



SCHOOL FEE JUSTIFICATION STUDY

JUNE 12, 2020

PREPARED FOR:

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TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
RESIDENTIAL DEVELOPMENT	2
COMMERCIAL/INDUSTRIAL DEVELOPMENT	2
SECTION I. INTRODUCTION	4
A. PURPOSE OF THE STUDY.....	4
B. GENERAL DESCRIPTION OF THE SCHOOL DISTRICT.....	4
SECTION II. LEGISLATION AND LEGAL REQUIREMENTS	5
SECTION III. PROJECTED UNHOUSED STUDENTS AND FACILITY REQUIREMENTS	7
A. SCHOOL DISTRICT CAPACITY AND CURRENT STUDENT ENROLLMENT	7
B. PROJECTED UNHOUSED STUDENTS.....	8
C. FACILITIES NEEDS COSTS AND ESTIMATED PER STUDENT COST	9
SECTION IV. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT.....	12
SECTION V. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS	14
A. EMPLOYEE GENERATION.....	14
B. RESIDENTIAL IMPACT.....	15
C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT	17
D. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES	20
E. AGE RESTRICTED (SENIOR) HOUSING.....	21
SECTION VI. REDEVELOPMENT	22
SECTION VII. GOVERNMENT CODE SECTION 66000	23
 APPENDICES	
APPENDIX A – COMMERCIAL/INDUSTRIAL DEVELOPMENT DESCRIPTIONS	
APPENDIX B – FACILITIES CAPACITY UPDATE	
APPENDIX C – ENROLLMENT SUMMARY	
APPENDIX D – TOTAL COST PER STUDENT	

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 East Side Union High 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, modernization of existing 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 State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years. The SAB increased the Level I fee on January 22, 2020 and the maximum School Fees authorized by Education Code Section 17620 are currently \$4.08 per square foot for residential construction/reconstruction and \$0.66 per square foot for commercial/industrial construction.

The School District provides education for grades nine (9) through twelve (12) at fourteen (14) campus sites. Pursuant to Education Code Section 17623(a), the School District, as a nonunified school district sharing common jurisdiction with other nonunified school district(s), entered into a school facilities fee allocation agreement with elementary school districts sharing attendance boundaries with the School District. These include the Alum Rock Union, Berryessa Union, Evergreen, Franklin-McKinley, Mount Pleasant, Oak Grove, and Orchard elementary school districts. The agreement specifies the allocation of the maximum School Fees that may be levied and collected by each school district. According to the agreement, thirty-three and thirty-three hundredths percent (33.33%) of the maximum School Fees may be charged and collected by the School District, or \$1.36 and \$0.22 per square foot for new residential and commercial/industrial development, respectively (“Applicable School Fees”). The School District currently collects Level I school fees in the amount of \$1.26 per square foot for residential construction/reconstruction and up to \$0.20 per square foot for commercial/industrial construction. The levy of such Level I school fees were justified by the findings presented in the Developer Fee Study prepared for the School District and dated June 2019 (“2019 Fee Study”).

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. Based on School District-wide student generation rates and the projected development of residential dwelling units within the School District, such development is estimated to generate 513 new students over the next ten (10) years. The projected student enrollment supports construction and/or reconstruction of school facilities. The school facilities cost impact per residential square foot attributable to students generated from new residential construction as determined in this Study is shown in the following table.

The cost impact per square foot shown in Table E-1 exceeds the School District's share of the current maximum authorized residential School Fee, which is \$1.36, therefore, the School District is reasonably justified in levying the Level I school fees in an amount up to but not exceeding \$1.36 per square foot for residential development ("Applicable Residential School Fee").

TABLE E-1
**RESIDENTIAL SCHOOL FACILITIES COST IMPACTS/
APPLICABLE SCHOOL FEE**

IMPACT PER SQUARE FOOT	MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT
\$2.05	\$1.36

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 (each commercial/industrial category is further described in Appendix "A"). The cost impacts per square foot for each category of commercial/industrial development are equal to or exceed the maximum authorized School Fee of \$0.22 per square foot, except for Rental Self-Storage development. Therefore, the School

District is justified in levying commercial/industrial School Fees on new commercial/industrial development in an amount up to but not exceeding the maximum authorized School Fee of \$0.22 per square foot (“Applicable Com/Ind. School Fees”). The Applicable Com/Ind. School Fees may be imposed on new commercial/industrial construction or reconstruction classified as Rental Self-Storage at the respective net cost impacts per square foot determined herein.

