



NEWHALL SCHOOL DISTRICT
SCHOOL FEE JUSTIFICATION STUDY

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EXECUTIVE SUMMARY

Education Code Section 17620 authorizes the governing board of a school district to levy school fees to offset the impacts to school facilities from new residential and commercial/industrial construction and reconstruction. In order to levy Level I fees (statutory fees), a school district must prepare and adopt a school fee justification study pursuant to the provisions of Education Code Section 17620 and Sections 65995 and 66001 of the Government Code. The school fee justification study serves as the basis for justifying the levy of Level I fees and presents and documents the nexus findings required by State law.

This School Fee Justification Study (“Study”) has been prepared for the Newhall School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction of school facilities, the cost of the school facilities, and the per square foot amount of Level I fees (“School Fees”) that may be levied by the School District on residential and commercial/industrial development in accordance with applicable law.

The maximum School Fees authorized by Education Code Section 17620 are currently \$3.79 per square foot for residential construction/reconstruction and \$0.61 per square foot for commercial/industrial construction for unified school districts. The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years.

The School District provides education for grades K-6. Pursuant to Education Code Section 17623(a), the School District, as a non-unified school district sharing common jurisdiction with other non-unified school district(s), entered into a school facilities fee allocation agreement with the William S. Hart Union High School District. The agreement specifies the percentage of the maximum School Fees that may be levied and collected by each school district. According to the agreement, forty five percent (45%) of the maximum School Fees may be charged and collected by the School District, or \$1.71 and \$0.27 for residential and commercial/industrial development, respectively (“Applicable School Fees”). Based on the findings presented in this Study, the School District is justified in collecting its portion of the maximum residential and commercial/industrial School Fees. The findings are summarized as follows:

Residential Development

New residential development in the School District is projected over the next ten (10) years and beyond. Many developments have mitigated their school facilities impact by entering into mitigation agreements. Based on current student generation rates, developments which have not mitigated their impact (Unmitigated) will generate an estimated 1,109 new students over the next ten (10) years. The projected student enrollment supports construction of additional school facilities and/or expansion of existing school facilities. The school facilities cost impact per residential square foot as determined in this Study are shown in Table E-1.

The cost impacts per square foot of residential construction/reconstruction shown in Table E-1 are greater than the School District’s share of the current maximum authorized residential School

Fee, which is \$1.71 per square foot; therefore, the School District is reasonably justified in levying Applicable School Fees on new residential development.

**Table E-1
Residential School Facilities Cost Impacts/
Applicable School Fee per Square Foot**

DESCRIPTION	IMPACT PER SQUARE FOOT	APPLICABLE RESIDENTIAL SCHOOL FEE PER SQUARE FOOT
Residential Construction	\$5.67	\$1.71

Commercial/Industrial Development

As commercial/industrial properties develop new jobs are created. Many of the employees working at the new jobs will move into the School District boundaries, thereby increasing the need for new residential development and further impacting the School District’s facilities. School Fees may be imposed on commercial/industrial development if the school fees collected on residential development are insufficient to provide adequate school facilities for students generated as a result of new development and nexus findings are presented that justify the imposition of the commercial/industrial school fee.

Section 17621(e)(1)(B) of the Education Code requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. This code section further adds that employee generation estimates shall be based on the applicable employee generation estimates set forth in the January 1990 edition of “San Diego Traffic Generator Study” (“Traffic Study”), a report by San Diego Association of Governments (“SANDAG”). The school facilities cost impacts per commercial/industrial square foot as determined in this Study are shown in Table E-2 by commercial/industrial land use type. With exception to the cost impacts for Rental Self-Storage facilities, the cost impacts per square foot of commercial/industrial development are greater than the Applicable School Fees for commercial/industrial development of \$0.27 per square foot. Therefore, the School District is reasonably justified in levying the Applicable School Fees on new commercial/industrial development. For Rental Self-Storage facilities, the School District is justified in levying a per square foot school fee of \$0.17.

**Table E-2
Commercial/Industrial School Facilities Cost Impacts/
Applicable School Fee per Square Foot**

COMMERCIAL/INDUSTRIAL CATEGORY	IMPACT PER SQUARE FOOT	APPLICABLE SCHOOL FEE PER SQUARE FOOT
Banks	\$7.57	\$0.27
Community Shopping Center	\$4.11	\$0.27
Neighborhood Shopping Center	\$7.50	\$0.27
Industrial Business Parks	\$9.42	\$0.27
Industrial Parks/Warehousing	\$3.61	\$0.27
Rental Self-Storage	\$0.17	\$0.17
Research & Development	\$8.14	\$0.27
Hospitality(Lodging)	\$3.03	\$0.27
Commercial Offices (Standard)	\$12.83	\$0.27
Commercial Offices (Large High Rise)	\$12.17	\$0.27
Corporate Offices	\$7.19	\$0.27
Medical Offices	\$11.42	\$0.27

SECTION I. LEGISLATION AND LEGAL REQUIREMENTS

This section discusses the legislative history of the Level I Fee.

