

June 12, 2024

Board of Education

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Chad Brown  
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Cindy Marks  
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Homero Mejia  
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Sara Noguchi, Ed.D  
Superintendent

Modesto City Schools  
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Modesto CA 95351  
209.574.1610  
[www.mcs4kids.com](http://www.mcs4kids.com)



EVERY STUDENT  
MATTERS,  
EVERY MOMENT COUNTS

Re: Modesto City Schools' Notice of School Impact Fee Increases

County Clerk's Office  
Elizabeth King, Clerk of the Board  
1010 10<sup>th</sup> Street, Suite 6700  
Modesto, CA 95354  
Email: [cbsupport@stancounty.com](mailto:cbsupport@stancounty.com)

To Whom It May Concern:

With this letter, Modesto City Schools, comprised of Modesto City Elementary School District (the "Elementary District") and Modesto City High School District (the "High School District" and together with the Elementary District, the "District") hereby provides notice that, on June 3, 2024, at its regularly scheduled meeting of the District's Board of Education ("Board"), the Board adopted Resolution No. 23/24-29, attached hereto, which adopts the District's Level 1 Developer Fee Justification Study, dated June, 2024 ("Justification Study") and increases the amounts of statutory Level 1 school impact fees (or developer fees) for residential and commercial/industrial development within the District's boundaries pursuant to Education Code section 17620 and Government Code section 65995.

Please be advised that the following **Level 1 fees** become **effective as of August 2, 2024** (60 days after Board adoption):

- **Commercial/Industrial:** **\$0.84** per square foot of chargeable covered and enclosed space for commercial/industrial development, except **\$0.07** per square foot for rental self-storage within the Elementary District and **\$0.02** per square foot for rental self-storage within the High School District; and
- **Residential:** **\$5.17** per square foot of assessable space for residential development.

The Elementary District and the High School District share boundaries and developer fees. Per the fee sharing agreement between the Elementary District and the High School District, the Elementary District can levy developer fees up to 60% of the maximum statutory fee (\$3.10 per square foot of residential and \$0.50 per square foot of commercial/industrial).

The High School District shares its boundaries with eight elementary "feeder" districts, including the Elementary District, and can levy fees up to 40% of the maximum statutory fee (\$2.07 per square foot of residential development and

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\$0.34 per square foot of commercial/industrial development). However, per the fee sharing agreement with Hart-Ransom Union School District, Paradise School District and Shiloh School District, the High School District collects 100% of the commercial/industrial fee within those districts; and, per its fee sharing agreement with Salida Union School District, the High School District collects 0% of the commercial/industrial fee within that district.

The justification and parameters for charging these amounts are set forth in the Justification Study, which was adopted by the Board at the same meeting. The District requests that no building permit or approval for occupancy be issued by the relevant local planning agencies for any residential or commercial/industrial construction project, including rental self-storage development, subject to the above stated fees absent an effective and unexpired, fully completed certificate of compliance ("Certificate of Compliance") from the District demonstrating compliance of such residential, commercial/industrial, or rental self-storage project with the District's adopted statutory Level 1 fee requirements.

The District's previous maximum statutory Level 1 fee rates of \$4.79/sq. ft. of assessable space for residential development, and \$0.78/sq. ft. of chargeable covered and enclosed space for commercial/industrial projects located within the boundaries of the District shall remain in effect between now and August 1, 2024.

In accordance with Education Code section 17621(c), please note that the collection of the developer fees discussed herein are not subject to the restrictions set forth in Government Code section 66007(a). Pursuant to Government Code section 66007(b), the developer fees collected by the District are for public improvements or facilities for which an account has been established and funds appropriated and for which the District has adopted a proposed construction schedule or plan prior to final inspection or the issuance of the certificate of occupancy, or the developer fees collected by the District are to reimburse the District for expenditures previously made.