TABLE E-2
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS/APPLICABLE SCHOOL FEES

COMMERCIAL/INDUSTRIAL CATEGORY	IMPACT PER SQUARE FOOT	MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT
Banks	\$0.89	\$0.22
Community Shopping Center	\$0.48	\$0.22
Neighborhood Shopping Center	\$0.88	\$0.22
Industrial Business Parks	\$1.10	\$0.22
Industrial Parks/ Warehousing/ Manufacturing	\$0.42	\$0.22
Rental Self-Storage	\$0.02	\$0.02
Research & Development	\$0.95	\$0.22
Hospitality (Lodging)	\$0.36	\$0.22
Commercial Offices (Standard)	\$1.50	\$0.22
Commercial Offices (Large High Rise)	\$1.43	\$0.22
Corporate Offices	\$0.84	\$0.22
Medical Offices	\$1.34	\$0.22

SECTION I. INTRODUCTION

A. PURPOSE OF THE STUDY

The purpose of this Study is to determine if a reasonable relationship exists between new residential and commercial/industrial development and the School District's need for the construction and/or reconstruction of school facilities. The findings presented in this Study have been made pursuant to and in compliance with Education Code Section 17620 and Government Code Section 66001 *et seq.* and serve as a basis for determining such a relationship.

B. GENERAL DESCRIPTION OF THE SCHOOL DISTRICT

The School District serves the Cities of San Jose and Milpitas ("Cities"), in addition to parts of unincorporated Santa Clara County ("County"). As of the October 2019, a total of 22,517 students were enrolled within the School District. The School District currently operates eleven (11) traditional comprehensive high schools, five (5) alternative education schools, and one (1) adult education program.

SECTION II. 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.

In addition, Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. Furthermore, 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, 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 III. PROJECTED UNHOUSED STUDENTS AND FACILITY REQUIREMENTS

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 V. to evaluate the impact of commercial/industrial development.

A. SCHOOL DISTRICT CAPACITY AND CURRENT STUDENT ENROLLMENT

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

The School District currently operates sixteen schools (16) at fourteen (14) sites. Based on information provided in SAB Form 50-02, eligible School District capacity stood at 23,451 seats in 2001. Based on new facilities construction that has occurred in the interim, the School District has since expanded capacity by 2,257 seats and has a current capacity of 25,708 seats. Appendix "B" provides a more detailed breakout of eligible facilities capacity.

Based on October 2019 California Basic Educational Data System (CBEDS) data, the student enrollment of the School District is 22,517¹ students. The School District's enrollment as of October 2019 is summarized in Appendix "C". Current available capacity is calculated by subtracting current student enrollment from existing school facilities capacity for each school level. This operation results in an excess capacity of 3,191 seats. The existing school facilities available capacity determination is shown in Table 1.

**TABLE 1
FACILITIES CAPACITY AND STUDENT ENROLLMENT**

EXISTING FACILITIES CAPACITY^[1]	STUDENT ENROLLMENT (OCTOBER 2019)	AVAILABLE /(DEFICIT) CAPACITY
25,708	22,517	3,191

[1] Appendix "B" provides a detailed breakout of the facility capacity determination.

¹ For the purposes of this study, neither the facilities capacity nor enrollment at nonpublic and charter schools were considered.

B. PROJECTED UNHOUSED STUDENTS

1. Projected Residential Units

In order to estimate the development of projected residential units over the next ten (10) years, Koppel & Gruber Public Finance (“K&G Public Finance”) tracks planned and current building activity within the School District. Based on a review of major projects under review or construction and permits issued by the City of San Jose, the School District could experience the development of 5,076 residential units over the next ten (10) years (“Projected Units”)².

