included in either the analysis for current enrollment or the analysis for capacity projections.

Elementary Schools

The District primarily accommodates its elementary school students (K-5), as well as two Grade 6 classes, in 19 schools that have a combined total of 515 possible classrooms in both permanent and relocatable facilities. This does not include libraries, large multipurpose rooms, administrative offices, locker rooms, athletic fields, rooms below 750 square feet (the minimum size for a classroom in State of California programs), or rooms dedicated to uses other than District K-12 education, such as pre-school (e.g., Jumpstart), early admission kindergarten, adult education, and County SDC programs.

Some of these classrooms need to be used as academic support rooms, rather than home rooms only. These academic support classrooms include rooms used for enrichment (e.g., music, art, learning center, computer lab) and rooms used for academic assistance programs (the Resource Specialists Program (RSP), Title 1, and intervention). The District has identified 57 academic support rooms, an average of three per elementary school.

With academic support classrooms removed, the total is 458 elementary classrooms to which students can be assigned as home rooms. This consists of 309 classrooms for Grade-K to -3 students (including transitional kindergarten), 110 classrooms for Grade 4 and 5 students (as well as two Grade 6 classrooms at Flying Hills), and 39 classrooms for elementary SDC students. These classrooms, fully loaded at the standards shown in Table 4-1, can in theory house 10,854 elementary students, as shown in Table 4-2.

Table 4-2
Enrollment Capacity Based on Usage
Elementary Schools

Types of Classes	*# of classrooms*	*% of total classrooms*	*Students per classroom*	*Theoretical Enrollment Capacity*
*K- 3rd Grade**	*309*	*67.5%*	*24*	***7,416***
*4th – 5th Grade***	*110*	*24.0%*	*27*	***2,970***
SDC	*39*	*8.5%*	*12*	***468***
Total	***458***			***10,854***

*Includes transitional kindergarten (TK) and early admissions Kindergarten (EAK). EAK allows 100 students in 4 classrooms across all District schools.
**Includes two 6th grade classrooms at Flying Hills.
Source: Schoolhouse Services

District Elementary Enrollment Capacity Adjustments

While the district classroom count reports and the calculations in Table 4-2 give us an accurate count of current theoretical capacity based on existing rooms, additional factors must be considered when determining the enrollment capacity of the schools in future years, including old/deteriorated classrooms that must be refurbished or replaced and the need for flexibility in classroom use.

Rooms to be Replaced or Refurbished: The count shown in Table 4-2 is the current theoretical enrollment capacity of the District's elementary classrooms. However, we are concerned in this report with the enrollment capacity in the future, when capacity will be needed for homes constructed in the next decade. The District has over 200 relocatables, most of which are located

on District elementary school campuses. About 20% of regular classrooms and 60% of support classrooms are located in these relocatables. Many of the relocatables will need to be replaced or refurbished in the near future.

The District has determined that, on educational grounds, is would like to replace all of its relocatables with permanent buildings within the next 10 years. We make the more conservative assumption here that 10% of all elementary classrooms will not available for use in 10 years without replacement or refurbishment. It can be seen that this rate of replacement or refurbishment, one percent per year, is equivalent to the assumption of 100-year lives for the buildings.

Need for Flexibility: It is difficult, if not impossible, for a district to utilize each classroom at full capacity under the loading and usage assumptions described above. When, during the school year, additional kindergarten through Grade 3 students enroll at a school, the District cannot simply add them to already-full classes. Similarly, when students in these grades leave, a previously full class is then below the standard. The same problem exists for higher grades. Frequent changes in class or school assignments to adjust classroom loads are not well received by the families involved and boundary changes are usually a cumbersome and painful experience. Classes with a combination of students in two grades are another solution, though these are clearly not educationally preferable. The District currently has 34 classrooms allocated to combination classes. Some flexibility in class scheduling is necessary to minimize such problems. In light of these practical classroom loading and usage assumptions, the theoretical classroom capacity in elementary schools has been reduced by five percent (5%) to produce a more realistic figure of 95% capacity.

The theoretical enrollment capacity resulting from the reduction of relocatables and the allowance for flexibility is shown in Table 4-3. As noted in Table 4-2, the District uses 309 classrooms for Kindergarten through Grade 3 classes, 110 classrooms for Grade 4 and Grade 5 classes, and 39 classrooms for SDC classes. If 10% of elementary classrooms, likely disproportionately relocatables that will need to be removed or replaced, are removed, we see that we actually have an estimated 278 Kindergarten through Grade 3 classrooms, 99 Grade 4 and Grade 5 classrooms, and 35 SDC classrooms. Based on the removal of 46 of the classrooms that need to be replaced or refurbished and the adjustment to 95% of the District's theoretical classroom capacity of 10,926 students to allow for flexibility, the realistic capacity of the District's existing classroom facilities in loading is 9,280 students. This adjustment is shown in Table 4-3.