Assembly Bill (“AB”) 2926 enacted by the State in 1986, also known as the “1986 School Facilities Legislation” granted school districts the right to levy fees in order to offset the impacts to school facilities from new residential and commercial development. Originally set forth in Sections 53080 and 65995 of the Government Code, AB 2926 authorized statutory school fees to be levied, commencing January 1, 1987, in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space. AB 2926 also provided for an annual increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the SAB. The provisions of AB 2926 have since been amended and expanded.

AB 1600 was enacted by the State legislature in 1987 and created Government Code Sections 66000 *et seq.* These sections require a public agency to satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

AB 181, enacted in 1989, established new requirements for school districts levying school fees and also re-codified Government Code Section 53080 *et seq.* as Education Code Section 17620 *et seq.* The additional provisions established by AB 181 imposed more stringent nexus requirements which must be satisfied by school districts prior to levying school fees, especially with respect to commercial/industrial school fees. Additionally, AB 181 provided that the maximum school fees for residential and commercial/industrial development be subject to an increase every two (2) years rather than annually.

In 1998, Governor Wilson signed into law Senate Bill 50 (“SB 50”), the Leroy F. Greene School Facilities Act of 1998, which reformed State’s School Building Program and developer school fee legislation. A significant provision of SB 50 provides school districts the option of adopting alternative school fees (also known as Level II and Level III fees) in excess of the Level I fee

upon meeting certain requirements. SB 50 also placed a \$9.2 billion State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the passage of Proposition 1A in November 1998, SB 50 became operative.

SB 50 also limited the power of cities and counties to require mitigation of school facilities impacts as a condition of approving new development and suspended the court cases known as Mira-Hart-Murrieta. The Mira-Hart-Murrieta cases previously permitted school districts to collect mitigation fees in excess of school fees under certain circumstances.

On November 5, 2002, California voters passed Proposition 47, which authorized the issuance of \$13.05 billion in State bonds and also enacted AB 16, which provided for additional reformation of the School Building Program. AB 16, among other items, clarified that if the SAB is no longer approving apportionments for new construction due to the lack of funds available for new school facilities construction, a school district may increase its Level II Fee to the Level III Fee. With the issuance of the State bonds authorized by the passage of Proposition 47, this section of AB 16 became inoperable.

Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. California voters approved Proposition 1D in the general election held on November 7, 2006. Proposition 1D authorized the issuance of \$10.4 billion in State bonds. Most recently, Proposition 51 was approved on November 8, 2016 which authorized the sale of \$9 billion in State bonds for K-14 school facilities.

Most recently, California voters approved Proposition 51 (the California Public School Facility Bonds Initiative) in the general election held on November 8, 2016, authorizing the issuance of \$9 billion in bonds to fund the improvement and construction of school facilities for K-12 schools and community colleges.

SECTION II. PROJECTED UNHOUSED STUDENTS AND ESTIMATED FACILITY AND PER STUDENT COSTS

The objective of this Study is to determine if a nexus exists between future residential and commercial/industrial development and the need for school facilities. In addition, the Study aims to identify the costs of such required school facilities and determine the amount of School Fees that can be justifiably levied on residential and commercial/industrial development according to the estimated impacts caused by such development. This section evaluates whether existing school facilities can accommodate students generated from future residential development, projects student enrollment based on anticipated residential growth, and estimates the costs of school facilities required to accommodate new residential growth. The findings determined in this section are used in following sections to evaluate the cost impact per square foot for new residential and commercial/industrial property. Although many of the figures in this section are primarily derived from residential development projections and impacts, they are adjusted in Section IV. to evaluate the impact of commercial/industrial development.

A. SCHOOL DISTRICT CAPACITY AND STUDENT ENROLLMENT

The School District's existing school facilities capacity and student enrollment were evaluated in order to determine if there is excess capacity to house students generated by new residential and commercial/industrial development.

The School District currently operates ten (10) elementary schools. Per Education Code Section 17071.10, these facilities have a capacity to accommodate 8,654 elementary school students. This capacity was reported on SAB Form 50-02 and was updated to reflect new school facilities construction projects approved for funding by the State. Appendix "A" provides a calculation of the updated facility capacity.

Based on October 2017 California Basic Educational Data System (CBEDs) data, the student enrollment of the School District is 6,535 students. Current excess capacity is calculated by subtracting current student enrollment from existing school facilities capacity. This operation results in surplus facilities capacity. The capacity calculation is shown in Table 1.

**Table 1
Facilities Capacity and Student Enrollment**

SCHOOL LEVEL	EXISTING FACILITIES CAPACITY	STUDENT ENROLLMENT (OCTOBER 2017)	EXCESS/(DEFICIT) CAPACITY
Elementary School (K-6)	8,654	6,535	2,119

B. PROJECTED UNHOUSED STUDENTS

1. Projected Residential Units

Based on information published by the City of Santa Clarita (“City”) Planning Division, the County of Los Angeles and the information provided in the Student Population Projections by Residence report completed by the School District’s demographer, Davis Demographics & Planning, Inc. (“DDP”) dated February 2017 (the “Enrollment Report”), Koppel & Gruber Public Finance (“K&G Public Finance”) estimated that the School District could experience the development of 6,202 residential units over the next ten (10) years. The projected residential units (“Projected Units”) are summarized by residential category in Table 2 below. Units classified as single family detached (“SFD”) are those units with no common walls; single family attached (“SFA”) are those units sharing a common wall each on a single assessor’s parcel (e.g. townhouses, condominiums, etc.); and multi-family units (“MF”) are those units which share a single assessor’s parcel and share a common wall (e.g. apartments, duplexes, etc.).