Units classified as single family detached (“SFD”) are those units with no common walls; multi-family (“MF”) are those units sharing a common wall (e.g. townhouses, condominiums, apartments, duplexes, etc.). The projected residential units are summarized by residential category in Table 2 below.

TABLE 2
PROJECTED UNITS

RESIDENTIAL CATEGORY	PROJECTED UNITS
SFD	875
MF	4,201
TOTAL	5,076

² To help address the shortage of affordable housing in the California, the State Legislature recently enacted laws updated regulations pertaining to Accessory Dwelling Units (“ADU”). An ADU is generally defined as an attached or detached structure that provides independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as a single-family dwelling unit. In response the State laws, which took effect January 1, 2017 (SB 1069 and AB 2299) and January 1, 2018 (SB 229 and AB 494), the City adopted an Interim Ordinance establishing new regulations for ADUs. A map prepared by the City shows that a majority of the residential properties fall within 0.5 of a mile of a public transportation stop or station that qualify for an ADU under State law. Furthermore, Government Code Section 65852.2(f) provides additional provisions and limitations when imposing impact fees on ADUs. Due to uncertainty as to whether new individual ADU units will be subject to Fees at the time of collection, ADUs have not been considered in the total count of Projected Units.

2. Projected Unhoused Students

Projected unhoused student enrollment was determined by multiplying the Student Generation Rates (“SGRs”) by the number of Projected Units shown in Table 2. In 2018, an Enrollment Projection Study was prepared for the School District (the “2018 Enrollment Study”), which estimated the enrollment impact to the School District from new SFD units and MF units at 0.1886 and 0.0828 students, respectively.

A total of 513 students are estimated to be generated from Projected Units. The projected student enrollment is summarized in Table 3.

TABLE 3
PROJECTED ENROLLMENT

RESIDENTIAL CATEGORY	STUDENT GENERATION RATE	PROJECTED UNITS	PROJECTED UNHOUSED STUDENTS
SFD	0.1886	875	165
MF	0.0828	4,201	348
TOTAL	NA	5,076	513

C. FACILITIES NEEDS COSTS AND ESTIMATED PER STUDENT COST

1. Facilities Needs

In the 2018 Enrollment Study, it was determined that enrollment had declined by 2,020 students over the ten-year period ending in 2017/2018. Per findings made in the 2018 Enrollment Study, enrollment in the School District is expected to persist on a downward trajectory based upon consideration of County birth rates, cohort survival from preceding grade levels, residential development projections, and student enrollment impacts from specific types of residential construction. Enrollment at the School District is expected to decline to 18,131 students by the end of the projection period, or the 2027/2028 school year.

Based on current permanent facilities capacity and projected changes to overall student enrollment, approximately 7,557 seats are expected to be available by 2027/2028. While these findings indicate capacity available to accommodate projected students from new housing over the course of the planning period, the School District has identified capital improvement projects in its 2017 District-Wide Facilities Master Plan Update (“2017 FMP”), which are necessary for the continued use for the School District’s existing facilities, through modernization or the reconstruction of such facilities, and to meet the educational goals of the School District. The proposed capital

improvements, which were estimated to cost \$900,490,161³, will benefit student enrollment as a result of new development. Therefore, without implementation of the capital improvement projects, adequate core education and support facilities do not exist within the School District to house student enrollment as a result of new development.

The School District has identified revenues from the imposition of Applicable School Fees as one of several sources of funds earmarked for the payment of some of the capital improvement costs outlined in the 2017 FMP. In recent years, voters in the School District have approved various bond measures to fund capital facilities improvements and modernization projects. Based on the Citizen's Bond Oversight Committee Draft Annual Report for Fiscal Year 2018/2019, remaining bond funds available for project expenditures amounted to \$123,271,308 as of June 30, 2019.

Revenues from the imposition of the Applicable School Fees are intended to help bridge the funding gap between (i) monies available from bond proceeds, or other sources, and (ii) the estimated costs of certain capital improvement and expansion projects outlined in the 2017 FMP. Since the 2018 Enrollment Study indicates that declining enrollment over the applicable planning period will result in seats becoming available, only known costs relevant to the replacement, modernization, and renovation of existing facilities are included within cost estimates and deemed eligible to be funded by the Applicable School Fees. It is anticipated that total project costs eligible for funding by statutory school fees will amount to \$627,319,617³, without accounting for projected construction cost escalation over the project timeline.