Table 4-3
Adjusted Enrollment Capacity: Elementary Schools

Types of Classes	Usage # of rooms	Adjustment for aging relocatables	Students per class	Enrollment capacity
K- 3rd Grade	309	**278**	24	**6,674**
4th – 5th Grade*	110	**99**	27	**2,673**
SDC	39	**35**	12	**421**
Subtotal	458	**412**		**9,769**
5% adjustment				(488)
Practical Capacity (95%)				**9,280**

**Includes two 6th grade classrooms at Flying Hills*
Source: Schoolhouse Services

District Middle Schools

The District lists a total of six middle schools that have a combined total of 236 possible classrooms in both permanent and relocatable facilities, excluding rooms based on the same criteria applied to elementary school classrooms. Of these classrooms, 17 are identified as academic support rooms, an average of three classrooms per school. We therefore have 219 regular and lab/shop classrooms, loaded with 27 students per class, and 21 SDC classrooms, loaded with 12 students per class. The 219 classrooms, fully loaded at the standards shown in Table 4-1, can in theory house 5,598 students, as shown in Table 4-4.

Table 4-4
Enrollment Capacity Based on Usage
Middle Schools

Types of Classes	# of rooms	% of total rooms	Students per class	Enrollment capacity
Standard and Lab/Shop	198	90.4%	27	5,346
Special Day Classes	21	9.6%	12	252
Total	**219**			**5,598**

Source: Schoolhouse Services

The District's 2017-18 school year enrollment in the six middle schools is 5,517 students. However, as is the case with the elementary schools, the usage report accurately counts the additional rooms that could theoretically be loaded with home room classes at each school, but does not address other factors that should be considered when determining the enrollment capacity of the schools in future years, including old/deteriorated classrooms, needed flexibility,

and teacher preparation periods, a topic that is most efficiently addressed in conjunction with physical education.

Middle School Enrollment Capacity Adjustments

Rooms to be Replaced or Refurbished: As with the elementary schools, the District currently has relocatables at its middle schools that need to be refurbished or replaced in the next 10 years. However, the District uses a much smaller percentage of relocatables at its middle schools. Therefore, no exclusion of classroom capacity due to aging portables (or for permanent buildings) is assumed for District middle schools at this time.

Teacher Preparation Periods and Physical Education: Teacher preparation periods did not need to be addressed for elementary classrooms, as the time available to the teacher for preparation is when the class is engaged in physical education. The situation is different in middle school classrooms, as students rotate among the classrooms and could theoretically be assigned to rooms for all periods of the day. In most Districts, the standard for each classroom is that there is one period during which students are not assigned to the room. During this period the teacher not only prepares for classes and grades student work, but also meets with students having problems, parents with concerns, and with students as part of their involvement in student activities.

Not having a class in the room for one of the six periods of the day reduces the school's enrollment capacity. On the other hand, students are required to partake in physical education one period of the day, spending the period outdoors, in the gym, or in a classroom designated for the physical education department. During this period, the student does not occupy classroom space. Thus, the teacher's preparation period and the students' physical education period essentially offset each other.

Loading Flexibility: As with elementary school classrooms, it is difficult, if not impossible, for a district to utilize each middle school classroom at full capacity. This is a great problem in secondary schools, as a significant proportion of the classrooms are special purpose in nature, such as labs, workshops, band, and chorus rooms. Class sizes are often smaller in these rooms and their special-purpose nature results in their being unutilized or underutilized for some periods. In light of these loading constraints, the theoretical classroom capacity is adjusted to 90% to produce a more realistic figure.

Based on the adjustment to 90% of the District's theoretical classroom capacity of 5,598 students to allow for flexibility, the realistic capacity of the District's existing middle school classroom facilities in loading is 5,038 students. This result is shown in Table 4-5.

Table 4-5
Adjusted Enrollment Capacity: Middle Schools

Types of Classes	Usage # of rooms	Students per class	Enrollment capacity
Standard and Lab/Shop	198	27	5,346
Special Day Classes (SDC)	21	12	252
Total	**219**		**5,598**
10% Adjustment			(560)
Practical Capacity (90%)			**5,038**

Source: District reports and Schoolhouse Services

District Capacity Compared to Enrollment

The future enrollment capacity for each grade level, as determined in the above analysis, is compared to the Cajon Valley Union School District school year 2017-18 spring enrollment data in Table 4-6. The District currently houses 11,193 students in its elementary schools and 5,474 students in its middle schools. In the future, the District will have a significant capacity deficit at the standards described above without improvements in its schools. The District currently accommodates the enrollment due to classrooms loaded significantly above educational standards, utilization of classrooms that will need to be replaced or refurbished over time, and with less-than-desirable flexibility.

Table 4-6
Enrollment Capacity Compared to 2017-18 Enrollment

Grade Level	Enrollment Capacity	2017-18 Enrollment	Surplus (Shortage)
Elementary Schools	9,280	11,193	**(1,913)**
Middle Schools	5,038	5,474	**(436)**
Total	**14,318**	**16,667**	**(2,379)**

Source: District reports and Schoolhouse Services

In Table 3-4, we estimated 1,058 students would be generated from new residential development from 2017 to 2025, including 660 elementary students and 398 middle school students. The above analysis shows that the District will already exceed capacity over the next 10 years with students from existing development. Therefore, the District will not have surplus capacity to accommodate this additional enrollment from new development.