The School District has entered into mitigation agreements with certain property owners and/or developers, whereby the terms of the mitigation agreements require mitigation payments in lieu of paying School Fees. Many of the Projected Units are located within areas subject to mitigation agreements. Those mitigated Projected Units have been identified and/or estimated and excluded from the calculation.

Currently, 4,366 of the Total Projected Units are within areas subject to mitigation agreements and are thus subtracted from the Total Projected Units, resulting in 1,836 Projected Unmitigated Units.

Table 2
Projected Units by Residential Category

RESIDENTIAL CATEGORY	TOTAL PROJECTED UNITS	PROJECTED MITIGATED UNITS	PROJECTED UNMITIGATED UNITS
Single-Family Detached (SFD)	1,976	1,081	895
Single-Family Attached (SFA)	2,039	1,902	137
Multi-Family (MF)	2,187	1,383	804
Total	6,202	4,366	1,836

2. Student Generation Rates

In order to calculate student generation rates (“SGR’s”), K&G Public Finance utilized information in the Enrollment Report. The Enrollment Report prepared by DDP evaluated residential parcels within the School District, classified by unit type (SFD, SFA MFA), and built within the past five (5) years (Calendar Years 2012 through 2016). DDP also matched students, linked by address, to the units built. While this methodology is the most accurate way to estimate the number of students new housing would yield, due to low residential development numbers built within the School District in the last five (5) years, only 25 SFD units, DDP opted to utilize Student Generation Rates based on a Santa Clarita Valley-

wide calculation. Table 3 below summarizes the Santa Clarita Valley-wide SGRs by residential type.

Table 3
Student Generation Rates¹

SCHOOL LEVEL	SFD UNITS	SFA UNITS	MF UNITS
Elementary School (K-6)	0.466	0.205	0.357

¹ SGRs are a calculation of students per residential unit at a given moment in time and are constantly changing. The SGRs utilized in this study originate in the DDP Fall 2016 Projection Report, dated February 15, 2017.

3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 3 by the number of residential units anticipated to be constructed within the School District over the next ten (10) years. A total of 1,109 students are estimated to be generated from Projected Unmitigated Units. The projected student enrollment is summarized in Table 4.

Table 4
Projected Student Enrollment

SCHOOL LEVEL	TOTAL PROJECTED STUDENTS	TOTAL PROJECTED STUDENTS (MITIGATED)	TOTAL PROJECTED STUDENTS (UNMITIGATED)
Elementary School (K-6)	2,576	1,467	1,109

4. Projected Unhoused Students

As shown in Table 1, the School District currently has surplus facilities capacity. However, students generated from Projected Mitigated Units are entitled to any surplus capacity that exists. Therefore, capacity has been adjusted to reflect current capacity net Projected Mitigated Students, resulting in net 0 available seats (2,119 surplus seats minus 2,576 Projected students from Projected Mitigated Units). Therefore, the projected unhoused students generated by Projected Unmitigated Units (“Projected Unhoused Students”) is equal to the Projected Student Enrollment net the adjusted capacity figure. Table 5 shows the number of Projected Unhoused Students.

Table 5
Projected Student Enrollment

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	SURPLUS SEATS AVAILABLE	PROJECTED UNHOUSED STUDENTS
Elementary School (K-6)	2,576	2,119	457

C. FACILITY COSTS AND ESTIMATED PER STUDENT COST

1. Facilities Costs

Table 6 summarizes the estimated cost to the School District of providing new school facilities. The calculations used to estimate the school facilities costs are shown in Appendix “C” of this Study. It is important to note that estimated facilities costs determined herein do not include costs for remodel or modernization projects at the School District’s existing sites. Moreover, the estimated facilities costs summarized below do not include costs associated with the acquisition and installation of interim facilities that might be needed to house students as the future projects are in process. The need for such interim housing will be dependent on the timing and phasing of the projects and School District enrollment at that time.

Table 6
Estimated Facilities Costs

SCHOOL LEVEL	ESTIMATED SITE COSTS	ESTIMATED FACILITIES CONSTRUCTION & SOFT COSTS	TOTAL ESTIMATED SCHOOL FACILITIES COSTS
Elementary School (K-6)	\$11,413,000	\$18,906,350	\$30,319,350

2. Estimated Cost Per Student

The School District has determined that future school facilities will be designed to accommodate a capacity of 725 students. The estimated Cost per Student is determined by dividing the Total Estimated School Facilities Costs shown in Table 6 by the student capacity. The cost per student calculation is shown in Table 7.