In accordance with guidelines provided under Education Code Section 17620(a)(3), certain types of capital improvement projects were excluded. For the purposes of determining facilities needs, the following types of capital improvement projects were included from the 2017 FMP: hardscape and turf improvements; American Disabilities Act (ADA) accessibility enhancements; miscellaneous building and grounds projects; modernization undertakings for existing buildings which were last renovated at least 17 years prior to the 2017 FMP; and miscellaneous improvements to shared public spaces (i.e. campus entries, quadrangles, pathways, etc.). It should be noted that additional eligible projects were identified in the 2017 FMP; however, cost estimates for these projects remain to be determined. For detailed cost information, please refer to Appendix "D."

2. Estimated per Student Cost

The total cost impact per student to provide adequate school facilities to house Projected Unhoused Students was derived from the facilities cost estimate of \$627,319,617. This figure was divided by the estimated future student enrollment (18,131 students) as of 2027/2028, which was provided in the 2018 Enrollment Study, for an estimated cost of \$34,599 per seat. This computation is shown in Table 4 and

³ The project costs provided in the 2017 FMP have been adjusted to 2020 levels using the Marshall & Swift Wood Frame Class D construction cost index.

provides the resulting estimated average Facilities Cost Impact per Student for the School District.

TABLE 4
FACILITIES COST IMPACT PER STUDENT

TOTAL PROJECT COSTS¹	TOTAL PROJECTED ENROLLMENT²	FACILITIES COST IMPACT PER STUDENT
\$627,319,617	18,131	\$34,599

[1] For further detail, see Appendix “D.”

[2] 2018 Enrollment Study; projected enrollment as of 2027/2028.

SECTION IV. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

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

Government Code Section 66001 (g) allows School Fees to include the costs attributable to the increased demand for public facilities reasonably related to the development projects(s) in which the fee is imposed in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan. The proposed capital improvement projects outlined in the 2017 FMP are recommended because the existing facilities require upgrade or replacement for their continued long-term use, and such upgrades will benefit both existing student enrollment and student enrollment generated as a result of new residential construction; thus it is deemed reasonable and appropriate to include estimated costs as described in Section III.C when evaluating the impact per square foot as a result of Projected Unhoused Students. To determine the school facilities cost impact per square foot of residential development, first the Facilities Cost Impact per Student determined in Table 4 is multiplied by the Projected Student Enrollment as shown in Table 3. The result of this computation is shown in Table 5 and reflects the estimated school facilities cost impact to house Projected Student Enrollment.

**TABLE 5
FACILITIES COST IMPACT**

FACILITIES COST IMPACT PER STUDENT/SEAT	PROJECTED STUDENT ENROLLMENT	TOTAL FACILITIES COST IMPACT
\$34,599	513	\$17,749,287

The total school facilities impact shown in Table 5 above was then divided by the number of Projected Units shown in Table 2 to determine the school facilities cost per residential unit. The costs per residential unit is shown in Table 6.

**TABLE 6
SCHOOL FACILITIES COST PER RESIDENTIAL UNIT**

TOTAL FACILITIES COST IMPACT	PROJECTED UNITS	FACILITIES COST IMPACT PER RESIDENTIAL UNIT
\$17,749,287	5,076	\$3,497

The school facilities cost impact per residential square foot is calculated by dividing the school facilities cost per residential unit determined in Table 6 by the weighted average square footage of a residential unit. This calculation is shown in Table 7. Square footage information for residential units constructed within the School District was derived from permit information and online documentation made available by the City of San Jose Permit Center for major residential projects.

TABLE 7
SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT

FACILITIES COST IMPACT PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$3,497	1,708	\$2.05

The school facilities impact per residential square foot determined in Table 7 is greater than the School District's share of the current maximum authorized residential School Fees of \$1.36 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 V. 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 impact.

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 8 below. The land use categories listed are based on those categories described in the Traffic Study and include land uses recommended by the provisions of Education Code Section 17621(e)(1)(B).