Please find the following enclosed documents for your files:

- 1) Level 1 Developer Fee Justification Study (June 2024);
- 2) Resolution No. 23/24-29, Approving and Adopting Level 1 Developer Fee Justification Study and Authorizing Increase in Statutory Level 1 Developer Fees; and
- 3) District boundary maps indicating the boundaries of the areas subject to these developer fees.

Should you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,



Duane A. Wolterstorff  
Director II Business Services  
Modesto City Schools  
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**RESOLUTION NO. 23/24-29****MODESTO CITY SCHOOLS****RESOLUTION APPROVING AND ADOPTING LEVEL 1 DEVELOPER FEE  
JUSTIFICATION STUDY AND AUTHORIZING INCREASE IN STATUTORY LEVEL I  
DEVELOPER FEES**

WHEREAS, Education Code section 17620, *et seq.*, and Government Code section 65995, *et seq.*, authorize the governing board of any school district within the state of California to levy a fee against residential, commercial, and industrial development projects within the school district for the purpose of funding the construction and reconstruction of school facilities.

WHEREAS, the Board of Education ("Board") of Modesto City Schools, comprised of both the Modesto City Elementary School District ("Elementary District") and Modesto City High School District ("High School District") (together, the "District") has previously adopted and imposed statutory school impact fees ("School Fees") for new residential, commercial and industrial development pursuant to Education Code section 17620.

WHEREAS, pursuant to Government Code section 65995(b)(3), the State Allocation Board, at its meeting in January 2024, increased the maximum amount of School Fees that may be imposed to \$5.17 per square foot of assessable space for residential developments, including, without limitation, new residential construction, additions/remodels to existing homes, accessory dwelling units, residential reconstruction, and manufactured homes and mobile homes as authorized by applicable law (collectively, "residential development"), and \$0.84 per square foot of chargeable covered and enclosed space for commercial and industrial developments.

WHEREAS, as the Elementary District and High School District share boundaries, they also share School Fees, with the Elementary District authorized to levy up to sixty percent (60%) of the maximum School Fees, and the High School District, which shares boundaries with eight elementary school districts, is authorized to levy up to forty percent (40%) of the maximum Schools Fees; although, in some cases the High School District collects one hundred percent (100%) of the School Fees for commercial/industrial developments and in other cases, no School Fees are collected for commercial/industrial developments.

WHEREAS, new residential and commercial/industrial development continue to generate additional students for the District's schools, and the District is required to provide school facilities to accommodate those students ("School Facilities").

WHEREAS, the Elementary District is currently unable to provide school housing ("School Facilities") to existing elementary students as it is currently operating at over 100 percent (100%) capacity (i.e., 1,458 existing unhoused elementary school pupils) and therefore, the Elementary District has zero seats of existing capacity available for students generated by future development; however, there is existing capacity to house new middle school students generated by development (i.e., 497 additional middle school pupils can be housed).

WHEREAS, approximately 1,742 residential units are anticipated be constructed within the Elementary District over the next five years, and historical data indicates that, for every new housing unit constructed in the Elementary District, there is an elementary school student

generation rate of 0.4 and a middle school student rate of 0.1, with 871 new students projected to be generated within the Elementary District as a result of residential development.

WHEREAS, the High School District currently has existing capacity to house new high school students generated by development (i.e., 1,347 additional high school pupils can be housed).

WHEREAS, approximately 8,583 new residential units are anticipated be constructed within the High School District over the next five years, and historical data indicates that, for every new housing unit constructed in the High School District, there is a high school student generation rate of 0.2, with 1,717 new students projected to be generated within the High School District as a result of residential development and therefore, the High School District has zero seats of existing capacity available for students generated by future development.

WHEREAS, the District does not have sufficient funds available for the construction and reconstruction of the School Facilities to house these new students and maintain existing levels of service, including potential acquisition of sites, construction and reconstruction of permanent School Facilities, acquisition of interim School Facilities, lease or acquisition of portable classrooms to meet temporary needs, and construction and reconstruction of central administrative and supporting facilities to maintain existing levels of services.