Chapter 5

Cost of Facilities

Use of Developer Fee Revenues

California Government Code Section 66008 and 66006(f) requires that "at the time the local agency imposes fees for public improvements on a specific development project, it shall identify the public improvements that the fee will be used to finance." The District's developer fee fund will be used to fund classrooms and educational support facilities impacted by new development. The District intends to create additional school capacity at all of the elementary and middle school levels. Consistent with California law, fee revenues will not be expended for regular maintenance or routine repair, for addressing asbestos problems, for deferred maintenance, or to correct existing deficiencies.

New development is forecast to generate 1,058 additional students. The future enrollment capacity of District-owned schools without the replacement and/or refurbishment that will be needed was calculated in Chapter 4 to already be about 2,500 students over capacity from existing enrollment. Increased enrollment from new development will further challenge the District's capacity.

This justification study does not assume a new school. It also does not assume that any existing campuses will be enlarged by the purchase of adjacent land. Not including any land purchases, either for a new school or to enlarge existing campuses, may result in a conservative estimate of the cost of accommodating enrollment from new development.

The assumption therefore is that students from new development will be housed on existing campuses. In most cases, that capacity will be provided by construction or refurbishment of new permanent buildings to replace aging or technically obsolete space. At times, the District will also need to allocate funding for new support space, such as enlarged libraries, recreational facilities, and multipurpose rooms, at existing elementary and middle schools to accommodate increased student enrollment. As well as replacement and refurbishment improvements, the addition of a small amount of capacity, where possible, may be needed at campuses that are already full, to ensure that additional students from new development will not cause or increase overcrowding. Also, the District sometimes will need to add or redistribute relocatable classrooms to accommodate enrollment shifts and growth.

Given that refurbishment of existing facilities is likely to be a substantial portion of the District's program to have adequate capacity in the future, it is relevant to note that Government Code Section 66001 (g) was amended specifically to recognize the inclusion of costs "in order to (1)

refurbish existing facilities to maintain the existing level of service" in the determination of fees to mitigate development impacts.

It can be seen that the District has already been undertaking projects of the nature of those described above. Magnolia Elementary school completed a permanent building project consisting of eight classrooms with a removal of 13 relocatable classrooms. These relocatables were added to Fuerte Elementary (2), Johnson Elementary (3), and EJE Charter (3). Another relocatable was added to the food bank and the other four were demolished. Greenfield Middle School recently added two modular classrooms. Vista Grande and Rancho San Diego have undergone changes in their administration buildings. The majority of the fees collected in the next year likely will be used on similar projects.

As noted above, increased enrollment capacity is expected to come from building on existing campuses. The District is currently contracting with an architectural firm to review three elementary schools where the District is considering refurbishment or replacement (primarily of relocatables) with new permanent buildings: Anza, Naranca, and Chase. While some existing bond money may partially fund these projects, it is expected that additional funds will be needed to complete all three schools.

School Facility Costs

The costs are calculated here based on (1) the number of students generated by new development, (2) the number of square feet of space required per student, and (3) the cost per square foot of the improvements. The number of students was determined in Chapter 3.

Space per Student

In determining the square feet required per student, it is important to recognize that enrollment capacity depends on both classrooms and support facilities. When classrooms are added, academic support facilities usually need to be enlarged because campuses now house many more students than the number for which they were designed. Also, there are many old and/or obsolete facilities that need to be replaced. Examples include general-purpose rooms, cafeterias, libraries, and athletic facilities. Mitigation is appropriate for the share of the cost of construction needed to house enrollment from new development.

The California Department of Education (CDE) uses floor space per student guidelines as a component in determining the dollar amounts in its new construction grant program; these numbers can be used to project the amount of floor space necessary to accommodate students from new development. The guidelines specify floor spaces of 73 square feet per student for elementary schools and 80 square feet per student for middle schools. Based on the grant guidelines, the floor space allotment for special education students is about 160 square feet per student. These amounts probably should be considered as a minimum.

A 2007 report prepared by the CDE for the State Allocation Board compared them to average sizes of schools in the western region and nationally and found them to be far below those averages. Of course, the state guidelines do not include space for corridors and other indoor space necessary in less hospitable climates, but the report concluded that the state guidelines simply did not allow for sufficient space for all of the facilities that should be included in "complete schools".

In Table 3-4, we projected an increase of 1,058 students in the District over the next eight years. This increase consists of 641 non-SDC students and 19 SDC students generated in the elementary schools, along with 383 non-SDC students and 15 SDC students generated in the middle schools.

Table 5-1 shows the state floor space per student figures multiplied by the number of students at each grade level. A total of 82,797 square feet of school space is required, as a minimum, for new development to fund its fair share of costs towards the District meeting state standards to accommodate new students.