Table 7
Facilities Costs Per Student

SCHOOL LEVEL	TOTAL ESTIMATED SCHOOL FACILITIES COST	STUDENT CAPACITY	COST PER STUDENT
Elementary School (K-6)	\$30,319,350	725	\$41,820

SECTION III. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

The following section presents the school facility impact analysis for new residential development and provides step-by-step calculations of the estimated per residential square foot cost impact.

To determine the school facilities cost impact per square foot of residential development, first the Projected Unhoused Students determined in Table 5 were multiplied by the Costs per Student determined in Table 7. The result of this computation is shown Table 8 and reflects the estimated school facilities cost impact to house Projected Unhoused Students.

**Table 8
Facilities Cost Impact**

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	COST PER STUDENT	FACILITIES COST IMPACT
Elementary School (K-6)	457	\$41,820	\$19,111,740

The total school facilities impact shown in Table 8 above was then divided by the number of Projected Unmitigated Units shown in Table 2 to determine the school facilities cost per residential unit. The costs per residential categories are shown in Table 9.

**Table 9
School Facilities Cost per Residential Unit**

FACILITIES COST ALLOCATION	PROJECTED UNMITIGATED UNITS	FACILITIES COST PER RESIDENTIAL UNIT
\$19,111,740	1,836	\$10,409

The school facilities cost impact per residential square foot was calculated by dividing the school facilities cost per residential unit determined in Table 9 by the weighted average square footage of a residential unit. This calculation is shown in Table 10. K&G Public Finance used projected square footage information in the Saugus Union School District’s School Facilities Needs Analysis dated August 3, 2017 to estimate the weighted average square footage of the Projected Unmitigated Units. This is due to the lack of a sufficient number of new residential units constructed within the School District within the last five years to determine a reliable estimate.

Table 10
School Facilities Cost per Residential Square Foot

FACILITIES COST PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$10,409	1,837	\$5.67

The school facilities impact per residential square foot determined in Table 10 is greater than the School District’s share of the current maximum authorized residential School Fees of \$1.71 per square foot; therefore, the School District is justified in levying up to but not exceeding the maximum authorized amount for residential construction and reconstruction.

SECTION IV. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS

The following section presents the school facilities impact analysis for new commercial/industrial development and provides a step-by-step calculation of the estimated per commercial/industrial square foot cost impacts.

A. EMPLOYEE GENERATION

In the course of making the nexus findings to justify School Fees levied on commercial/industrial development, Education Code Section 17621(e)(1)(B) requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. As mentioned in the Executive Summary, for purposes of making such determination this code section further sets out that the employee generation estimates be based on the applicable estimates set forth in the Traffic Study published by SANDAG.

The employee generation estimates per 1,000 square feet of development derived from the Traffic Study are listed by commercial/industrial land use category in Table 11. The land use categories listed are based on those categories described in the Traffic Study and include all land uses recommended by the provisions of Education Code Section 17621(e)(1)(B).

**Table 11
Employee Generation per 1,000 Square Feet
of Commercial/Industrial Development**

COMMERCIAL/INDUSTRIAL CATEGORY	AVERAGE SQUARE FOOTAGE PER EMPLOYEE	EMPLOYEES PER 1,000 SQUARE FEET
Banks	354	2.8253
Community Shopping Center	652	1.5348
Neighborhood Shopping Center	357	2.7985
Industrial Business Parks	284	3.5156
Industrial Parks/Warehousing	742	1.3473
Rental Self-Storage	15,541	0.0643
Research & Development	329	3.0408
Hospitality(Lodging)	883	1.1325
Commercial Offices (Standard)	209	4.7897
Commercial Offices (Large High Rise)	220	4.5442
Corporate Offices	372	2.6848
Medical Offices	234	4.2654

Source: San Diego Traffic Generator Study, January 1990 Edition; SANDAG.

B. RESIDENTIAL IMPACT

1. Households

To evaluate the impact of commercial/industrial development on School District facilities, the employee generation estimates listed in Table 11 above were first used to determine the impact of commercial/industrial development on a per household basis. Based on information provided by the U.S. Census Bureau¹, there are approximately 1.40 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 11 above by 1.40 results in the estimated number of households per 1,000 square feet of commercial/industrial development (“Total Household Impact”).

The Total Household Impact determined in the preceding paragraph takes into consideration all employees generated from commercial/industrial development. Since some of those employees will live outside the School District and will therefore have no impact on the School District, the figures are adjusted to reflect only those households within the School District occupied by employees generated from commercial/industrial development built within the School District. Based on information derived from U.S. Census Bureau data², it is estimated that approximately 33.4 percent (33.4%) of employees both live and work within the School District. Multiplying the Total Household Impact by 33.4 percent (33.4%) results in the households within the School District impacted per 1,000 square feet commercial/industrial development. The results of these computations are shown in Table 12.