WHEREAS, the estimated average cost to the Elementary District for providing School Facilities for students generated from future residential development is approximately \$30,061 per pupil; resulting in an estimated School Facilities cost for future development being approximately \$12,024 per new housing unit or \$8.22 per square foot of new development.

WHEREAS, the estimated average cost to the High School District for providing School Facilities for students generated from future residential development is approximately \$36,775 per pupil; resulting in an estimated School Facilities cost for future development being approximately \$7,355 per new housing unit or \$4.17 per square foot of new development.

WHEREAS, future commercial/industrial development will further generate additional students in the District and all categories of this development (except rental self-storage) will create an estimated School Facilities cost to the Elementary District ranging from \$1.33 to \$5.63 per square foot, and to the High School District ranging from \$0.39 to \$1.67 per square foot.

WHEREAS, the Board received a *Level 1 Developer Fee Justification Study*, dated June 2024, prepared by the District's fee consultant, Capitol Public Finance Group ("Fee Justification Study"), which analyzes the impacts of residential development and all categories of commercial/industrial development on the District's enrollment, and the resulting needs for new and/or reconstructed School Facilities.

WHEREAS, the Board reviewed and considered the findings in the Fee Justification Study, which analyzes the District's current school facilities, the estimated number of students which will be generated by new residential and commercial and industrial development projected within the District, the estimated number of students who may be unhoused based on District's current facilities and estimated number of students generated, and the estimated costs which will be required to construct permanent and/or refurbished School Facilities to accommodate the students generated by such development.

WHEREAS, the Fee Justification Study justifies the District's imposition of School Fees on residential construction as set forth in this Resolution by analyzing student generation rates for residential development projects and by demonstrating that new School Facilities are necessary to accommodate increased enrollment resulting from such new development.

WHEREAS, the Fee Justification Study further justifies the District's imposition of School Fees on new commercial and industrial construction (except for rental self-storage) as set forth in this Resolution by analyzing specific categories of commercial and industrial development which were determined to impact the District's school facilities based upon the average employee per square foot of commercial/industrial development, and the School Facility cost calculated from those employees residing in the District

WHEREAS, the findings in the Fee Justification Study demonstrate that the estimated costs of providing School Facilities for students generated by new development will exceed the maximum amount of revenue which will be collected from School Fees levied pursuant to Education Code section 17620, *et seq.* and Government Code section 65995, *et seq.*

WHEREAS, the increased School Fees levied against new residential, commercial and industrial development will be used to finance or fund School Facilities necessary to accommodate students generated from new development, including but not limited to, potential acquisition of new school sites, construction or reconstruction of School Facilities, acquiring and installing interim School Facilities, leasing or acquiring portable classrooms, construction and reconstruction of central administrative and supporting facilities to maintain existing levels of services, and other miscellaneous authorized purposes resulting from student enrollment growth caused by projected new development

WHEREAS, no city or county or the Department of Health Care Access and Information ("HCAI") may issue a building permit for any new residential, commercial or industrial development within the District absent a certification of compliance by the owner/developer with the requirements regarding payment of school facilities fees as set forth in Education Code section 17620, *et seq.*, and Government Code section 65995, *et seq.*

WHEREAS, the District: (a) has made available to the public ten (10) days prior to its public hearing on the proposed Fee Justification Study and data indicating the estimated cost required to provide the School Facilities for which the Increased School Fees are levied and the revenue sources anticipated to provide the School Facilities as demonstrated in the Fee Justification Study; (b) at least fourteen (14) days prior to this meeting, mailed to all interested parties who have requested in writing notice of the meeting on new or increased fees; and (c) held a duly noticed, regularly scheduled public hearing, at which oral and written presentation was received regarding the Fee Justification Study and the proposed increase in School Fees.

WHEREAS, the appropriate land use jurisdictions and HCAI will be notified of the increased School Fees levied by the District and will be requested to continue to work with the District to assure that the school facilities fee program benefits the residents and students of the community.