Table 5-1
School Space for Students from New Development

Grade Level	*Elementary School*		*Middle School*		*Total*
	non-SDC	*SDC*	*non-SDC*	*SDC*	
Square Feet per Student	*73*	*160*	*80*	*160*	
Number of Students	*640*	*20*	*385*	*13*	*1,058*
Total Square Feet	*46,708*	*3,218*	*30,772*	*2,100*	***82,797***

Source: Schoolhouse Services

District staff have indicated that the Lexington Elementary School reconstruction project's construction costs provide a realistic basis for estimating the cost of classrooms that will require extensive renovation. This project provided 22 permanent classrooms within 62,906 square feet expected to accommodate 800 students. The space per student in this project is consistent with the State standards cited above. This project included $437 per square foot for hard costs and $58 per square foot for soft costs, including items such as architecture and engineering, and testing and fees, for a total of $495 per square foot. Recent projects and costs are shown in Table 5-2.

Table 5-2
Recent CVUSD Facility Improvement Project

Project/Size	*Square feet (total)*	*Soft costs (total)*	*Soft cost (per sq. ft)*	*Hard costs (total)*	*Hard costs (per sq. ft)*	*Total costs (per sq. ft)*
Lexington Elementary School (Reconstruction)	62,906	$3,630,418	$58	$27,487,165	$437	**$495**

Source: District reports and Schoolhouse Services

The total square footage, the average cost per square foot, and the number of students are now combined in Table 5-3 to calculate the cost of the home rooms needed to house students from new development. The total cost is $40.99 million, with an average cost of $38,739 per student.

Table 5-3
Cost Impact of Students from New Development

	Elementary School	*Middle School*	*SDC*	*Total*
Total Square Footage	46,708	30,772	5,318	**82,797**
Cost per Square Foot	$495	$495	$495	
Construction Cost	$23,121,000	$15,232,000	$2,633,000	**$40,986,000**
Students from New Development				1,058
Cost Per Student				**$38,739**

Source: Schoolhouse Services

Chapter 6

Determination of Fee on Residential Development

Residential Cost Impacts

The legislation authorizing school districts to impose fees implicitly assumes that these charges will take the form of a fee per square foot of new construction. It is thus necessary to determine the average size of new housing units.

In the case of both single-family detached homes and homes in multiple-unit buildings, the unit sizes listed are, as defined in Section 65995(b)(1) of the California Government Code, the "square footage within the perimeter of a residential structure," with exclusions for garages, patios, etc. As observed above in the discussion of future housing growth, most of the building in the last five to seven years has been single-family detached homes, with some amount of single-family attached homes. A review of developer fee logs from July 2014 to June 2017 found that the average square footage of a sample of 229 single-family detached homes was 2,300 square feet. Limited information from El Cajon and awareness of the average unit sizes in similar districts indicates an average size of about 1,200 square feet for units in buildings with multiple homes, with apartments averaging perhaps 1,000 square feet each and condominiums perhaps 1,400 square feet each. These sizes also were confirmed through a review of average townhouse and apartment sizes in the area listed on Zillow.

Multiplying the projected number of units of each housing type to be constructed over the next decade by the average size for that type yielded a total square footage of 6.33 million square feet for the 3,213 new units. These calculations are summarized in Table 6-1.

Table 6-1
Square Feet of Residential Development

Residential Development	*Single-Family Detached*	*Single-Family Attached*	*Multi-Family (apts)*	*Totals*
Projected New Units	2,249	482	482	3,213
Average Square Footage	2,300	1,400	1,000	
Total Square Footage*	5,173,000	675,000	482,000	**6,330,000**

Total Square footage rounded to nearest thousand
Source: Schoolhouse Services

It is important to note that the projected square footage of residential development within the District over the next ten years does not include the square footage associated with additions to, and replacements of, existing dwelling units, which in recent years has accounted for an increasing share of total residential development activity within the District. The potential cost impacts of such construction are discussed in a subsequent section of this report.

The total cost impact of new development was determined in the previous chapter to be $40.99 million. As shown in Table 6-2, the resulting cost impact is $6.47 per square foot.

Table 6-2
Per-Square-Foot Cost Impact of Residential Development

Total Cost Impact from New Housing	$40,986,000
Total Square Footage	6,330,000
Cost Impact Per Square Foot	**$6.47**

Source: Schoolhouse Services

Per Education Code Section 17620, the statutory fee the schools can levy on residential development is adjusted biennially by the State Department of Education. As adjusted January 24, 2018, the maximum fee is $3.79 per square foot. With a cost impact of $6.47 per square foot, Cajon Valley Union School District would be justified in levying this amount, even if the District did not have to share the maximum fee amount with the high school district.

An agreement between the Cajon Valley Union School District and the Grossmont Union High School District allows the CVUSD to collect up to 62% of the $3.79 per square foot maximum Level 1 fee on residential development, or $2.35 per square foot, with the Grossmont Union High School District collecting the remainder. It can be seen that the cost impact on school facilities of the projected new residential development in the District far exceeds the maximum amount the District can collect.