Table 12
Impact of Commercial/Industrial Development on
Households within the School District

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL DISTRICT HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.
Banks	0.6740
Community Shopping Center	0.3662
Neighborhood Shopping Center	0.6676
Industrial Business Parks	0.8387
Industrial Parks/Warehousing	0.3214
Rental Self-Storage	0.0154
Research & Development	0.7254
Hospitality(Lodging)	0.2702
Commercial Offices (Standard)	1.1427
Commercial Offices (Large High Rise)	1.0841
Corporate Offices	0.6405
Medical Offices	1.0176

¹ US Census Bureau- 2016 ACS 5 Year: Selected Economic Characteristics (DP03); US Census Bureau- 2016 ACS 5 Year: Population (S0101)

² US Census Bureau- 2016 ACS 5 Year: Commuting (S0801)-Work in place of residence

2. Household Student Generation

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the new household impacts shown in Table 12 by the blended student generation rate. The result of this calculation is shown in Table 13. The blended student generation rate is based on the SGRs summarized in Table 3 and were combined into a single rate based on the proportionate number of each type of residential unit anticipated to be constructed in the School District as shown in Table 2. The determination of the blended student generation rates are shown and described in Appendix “B” of this Study.

Table 13
Student Generation per 1,000 Square Feet of
Commercial/Industrial Development

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL STUDENT GENERATION
Banks	0.2316
Community Shopping Center	0.1258
Neighborhood Shopping Center	0.2294
Industrial Business Parks	0.2882
Industrial Parks/Warehousing	0.1104
Rental Self-Storage	0.0053
Research & Development	0.2492
Hospitality(Lodging)	0.0928
Commercial Offices (Standard)	0.3926
Commercial Offices (Large High Rise)	0.3725
Corporate Offices	0.2201
Medical Offices	0.3496

C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT

1. Cost Impact

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost per student was determined by multiplying the school facilities costs per student determined in Table 7 by the student generation impacts shown in Table 13. The school facilities cost impacts are shown in Table 14 by commercial/industrial development category.

**Table 14
School Facilities Costs per 1,000 Square Feet of
Commercial/Industrial Development**

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL IMPACT
Banks	\$9,686
Community Shopping Center	\$5,261
Neighborhood Shopping Center	\$9,594
Industrial Business Parks	\$12,053
Industrial Parks/Warehousing	\$4,617
Rental Self-Storage	\$222
Research & Development	\$10,422
Hospitality(Lodging)	\$3,881
Commercial Offices (Standard)	\$16,419
Commercial Offices (Large High Rise)	\$15,578
Corporate Offices	\$9,205
Medical Offices	\$14,620

2. Residential Fee Offsets

New commercial/industrial development within the School District will generate new employees, thereby increasing the need for new residential development to house those employees living in the School District. Residential school fees adopted by the School District under applicable law will also be imposed by the School District on such new residential development. To prevent new commercial/industrial development from paying the portion of impact that is mitigated by the applicable residential school fees, this amount has been calculated and deducted from the school facilities impact costs calculated in Table 14 above.

The residential fee offsets are calculated by using the School District’s proposed Level I Fee applicable to residential development (\$1.71 per square foot) and multiplying that amount by the weighted average square footage of a residential unit in the School District, which is 1,837 square feet. This calculation provides the average residential revenues from a residential unit of \$3,141 (\$1.71 x 1,837). The average residential revenues from a residential unit multiplied by New Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 12, results in the residential school fee revenues per 1,000 square feet of commercial/industrial development (“Residential Fee Offset”). This computation is shown in Table 15.

**Table 15
Residential Fee Offset**

COMMERCIAL/INDUSTRIAL CATEGORY	HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.	RESIDENTIAL FEE OFFSET PER 1,000 SQUARE FEET COM./IND.
Banks	0.6740	\$2,117
Community Shopping Center	0.3662	\$1,150
Neighborhood Shopping Center	0.6676	\$2,097
Industrial Business Parks	0.8387	\$2,635
Industrial Parks/Warehousing	0.3214	\$1,010
Rental Self-Storage	0.0154	\$48
Research & Development	0.7254	\$2,279
Hospitality(Lodging)	0.2702	\$849
Commercial Offices (Standard)	1.1427	\$3,590
Commercial Offices (Large High Rise)	1.0841	\$3,405
Corporate Offices	0.6405	\$2,012
Medical Offices	1.0176	\$3,197

3. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 15 from the total school facilities costs listed in Table 14 results in the net school facilities costs per 1,000 square feet of commercial/industrial development (“Net School Facilities Costs”). The Net School Facilities Costs are listed in Table 16.

**Table 16
Net School Facilities Costs
Per 1,000 Square Feet Commercial/Industrial Development**

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL SCHOOL FACILITIES COSTS	RESIDENTIAL FEE OFFSET	NET SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET COM./IND.
Banks	\$9,686	\$2,117	\$7,569
Community Shopping Center	\$5,261	\$1,150	\$4,111
Neighborhood Shopping Center	\$9,594	\$2,097	\$7,497
Industrial Business Parks	\$12,053	\$2,635	\$9,418
Industrial Parks/Warehousing	\$4,617	\$1,010	\$3,607
Rental Self-Storage	\$222	\$48	\$174
Research & Development	\$10,422	\$2,279	\$8,143
Hospitality(Lodging)	\$3,881	\$849	\$3,032
Commercial Offices (Standard)	\$16,419	\$3,590	\$12,829
Commercial Offices (Large High Rise)	\$15,578	\$3,405	\$12,173
Corporate Offices	\$9,205	\$2,012	\$7,193
Medical Offices	\$14,620	\$3,197	\$11,423

The Net School Facilities Costs determined in Table 16 were then divided by 1,000³ to provide the cost impact on a square foot basis. These cost impacts are listed in Table 17.