TABLE 8
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/Manufacturing	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 8 were first used to determine the impact of commercial/industrial development on a per household basis. Based on information obtained from the 2018 American Community Survey⁴, there are approximately 1.82 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 8 by 1.82 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 therefore will 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 data⁵, it is estimated that approximately 48.70% of employees both live and work within the School District. Multiplying the Total Household Impact by 48.70% 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 9.

⁴ Based on data for the District drawn from the 2014-2018 American Community Survey 5-Year Estimates: S2502-Demographic characteristics for occupied housing units and DP03-Selected economic characteristics.

⁵ 2014-2018 American Community Survey 5-Year Estimates: S0801-Worked in place of residence.

TABLE 9
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	0.7560
Community Shopping Center	0.4107
Neighborhood Shopping Center	0.7488
Industrial Business Parks	0.9407
Industrial/Warehousing/Manufacturing	0.3605
Rental Self-Storage	0.0172
Research & Development	0.8137
Hospitality (Lodging)	0.303
Commercial Offices (Standard)	1.2816
Commercial Offices (Large High Rise)	1.2159
Corporate Offices	0.7184
Medical Offices	1.1413

2. Household Student Generation

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the household impacts shown in Table 9 by 0.1010 or the weighted average of SGRs identified for projected SFD and MF residential units. The result of this calculation is shown in Table 10.

TABLE 10
STUDENT GENERATION PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL STUDENT GENERATION
Banks	0.0764
Community Shopping Center	0.0415
Neighborhood Shopping Center	0.0756
Industrial Business Parks	0.0950
Industrial/Warehousing/ Manufacturing	0.0364
Rental Self-Storage	0.0017
Research & Development	0.0822
Hospitality (Lodging)	0.0306
Commercial Offices (Standard)	0.1294
Commercial Offices (Large High Rise)	0.1228
Corporate Offices	0.0726
Medical Offices	0.1153

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 cost per student summarized in Table 4 by the total student generation impacts calculated in Table 10. The school facilities cost impacts are shown in Table 11 by commercial/industrial development category.

TABLE 11
SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL COST IMPACT
Banks	\$2,643
Community Shopping Center	\$1,436
Neighborhood Shopping Center	\$2,616
Industrial Business Parks	\$3,287
Industrial/Warehousing/Manufacturing	\$1,259
Rental Self-Storage	\$59
Research & Development	\$2,844
Hospitality (Lodging)	\$1,059
Commercial Offices (Standard)	\$4,477
Commercial Offices (Large High Rise)	\$4,249
Corporate Offices	\$2,512
Medical Offices	\$3,989

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. Applicable 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 11.

The residential fee offsets are first calculated by using the proposed Level I Fee of \$1.36 per square foot for residential development and multiplying that amount by the weighted average square footage of a residential unit in the School District, which is 1,708 square feet. This calculation provides the average residential revenues from a residential unit of \$2,323 ($\$1.36 \times 1,708$). The average residential revenues from a residential unit multiplied by Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 9, 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 12.

TABLE 12
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	0.7560	\$1,756
Community Shopping Center	0.4107	\$954
Neighborhood Shopping Center	0.7488	\$1,739
Industrial Business Parks	0.9407	\$2,185
Industrial/Warehousing/Manufacturing	0.3605	\$837
Rental Self-Storage	0.0172	\$40
Research & Development	0.8137	\$1,890
Hospitality (Lodging)	0.3030	\$704
Commercial Offices (Standard)	1.2816	\$2,977
Commercial Offices (Large High Rise)	1.2159	\$2,824
Corporate Offices	0.7184	\$1,669
Medical Offices	1.1413	\$2,651

3. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 12 from the total school facilities costs listed in Table 11 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 13.