The following comparison illustrates the disparity between the cost impact and mitigation by the Section 17620 fee. Given values from the above table, the total impact of 3,213 homes is approximately $40.99 million. Levying the maximum statutory Level 1 fee of $2.35 per square foot on this development would yield a total of $14.87 million (6.33 million total square feet × $2.35 maximum fee). This total amounts to only about 36% percent of the projected cost impact.

Alternative Types of Development

Government Code Sections 66000 *et seq.* refer to "types of development." The type of development analyzed to this point is residential construction (without demolition of pre-existing structures) of new housing units. Other types of development have, or potentially have, different cost impacts. We here address several types of residential development other than new residential units on vacant land. The impacts of commercial and industrial development are addressed in the next chapter.

Redevelopment Construction

A lawsuit, *Warmington Old Town Associates, L.P., v. Tustin Unified School District, (2002) 124 Cal. Rptr. 2d 744*, was decided by the Court of Appeals on the determination that new construction that replaced pre-existing structures (termed "redevelopment construction" by the Court) constituted a different type of development. This was because it potentially had different student generation characteristics than new construction on vacant land. In other words, the removal of existing structures potentially removed some students, which could offset at least some of the impact of the students residing in the new homes. The court held that the school district's justification lacked determination of the impacts of redevelopment construction and that the school district could not impose fees without demonstrating their justification. We therefore here address the matter of redevelopment construction.

There are two ways in which the decision of the Appeals Court can be implemented. One is for the District to calculate the fiscal impact of the new construction using the information in this report and then to subtract from that the fiscal impact of the buildings to be removed, determined using the same information. The difference is the appropriate mitigation though, of course, it cannot exceed the state per-square-foot limits on Section 17620 fees.

The other approach is to subtract the fee that would be paid on the buildings to be demolished (were they to be constructed in the present) from the fee for the new buildings (were no removal involved). The San Diego Unified School District uses this approach. It is required, however, that the structures to be removed have been in recent use and are thus potentially contributing to District enrollment.

In practice, credit for the impact of structures removed occurs as follows. In cases where the demolished and new space are of the same type, the impact is equal to that of the net increase in square footage. The analysis in this report (of new construction on vacant land) would then also apply to that portion of redevelopment construction on which fees are levied. There will be cases in which the per square foot fiscal impact of the property demolished will differ from the impact of the new development, meaning that a simple subtraction of the old square footage is incorrect. The obvious example is when a commercial building is replaced by a residential building. In this case, the appropriate fee amount is determined as follows. The amount of square footage of the

demolished commercial building is multiplied by the current commercial rate for that type of building, and this amount is credited towards the fee otherwise due on the new residential space, all as determined per the analysis in this report. In all cases, the analysis in this report appropriately addresses redevelopment construction.

Residential Expansions

Additions to existing homes are another type of development that differs from the construction of new homes. Additions to existing housing represent a permanent increase in the capacity to accommodate population in a community. Any increased population may include school-aged children, which will place a corresponding demand on schools. Thus, to maintain the educational level of service, the increase in local residential capacity from additions must be met by a corresponding availability of school facility capacity. State law allows school districts to collect fees on room additions over 500 square feet to existing housing units. From a legislative standpoint, additions are considered a type of new development; insofar as these additions generate facility impacts, they are subject to fees. Within the frame of the enrollment projections in this analysis, however, the students from additions are not included in the number of students from new development. In fact, residential additions represent a form of intensification of the existing housing stock, and the resulting enrollment growth is a component of enrollment from existing housing.

We only have data on the impacts of additions from one situation, though it is now fairly old. An analysis of residential additions was conducted by Schoolhouse Services for the Santa Cruz City High School District. The data there showed that additions averaged 977 square feet in size, and student generation for these homes increased from 0.48 to 0.69 (an increase of 0.21) K-12 students per home. A simple calculation serves to illustrate the school facility cost impacts of additions. In the previous chapters, the cost of school facilities was determined to be $41.013 million for 1,058 students from new development, an average cost of $38,739 per student. If each addition resulted in 0.21 students, the impact per addition would average $8,135. An average addition of 977 square feet thus produces an impact of $8.33 per square foot, far greater than the amount of the fee the District can levy.

Senior Housing

Certain types of housing dedicated for occupancy by senior citizens may not be subject to the full residential fee because it would not house student-age residents. Pursuant to state law, senior housing would generally be subject to the maximum fee for commercial development projects, based on its indirect contribution to student generation. Individual projects applying for such special treatment should be evaluated by the District on a case-by-case basis to ensure that the units will be permanently dedicated for use by seniors.

Chapter 7

Impact of Commercial/Industrial Development

Commercial or industrial development, along with residential development, has an impact on school enrollment. New jobs require a larger labor force, which in turn causes new housing to be built to increase the housing supply. Many of the families in these new houses have their children enrolled in the local school district. This enrollment growth, a joint result of commercial/industrial and residential development, in turn impacts the facilities capacity of the district.