Table 17
Net Cost Impacts
Per Square Foot of Commercial/Industrial Development

COMMERCIAL/INDUSTRIAL CATEGORY	NET IMPACTS
Banks	\$7.57
Community Shopping Center	\$4.11
Neighborhood Shopping Center	\$7.50
Industrial Business Parks	\$9.42
Industrial Parks/Warehousing	\$3.61
Rental Self-Storage	\$0.17
Research & Development	\$8.14
Hospitality(Lodging)	\$3.03
Commercial Offices (Standard)	\$12.83
Commercial Offices (Large High Rise)	\$12.17
Corporate Offices	\$7.19
Medical Offices	\$11.42

The net cost impacts shown in Table 18 are greater than the School District’s share of the current maximum authorized commercial/industrial School Fees of \$0.27 per square foot, except for the category of Rental Self-Storage development. Therefore, the School District is justified in levying school fees on commercial/industrial in amount up to but not exceeding the School District’s share of the maximum authorized statutory fee. For Rental Self-Storage businesses, which typically have extremely low numbers of employees, the School District is justified in collecting \$0.17per square foot.

D. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 11, the School District shall evaluate such development on a case-by-case basis to determine if the imposition of the School Fees on the development meets the nexus requirements set forth under Government Code Section 66000 et seq. The School District may levy School Fees on such development in an amount up to but not exceeding the cost per square foot impact determined through such evaluation.

³ The Employee Generation rates derived from the SANDAG study are estimated per 1,000 square feet of development.

E. AGE-RESTRICTED (SENIOR) HOUSING

Government Code Sections 65995.1 and 65995.2 provides school districts may only charge the fees applicable for commercial/industrial development for qualified age-restricted (senior citizen) housing. Qualified age-restricted housing generates employees resulting in school facility impacts similar to those impacts from other commercial/industrial categories specified herein.

SECTION V. REDEVELOPMENT

Government Code Section 66001, subdivision (a)(3) and (4) requires that a school district, in imposing school-impact fees, establish a reasonable relationship between the fee's use, the need for the public facility and the type of development project on which the fee is imposed. This section addresses and sets forth general policy when considering the levy of school fees on new construction resulting from redevelopment projects within the School District.

Redevelopment means voluntarily demolishing existing residential, commercial, and/or industrial structures and subsequently replacing them with new construction (“Redevelopment”). The School District is aware of Redevelopment projects completed within the School District boundaries and anticipates similar Redevelopment projects may be completed in the next ten (10) years and beyond. School fees authorized pursuant to Education Code Section 17620 and Government Code Sections 65995 et seq. shall be levied by the School District on new construction resulting from Redevelopment projects, if there is a nexus between the School Fees being imposed and the impact of new construction on school facilities, after the impact of pre-existing development has been taken into consideration. In determining such nexus, the School District shall review, evaluate and determine on a case-by-case basis, the additional impact of the proposed new development by comparing the projected square footage, student generation and cost impacts of the proposed new units and the pre-existing residential, commercial and/or industrial development. Such analysis shall utilize the student generation rates identified in Table 3 of this Study, as applicable.

Redevelopment projects featuring a transition in commercial/industrial categorical classification (e.g. a project redeveloping a Hospitality (lodging) space into Commercial office (standard) space) should be assessed based on the Applicable School Fee for the new commercial/industrial category multiplied by the total assessable space of the new commercial/industrial project in the case of a complete site redevelopment. In the case where there is a partial redevelopment, or an addition to an existing development, the Applicable School Fee should be calculated on a basis of the marginal assessable space increase multiplied by the maximum Applicable School Fee for the for the assessable space.

The School District may levy school fees, authorized under applicable law, on new units resulting from construction projects in an amount up to the additional impact cost per square foot as determined in accordance with the preceding paragraphs, but not exceeding the applicable school fees.