TABLE 13
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
Banks	\$2,643	\$1,756	\$887
Community Shopping Center	\$1,436	\$954	\$482
Neighborhood Shopping Center	\$2,616	\$1,739	\$877
Industrial Business Parks	\$3,287	\$2,185	\$1,102
Industrial/Warehousing/Manufacturing	\$1,259	\$837	\$422
Rental Self-Storage	\$59	\$40	\$19
Research & Development	\$2,844	\$1,890	\$954
Hospitality (Lodging)	\$1,059	\$704	\$355
Commercial Offices (Standard)	\$4,477	\$2,977	\$1,500
Commercial Offices (Large High Rise)	\$4,249	\$2,824	\$1,425
Corporate Offices	\$2,512	\$1,669	\$843
Medical Offices	\$3,989	\$2,651	\$1,338

The Net School Facilities Costs determined in Table 13 were then divided by 1,000⁶ to provide the cost impact on a square foot basis. These cost impacts are listed in Table 14.

TABLE 14
NET COST IMPACTS
PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	NET COST IMPACTS
Banks	\$0.89
Community Shopping Center	\$0.48
Neighborhood Shopping Center	\$0.88
Industrial Business Parks	\$1.10
Industrial/Warehousing/Manufacturing	\$0.42
Rental Self-Storage	\$0.02
Research & Development	\$0.95
Hospitality (Lodging)	\$0.36
Commercial Offices (Standard)	\$1.50
Commercial Offices (Large High Rise)	\$1.43
Corporate Offices	\$0.84
Medical Offices	\$1.34

The net cost impacts shown in Table 14 are equal to or exceed the maximum authorized statutory school fee for commercial/industrial development of \$0.22 per square foot, except for the categories 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 maximum authorized statutory fee, or the net cost impacts determined for the categories of Rental Self-Storage.

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 14, 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.

⁶ The Employee Generation Rates derived from the SANDAG Traffic 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 VI. 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 units 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 construction and the pre-existing residential, commercial and/or industrial development. Such analysis shall utilize student generation rates, as applicable.

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

SECTION VII. 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 Residential School Fee and Applicable Com/Ind. School Fees described herein (collectively referred to as the “Applicable School Fees”), 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.

The 2017 FMP outlines proposed capital improvement and modernization projects to a number of existing school facilities. As previously noted and described herein, the Alternative Fees will be used to provide adequate facilities for student enrollment generated from Projected Units to the extent described in this Study and permitted by applicable law. Such Applicable School Fees may be used to fund, in part, the facilities needs identified in the 2017 FMP and as allowable by applicable law, 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, existing school facilities are in need of upgrade for their continued long-term use and to provide adequate and safe housing for existing student enrollment and students generated from new residential and commercial/industrial development. The fees imposed on such new development will be used, in part, to finance 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 Residential School Fee of \$1.36 per square foot of residential development is justified, as this fee is below the per square foot cost impact to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable Com/Ind. School Fees of \$0.22 per square foot of 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. For the listed commercial/industrial categories, the net cost impacts determined herein are below the applicable maximum outlined fee of \$0.22 per square foot. Therefore, the applicable commercial/industrial School Fees imposed on new commercial/industrial development classified under these categories shall not exceed the Net Cost Impacts.

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

COMMERCIAL/INDUSTRIAL DEVELOPMENT 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/ Manufacturing	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) ¹	Include general office space occupying less than 100,000 square feet with multiple tenants.
Commercial Offices (Large High Rise) ¹	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.

¹ Office space used for activities described under banks, research and development, or medical offices should be classified under those categories.

APPENDIX B - FACILITIES CAPACITY UPDATE

**EAST SIDE UNION HIGH SCHOOL DISTRICT
FACILITIES CAPACITY UPDATE
APPENDIX B**

Item	School	High School Seats	Severe SDC	Non-Severe SDC
SAB Form 50-02	NA	22,581	717	153
50/69427-00-001	EVERGREEN VALLEY HIGH	1,916	9	35
50/69427-00-003	ANDREW P. HILL HIGH	243	-	-
50/69427-00-005	FOOTHILL HIGH	54	-	-
Total		24,794	726	188
Grand Total for All School Levels				25,708

^[1] Capacity determination available in SAB Form 50-02. Further adjustments have been made to account for new construction; see SAB Form 50-04 application numbers 50/69427-00-005, 50/69427-00-003, and 50/69427-00-001 for more detail.