The Cajon Valley Union School District levies fees consistent with California Education Code Section 17620 to mitigate these impacts. The previous chapter established that current Section 17620 fees on residential development do not generate enough revenue to cover the costs of additional capacity to accommodate the students from new housing. Therefore, the District looks to commercial/industrial development to contribute its fair share of the cost of needed school facilities, based on the role of commercial/industrial development in causing housing to be constructed. The current maximum fee for commercial or industrial development was set at $0.61 per square foot by the State Allocation Board on January 24, 2018. The District is entitled to levy as much as 62% of this fee, or $0.38 per square foot. The District seeks to levy this amount, where justified, to help alleviate the unfunded facilities cost per student.

Calculation of Cost Relationship

There are several key elements in calculating a justifiable commercial or industrial development impact fee. The following formula is used to determine the School Facility Cost per Square Foot of Development:

A. Employees per Square Foot of Development

B. Percentage of Employees Residing within the District

C. Average Number of Homes per Resident Employee

D. Average Number of Students per Home

E. Unfunded Cost of School Facilities per Student

A x B x C x D x E = School Facility Cost per Square Foot of Development

The number of employees per square foot is determined by the type of commercial/industrial development. Consequently, the result of the equation will differ for each principal commercial/industrial category. The remaining factors are consistent across development types. If the calculated impact is greater than the District's share of the maximum fee of $0.38 per square foot for a given category of development, then the maximum fee is justified for that type of development. If it is less, then the District is entitled to the calculated impact. Each factor in this formula is discussed below.

A. Employees per Square Foot of Development

The estimated number of employees per square foot must reflect the wide variety of commercial/ industrial development. As permitted by state law, results from an employment density survey published by the San Diego Association of Governments (SANDAG) are used to determine the numbers of employees per square foot anticipated in future commercial or industrial development. (For a few categories for which SANDAG lacked data or felt its data were unreliable, information from the Institute of Transportation Engineers (ITE) was used.) SANDAG evaluated employment densities based on a series of categories ranging from retail to research and development. The densities are shown in Table 7-1.

Table 7-1
Employees Per Square Foot of Building Area

Category	*Employee/ sq. ft*	*Sq. ft / employee*	*Employees / 1000 sq. ft*
*Parking Structures**	0.00002	50,000	0.02
Self-storage	0.00006	15,541	0.06
Lodging	0.0011	883	1.10
Schools	0.0011	878	1.10
*Warehouses***	0.0013	769	1.30
Auto Repair	0.0013	741	1.30
Movie Theater	0.0015	667	1.50
Discount Clubs	0.0017	597	1.70
*Regional Shopping Centers****	0.0019	539	1.90
Hospitals	0.0021	471	2.10
*Community Shopping Centers****	0.0023	442	2.30
*Neighborhood Retail****	0.0026	388	2.60
Banks	0.0028	354	2.80
Business Office (all types)	0.0034	293	3.40
Medical Offices	0.0043	234	4.30

* *With attendants*

** *Source: Institute of Traffic Engineering (ITE) Trip Generation, 5th ed.*

*** *Regional is greater than about 35,000 sq. ft., community 10,000 to about 35,000 sq. ft., and neighborhood less than 10,000 sq. ft.*

Source of other data: SANDAG Traffic Generators report, April 2002 (most recent edition).

For example, suppose an office developer wishes to build a medical office building with an area of 100,000 square feet. To determine the justifiable fee for this category, SANDAG provides a statistic of an average of 0.0043 employees per square foot, or 4.3 employees per 1,000 square feet. With an area of 100,000 square feet, this development would yield approximately 430 employees.

B. Percent of Employees Residing within the District

The Cajon Valley Union School District serves an area that includes commercial/industrial as well as residential property. A share of those employed within the District's boundary will also reside in the area. The impact of employees on the school district in which their job is located is likely to be greatest when the district's area is large and where varied housing opportunities are available. Census data allows for an estimation that at least 15% of people who work in the District area also reside within the District's boundaries. (This is a conservative approach in that we include no impact from employment outside the District, even though employment outside the District contributes to housing within the District.)

Continuing with our example, the second step in determining total cost of the medical office building development is to determine the number of new employees likely to also live within the District by using the ratio for current residents. In the previous section, we established that there would be approximately 430 employees for the 100,000 square foot office building. The number of employees living in the District, and therefore likely to have an impact on District facility capacity, would be 15% of 430, or 64.5 employees.

C. Average Number of Homes per Resident Employee

This factor addresses how many homes are likely to result from new employees living in the District. A rule of thumb, supported by U. S. Census data, is that there are typically about 1.5 employed persons per home. This can also be stated as 0.67 homes per employee. This ratio reflects the fact that many homes have more than one worker.

In our office building example, the 64.5 employees living in the District will require 64.5 × 0.67, or 43.2 additional homes.

D. Average Number of Students Per Home

A total of 3,213 new homes are projected in the CVUSD over the next eight years. These homes will generate 1,058 District students. The average SGR is therefore 0.329 students per home.