SECTION VI. GOVERNMENT CODE SECTION 66000

Government Code Sections 66000 *et seq.* were enacted by State Legislature in 1987. In any action establishing, increasing, or imposing a fee as a condition of approval of a development project, such as the Applicable School Fees described herein, these Government Code sections require the public agency to satisfy the following requirements:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

The information set forth herein, including the information contained in the Appendices attached hereto, provide factual evidence establishing a nexus between the type of development projected to be built within the School District and the amount of Applicable School Fees levied upon such development based on the need for such Applicable School Fees. The determinations made in this Study meet the requirements of Government Code Section 66000. The findings are summarized as follows:

Purpose of the School Fee

The Board of the School District will levy and collect school fees on new residential and commercial/industrial development to obtain funds for the construction and/or reconstruction of school facilities to accommodate students generated as a result of such development. In accordance with Education Code Section 17620, "construction or reconstruction of school facilities" *does not* include any item of expenditure for any of the following:

- (i). Regular maintenance or routine repair of school buildings and facilities;
- (ii). Inspection, sampling, analysis, encapsulation or removal of asbestos-containing material, except where incidental to school facilities construction or reconstruction for which the expenditure of fees or other consideration collected pursuant to Education Code Section 17620 is not prohibited; and,
- (iii). Deferred maintenance as described in Education Code Section 17582.

Identify the Use of the School Fee

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments will be used for the following purposes:

- (i). Construction or reconstruction of school facilities required to accommodate students generated by new residential and commercial/industrial development in areas of the School District where existing school facilities are needed;
- (ii). Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
- (iii). Acquisition or lease of property for unhoused students generated from new development;
- (iv). Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
- (v). Furniture for use in new school facilities;
- (vi). Costs associated with the administration, collection, and justification for the Applicable School Fees;
- (vii). Provide local funding that may be required if the School District applies for State funding through SB 50.

As previously noted and described herein, the Alternative Fees will be used to fund school facilities necessary to accommodate Projected Unhoused Students generated by Projected Unmitigated Units to the extent described in this Study and permitted by applicable law. Such Alternative Fees will be used to fund, in part, the school facilities identified in the Facilities Plan, inclusive of those school facilities described in this Study.

Relationship between the Use of the Fee, the Need for School Facilities and the Type of Development on which the Fee is Imposed

As determined in the preceding sections, adequate school facilities do not exist to accommodate students generated from new residential and commercial/industrial development. The fees imposed on such new development will be used to finance the acquisition of property and the construction and/or reconstruction of school facilities required to accommodate student enrollment growth generated by new residential and commercial/industrial development.

Determination of the Relationship between the Fee Amount and the School Facilities Costs Attributable to Type of Development on which the Fee is Imposed

The imposition of the Applicable School Fees of \$1.71 per square foot for residential development are justified as these fees are below the per square foot cost impacts to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable School Fees of \$0.27 per square foot for commercial/industrial development are justified as the fees are equal to or below the estimated

per square foot net cost impact to provide adequate school facilities required as a result of such new commercial/industrial development, except for Rental Self-Storage development.

Accounting Procedures for the Fees

The School District will deposit, invest, and expend the school fees imposed and collected on residential and commercial/industrial development in accordance with the provision of Government Code Section 66006.

Appendix A - Facilities Capacity Update

**NEWHALL ELEMENTARY SCHOOL DISTRICT
FACILITIES CAPACITY UPDATE
APPENDIX A**

	Elementary School
<u><i>SAB Form 50-02 (as of 2002)</i></u>	5,618
<u><i>Added Capacity Based on SAB 50-04 Application for New Construction</i></u>	
*001 Wiley Canyon Elementary	396
*002 Michael J McGrath Elementary	940
*003 Pico Canyon Elementary	750
*004 Oak Hills Elementary	950
<i>Subtotal New Construction</i>	3,036
Total	8,654
*Based on information provided on SAB 50-04 Applications for New Construction Funding	

Appendix B – Student Generation Rates

Student Generation Rates (SGRs) used in this Study are utilized from the Student Population Projections by Residence report completed by DDP in February 2017. As discussed in Section II.B.2 of this Study, this report evaluated residential parcels within the School District, classified by unit type (SFD, SFA MFA), and built within the past five (5) years (Calendar Years 2012 through 2016). DDP also matched students, linked by address, to the units built. While this methodology is the most accurate way to estimate the number of students new housing would yield, due to low residential development numbers built within the School District in the last five (5) years, only 25 SFD units. However, due to the low numbers of units constructed during the time period, DDP deemed it more statistically robust to utilize the SGR's based on a Santa Clarita Valley-wide calculation which included a larger sample population of recently developed residential units. These student generation rates were used to evaluate students generated from future households. The student generation rates are listed by residential category in Table B-1.

**Table B-1
Student Generation Rates**

SCHOOL LEVEL	SFD UNITS	SFA UNITS	MF UNITS
Elementary School (K-6)	0.466	0.205	0.357

The student generation rates for each residential category listed in Table B-1 were blended into a single student generation rate based on the percentage allocation residential categories of Projected Unmitigated Units. The percentage allocations are shown in Table B-2.

**Table B-2
Allocation of Projected Units by Residential Category**

RESIDENTIAL CATEGORY	PROJECTED UNMITIGATED UNITS	PERCENTAGE ALLOCATION
SFD	895	49.6%
SFA	137	11.2%
MF	804	39.2%
TOTAL	1,836	100.0%

The Blended Student Generation Rates were determined by applying the percentage allocations, the results of which are shown in Table B-3.