APPENDIX C – ENROLLMENT SUMMARY

**EAST SIDE UNION HIGH SCHOOL DISTRICT
2019/2020 ENROLLMENT
APPENDIX C**

Enrollment					
School Name	Grade Level				Total
	9	10	11	12	
Andrew P. Hill High	459	507	453	449	1,868
Apollo High	0	0	77	79	156
Calero High	0	53	65	60	178
Evergreen Valley High	736	755	744	682	2,917
Foothill High	0	0	48	253	301
Independence High	716	725	735	703	2,879
James Lick High	263	233	233	251	980
Mt. Pleasant High	296	333	310	326	1,265
Oak Grove High	425	446	409	450	1,730
Pegasus High			29	71	100
Phoenix High			29	44	73
Piedmont Hills High	505	506	557	483	2,051
Santa Teresa High	581	540	540	519	2,180
Silver Creek High	601	647	615	565	2,428
William C. Overfelt High	350	349	381	308	1,388
Yerba Buena High	487	388	467	442	1,784
Accel Middle College	0	0	31	30	61
Adult Transition Program	0	0	0	178	178
GRAND TOTAL	5,419	5,482	5,692	5,685	22,517

*CALPADs enrollment data as of October 2019, per School District.

APPENDIX D – TOTAL COST PER STUDENT

**EAST SIDE UNION HIGH SCHOOL DISTRICT
TOTAL COST PER STUDENT
APPENDIX D**

Campus	TIER I			TIER II	TIER III	TOTAL COSTS
	Hardscape and Turf	Misc. Building and Grounds ^[1]	ADA Transition	Modernization ^[2]	Shared Public Areas	
Andrew P. Hill High	\$8,744,735	\$7,430,352	\$8,458,522	\$42,730,570	\$10,287,312	\$77,651,491
Apollo High	\$0	\$0	\$0	\$0	\$0	\$0
Calero High	\$0	\$0	\$0	\$0	\$0	\$0
Evergreen Valley High	\$8,202,051	\$6,338,839	\$0	\$51,145,873	\$4,033,820	\$69,720,581
Foothill High	\$1,730,903	\$2,718,396	\$2,542,165	\$1,553,673	\$3,873,504	\$12,418,640
Independence High	\$14,826,514	\$16,832,173	\$9,990,958	\$73,496,350	\$7,402,592	\$122,548,588
James Lick High	\$5,921,201	\$0	\$3,145,891	\$20,384,114	\$2,305,935	\$31,757,141
Mt. Pleasant High	\$3,830,519	\$2,296,540	\$4,949,210	\$12,791,473	\$1,776,614	\$25,644,355
Oak Grove High	\$7,760,894	\$3,369,591	\$8,305,950	\$34,695,006	\$4,673,765	\$58,805,207
Pegasus High	\$0	\$0	\$0	\$0	\$0	\$0
Phoenix High	\$0	\$0	\$0	\$0	\$0	\$0
Piedmont Hills High	\$9,171,483	\$1,007,826	\$6,487,034	\$37,643,727	\$4,658,656	\$58,968,727
Santa Teresa High	\$7,953,236	\$0	\$13,298,900	\$18,204,100	\$5,106,864	\$44,563,101
Silver Creek High	\$10,055,540	\$3,465,324	\$8,563,762	\$24,084,472	\$2,025,773	\$48,194,872
William C. Overfelt High	\$11,620,343	\$5,615,634	\$5,958,056	\$7,867,768	\$1,405,270	\$32,467,070
Yerba Buena High	\$7,348,131	\$12,163,349	\$7,770,202	\$16,466,199	\$831,962	\$44,579,844
TOTAL COST	\$97,165,550	\$61,238,023	\$79,470,652	\$341,063,326	\$48,382,067	\$627,319,617
COST PER STUDENT ^[3]	\$5,359	\$3,378	\$4,383	\$18,811	\$2,668	\$34,599

*** All cost estimates are from the 2017 FMP and have been adjusted to 2020 levels using the M & S Wood Frame Class D Index.

^[1] Infrastructure related projects originally listed on 2014 Unfunded List.

^[2] Cost estimates based on buildings for which last major renovation occurred at or prior to 2000.

^[3] Total costs were divided by student enrollment levels projected for 2027/2028 in the 2018 Enrollment Study.