Continuing with the example of the medical office building, we can now determine how many students will impact facility capacity as a result of new employees residing in the District. The approximately 43.2 homes, (occupied by the employees) will in turn yield 64.5 × 0.329, or about 14.2 students.

E. Unfunded Cost of School Facilities per Student

The cost of facilities for new students assigned to commercial/industrial development must not include the portion funded by residential fee revenue. As calculated in Table 7-2, the unfunded facility cost per student, after revenue from residential fees, is $24,712. It is this unfunded remainder per student that drives the need to levy appropriate fees on new commercial/industrial development.

Table 7-2
Unfunded Facility Cost Per Student

Total Residential Square Feet	6,330,000
Fee per Square Foot	$2.35
Total Residential Revenue	$14,874,234
Total Facility Cost	$40,986,000
Total Unfunded Cost	$26,111,766
Number of Students	1,058
Unfunded Facility Cost per Student	**$24,687**

Source: Schoolhouse Services

We can now finish calculating the large medical office building example. Multiplying the unfunded per-student facility cost of $24,687 times 14.2 students results in a total cost impact of $351,000. At 100,000 square feet, this commercial development costs the District approximately $3.51 per square foot. This amount represents the maximum per square foot fee the District would be justified in levying on this category of commercial/industrial development were it not for the maximum imposed by Education Code Section 17620.

Cost Impacts by Building Category

Similar calculations for other categories of commercial/industrial development are shown in Table 7-3. The District is able to levy its $0.38 share of the maximum fee per square foot on almost all of the categories of commercial/industrial development. However, it can only levy the amount of the fiscal impact of $0.02 for parking structures and $0.05 for self-storage space. The calculated amounts for these categories are shown in gray in the table.

Table 7-3
Cost Per Square Foot with Residential Offset

Category of Business	Employees per sq. ft.	Employees in District	Homes per Employee	Students per Home	Cost per Student	Cost per sq. ft.
*Parking Structures**	0.00002	0.15	0.67	0.329	$24,687	$0.02
Self-storage	0.00006	0.15	0.67	0.329	$24,687	$0.05
Lodging	0.0011	0.15	0.67	0.329	$24,687	$0.90
Schools	0.0011	0.15	0.67	0.329	$24,687	$0.90
*Warehouses***	0.0013	0.15	0.67	0.329	$24,687	$1.06
Auto Repair	0.0013	0.15	0.67	0.329	$24,687	$1.06
Movie Theater	0.0015	0.15	0.67	0.329	$24,687	$1.23
Discount Clubs	0.0017	0.15	0.67	0.329	$24,687	$1.39
*Regional Shopping Centers****	0.0019	0.15	0.67	0.329	$24,687	$1.55
Hospitals	0.0021	0.15	0.67	0.329	$24,687	$1.72
*Community Shopping Centers****	0.0023	0.15	0.67	0.329	$24,687	$1.88
*Neighborhood Retail****	0.0026	0.15	0.67	0.329	$24,687	$2.12
Banks	0.0028	0.15	0.67	0.329	$24,687	$2.29
Business Office (all types)	0.0034	0.15	0.67	0.329	$24,687	$2.78
Medical Offices	0.0043	0.15	0.67	0.329	$24,687	$3.51

Source: Schoolhouse Services

Development Not in Prescribed Categories

Given the District's developer fee-sharing agreement with the Grossmont Union High School District, this report demonstrates that the maximum fee of $0.38 is justifiable for almost all categories of development. However, if, when using this table to determine future fees, no category directly fits the type of development in question, one can use the following analysis to determine the justifiable fee. First, determine the employment density (employees per square foot) for the project. Next, determine if the employment density is high enough to justify levying the maximum fee (the greater the number of square feet per employee, the lower the density and the lower the impact). In this case, it is helpful to know the minimum number of square feet per worker needed to justify such a fee. A "break-even point" can be calculated using the formula for Cost per Square Foot of Development, setting the result equal to $0.38, based on the existing sharing agreement, and solving for A, the number of square feet per worker.

Again, the factors are:

A. Employees per Square Foot of Development.

B. Percentage of Employees Residing within the District (0.15).

C. Number of Homes per Resident Employee (0.67).

D. Number of Students per Home (0.329).

E. Unfunded Cost of School Facilities per Student ($24,687).

Break-Even Point:
Workers/Sq. Ft. = 0.38 / (B × C × D × E) = 0.38 / (0.15 × 0.67 × 0.329 × $24,687)
Workers/Sq. Ft. = 0.000465
Sq. Ft./Worker = 2,149 square feet per worker

Therefore, any commercial or industrial development that does not fit into one of the SANDAG categories but is projected over its lifetime to have fewer than 2,149 square feet per worker should still be levied the maximum $0.38/sq. ft. However, if the type of development in question typically has an employment density of more than 2,149 square feet per worker, the maximum fee should not be levied. Instead, a justifiable amount can be calculated using the formula outlined on the first page of this chapter, substituting the relevant number of employees per square feet.