**Table B-3
Blended Student Generation Rates**

SCHOOL LEVEL	BLENDED STUDENT GENERATION RATE
Elementary School (K-6)	0.3436

Appendix C – Estimated School Facilities Costs

**NEWHALL SCHOOL DISTRICT
ESTIMATED ACTUAL COST PER SQUARE FOOT CALCULATION
SUMMARY OF ESTIMATED COSTS
APPENDIX C**

ELEMENTARY SCHOOL

I. Site Costs		\$11,413,000
Land Acquisition Cost ¹	\$11,413,000	
Acres	10.00	
Cost per Acre*	\$1,141,300	
Appraisals	15,000	
Surveys	25,000	
Escrow/Title	10,000	
II. Planning Costs		1,049,127
Architect/Engineering Fees ²	\$935,156	
DSA Fees ²	72,970	
Energy Analysis	6,000	
Preliminary Tests	25,000	
Other Costs	10,000	
III. Construction Costs		16,486,406
Construction ³	\$14,953,125	
Construction Management ²	1,533,281	
IV. Tests		120,000
V. Inspection		135,000
VI. Furniture & Equipment⁴		815,625
VII. Contingency⁵		300,192
TOTAL ESTIMATED COST		<u><u>\$30,319,350</u></u>

¹ Based on an elementary school site appraisal performed by Epic Land Solutions, Inc, dated July 3, 2015 on behalf of the Saugus Union School District.

² See Cost Detail Worksheet.

³ Estimated at \$275 per square foot and assumes 75 square foot per student.

⁴ Estimated at \$15 per square foot and assumes 75 square foot per student.

⁵ Sum of I. thru VI. multiplied by 1%.

**NEWHALL SCHOOL DISTRICT
ESTIMATED COST DETAIL FOR ELEMENTARY SCHOOL
APPENDIX C**

SOFT COSTS

Architect's Fee

ARCHITECT'S DESIGN FEE		
CONSTRUCTION COSTS	\$14,953,125	
FEE CALCULATION	FEE %	FEE
FIRST \$500,000	9.00%	\$45,000
NEXT \$500,000	8.50%	\$42,500
NEXT \$1,000,000	8.00%	\$80,000
NEXT \$4,000,000	7.00%	\$280,000
NEXT \$4,000,000	6.00%	\$240,000
OVER \$10,000,000	5.00%	\$247,656
TOTAL FEE	6.25%	\$935,156

DSA Access Compliance Fee

DSA ACCESS COMPLIANCE FEE		
CONSTR. COSTS	\$14,953,125	
FEE CALCULATION	FEE %	FEE
FIRST \$500,000	0.20%	\$1,000
NEXT \$1,500,000	0.10%	\$1,500
OVER \$2,000,000	0.01%	\$1,295
TOTAL FEE	0.03%	\$3,795

DSA Structural Safety Fee

DSA STRUCTURAL SAFETY FEE		
CONSTR. COSTS	\$14,953,125	
FEE CALCULATION	FEE %	FEE
FIRST \$1,000,000	0.70%	\$7,000
OVER \$1,000,000	0.50%	\$69,766
TOTAL FEE	0.51%	\$76,766

CONSTRUCTION MANAGER'S FEE

CONSTRUCTION MANAGER'S FEE		
CONSTR. COSTS	\$14,953,125	
FEE CALCULATION	FEE %	FEE
FIRST \$500,000	8.00%	\$40,000
NEXT \$500,000	7.50%	\$37,500
NEXT \$1,000,000	7.00%	\$70,000
NEXT \$4,000,000	6.00%	\$240,000
NEXT \$4,000,000	5.00%	\$200,000
OVER \$10,000,000	4.00%	\$198,125
GENERAL CONDITIONS	5.00%	\$747,656
TOTAL FEE	10.25%	\$1,533,281

Appendix D – Commercial/Industrial Category
Descriptions

Commercial and Industrial Category Descriptions

Banks	Include small branch offices to regional offices used for banking. Properties under this category allow customers to conduct banking on-site.
Shopping Center	Broadly include regional, community and neighborhood shopping centers which sell merchandise and services to consumers. Include grocery stores, restaurants, retail centers, automotive sales.
Industrial Business Parks	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with 15% or more of the total area designated for commercial use.
Industrial Parks/Warehousing	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with limited or no commercial use (less than 15% of the total area designated for commercial use).
Rental Self-Storage	Include warehouse developments which rent small storage vaults and often termed "mini-storage".
Research & Development	Include scientific research and development laboratories, office and/or their supporting facilities.
Hospitality(Lodging)	Include establishments which provide lodging to the general public. Lodging types include hotels, motels, resort hotels and inns. The maximum term of occupancy for establishment within this category shall not exceed 30 days.
Commercial Offices (Standard)*	Include general office space occupying less than 100,000 square feet with multiple tenants.
Commercial Offices (Large High Rise)*	Include general office space occupying 100,000 square feet and greater with multiple tenants.
Corporate Offices	An office or office building with a single tenant.
Medical Offices	Include medical offices that serve a wide range of medical needs and may include a pharmacy. Medical offices are generally operated by one or more physicians.

*Office space used for activities described under banks, research and development, or medical offices should be classified under those categories.