Example:
Suppose a developer wishes to build a 10,000-square-foot storage facility that, by its nature, is expected typically to have about two employees. The employment density for this development is 2/10,000 or 0.00002 employees per square foot. This number inverted converts to 5,000 square feet per employee. However, the break-even point for justifying a maximum fee is a per employee density of 2,149 square feet. It is therefore necessary to calculate a lower fee for this development. Using the formula for School Facility Cost per Square Foot of Development, we obtain the following result:

0.00002 × 0.15 × 0.67 × 0.329 × $24,687 = $0.16 per square foot.

Chapter 8

Findings

The chapters of this Fee Justification Study present a methodology for evaluating school facility capital costs associated with new residential and commercial/industrial development. In particular, Chapter 6 showed that residential development has an impact on the District and that fees projected to be collected from residential development are less than the cost of meeting these school facility needs. Chapter 7 established that commercial and industrial development in the District will contribute to the need for new or reconstructed school facilities. This chapter frames the results of the analysis in terms of the statutory requirements to demonstrate the legal justification of the Level 1 residential and commercial/industrial (C/I) fees.

Legal Tests

The relationship between school facility fees and new development may be evaluated by applying three tests, each of which must be met for the fee amount to meet the requirements of Government Code Section 66000 *et seq*. These three tests are discussed below.

1. Does a reasonable relationship exist between the need for school facilities and new commercial/industrial and residential development projects? (This question is sometimes known as the relationship test.)

   This report establishes that new development projects cause a need for additional school facilities enrollment capacity in the Cajon Valley Union School District.

2. Does the District need new and/or reconstructed school facilities? (This question is sometimes known as the "needs nexus" test.)

   This report establishes that the District has no excess capacity; the District will need additional school facilities to accommodate students generated from new development projects.

3. Is the fee amount reasonably related to the amount of capacity need occasioned by the new commercial/industrial or residential development project? (This question is sometimes known as the "proportionality" test.)

This report establishes that cost of school facilities needed by the District to accommodate students related to new development projects is greater than the fees that may be levied against the respective types of new development projects.

Evaluation of Legal Requirements

The following sections will evaluate the three tests listed above.

Reasonable Relationship between Development Projects and the Need for School Facilities

Enrollment will grow due to continuing development of new homes and continuing demand for new and existing housing linked to development of employment opportunities in the District. To meet this need, the District must make construction investments to meet the demands from enrollment from both existing and new housing.

This report established that each new housing unit or residential addition project is, on average, likely to generate a certain number of additional students, that new school facilities are needed, and that the average cost of serving each new housing unit is greater than anticipated revenues.

This report establishes: (a) that new commercial or industrial development within the District causes an increase in the number of workers in the District; (b) that a percentage of these workers reside in the District; (c) that each housing unit in the District has a statistical relationship to the District's enrollment by the probability of having children living in that home who will attend a school operated by the District; and (d) additional students will require the District to incur costs for additional school facilities.

This report further established that new construction needs must be addressed so that these future students will have adequate school facilities in which to receive an education. Facility costs unrelated to new development will be financed by other sources of income.

Need for School Facilities

Enrollment projections show that enrollment will continue to grow and exceed available school space. The projected new homes will bring additional students to the District and commercial/industrial developments will play a contributing role in the generation of these students, and residential addition projects will also bring additional students to the District. Together, these additional students will cause the District to undertake various new construction projects. Based on these projections, the District will expand its building program to provide for future school facility needs. The plan for expenditure of fee proceeds as specified under Government Code Section 66007 is satisfied by the District's plans and progress reports

pertaining to the long-term, district-wide facilities program. Necessary accounts have been established and funds are appropriated for these purposes by the District's Governing Board.

School facility fees will be used to create additional space for students, including: planning, design, and reconstruction of permanent building on any of the sites owned by the District; matching payments for any state-funded projects; leases or rentals of relocatable/interim school facilities; paying for interim site improvements; and paying other costs related to accomplishing these projects. Other projects could include the following: the acquisition of furnishings and equipment needed by the increased number of students; reconstruction or expansion of school and support staff work areas to enable the District to serve the increased number of students; and retaining services to implement these projects. In addition to the above costs, School Facility Fees may be used to pay the administrative, legal, architectural, engineering, or other professional costs associated with implementing the above projects and the School Facilities Fee program.

Relationship Between Fee Amount and Costs from New Development

This report also shows that a fee equal to the District's share of the maximum statutory fee, or $2.35 per square foot, is appropriate for residential development because the fee is less than the cost impact (calculated at $6.47 per square foot). This report also shows that a fee equal to the District's share of the maximum statutory commercial/industrial fee, or $0.38 per square foot, is appropriate for almost all categories of buildings. Commercial and industrial development projects in parking structure and self-storage facility categories have an impact less than the maximum fee. For development in these categories, the District will levy only the appropriate fee amount equal to the fiscal impact of that particular commercial/industrial development category.