WHEREAS, as to the School Fees, Education Code section 17621 provides that the adoption, increase or imposition of any fee, charge, dedication, or other requirement, pursuant to Education Code section 17620 shall not be subject to the California Environmental Quality Act, Division 13 (commencing with section 21000) of the Public Resources Code.

NOW, THEREFORE, BE IT RESOLVED, ADOPTED, AND DETERMINED, by the Board of Education of the Modesto City Schools as follows:

Section 1. That the foregoing recitals are true.

Section 2. That the Board has reviewed and confirmed that the Fee Justification Study accurately reflects current information and justifies the increase to School Fees pursuant to this Resolution, and hereby approves and adopts the Fee Justification Study.

Section 3. That the Board hereby authorizes the School Fees as a condition of approval of new development projects within the boundaries of the District and imposes the School Fees on such development projects in the amounts identified below. Based on the foregoing, this Board hereby adopts and approves the increased School Fees as follows:

a. To levy a fee on any new or other residential development as described in Education Code section 17620(a), including, without limitation, new residential construction, additions/remodels to existing homes, accessory dwelling units, residential reconstruction, and manufactured homes and mobile homes as authorized by applicable law, occurring within the **Elementary District** in the amount of **\$3.10** per square foot of assessable space as such space is defined in Government Code section 65995(b)(1) (based on its fee sharing agreement), and within the **High School District** in the amount of **\$2.07** per square foot of assessable space (based on its fee sharing agreements).

b. To levy a fee on categories of new commercial or industrial development, as described in Education Code section 17620(a), occurring within the boundaries of the **Elementary District** in the amount of **\$0.50** per square foot of chargeable covered and enclosed space as such space is defined in Government Code section 65995(b)(2) (except for rental self-storage which will be charged **\$0.07** per square foot) (based on its fee sharing agreement); and within the boundaries of the **High School District**, depending on its various fee sharing agreements with local elementary school districts and the category of commercial/industrial development, the High School District will collect one hundred percent (100%), forty percent (40%), or none of the maximum commercial/industrial School Fee (with exceptions for rental self-storage) as further detailed in the Fee Justification Study.

Section 4. That in accordance with Government Code section 66001(a)(1), the Board finds that the purpose of the School Fees imposed upon residential and commercial/industrial construction is to fund the construction and reconstruction of School Facilities related to accommodate students generated by such new development upon which the School Fees are imposed.

Section 5. That in accordance with Government Code section 66001(a)(2), the Board finds that the School Fees imposed on residential construction and commercial/industrial construction (by category) will be used to finance the construction or reconstruction of School Facilities related to accommodate the students generated by such new development within the District and any other lawful use of School Fees.

Section 6. That in accordance with Government Code section 66001(a)(3), the Board finds that there is a roughly proportional, reasonable relationship between the use of the School Fees and the residential and new commercial/industrial construction within the District because the School Fees imposed on such construction by this Resolution will be used to fund School Facilities which will be used to serve the students generated by such new construction.

Section 7. That in accordance with Government Code section 66001(a)(4), the Board finds that there is a roughly proportional, reasonable relationship between the residential and commercial/industrial construction upon which the School Fees are imposed and the need for School Facilities in the District because new students will be generated from such new construction within the District and the District does not have student capacity in the existing School Facilities to accommodate these students.

Section 8. That in accordance with Government Code section 66001(b), the Board finds that the amount of the School Fees imposed on residential construction and commercial/industrial construction (by category) as set forth in this Resolution is roughly proportional and reasonably related to, and does not exceed the cost of, providing the School Facilities required to serve the students generated by such new construction within the District.

Section 9. That in accordance with Government Code sections 66001(c) and 66006, the Board finds that a separate fund ("Fund") of the District has been created or is authorized to be established for all monies received by the District for the deposit of School Fees imposed on construction within the District and that said Fund at all times have been separately maintained, except for temporary investments, with other funds of the District as authorized by law.

Section 10. That the Board finds that the monies of the separate Fund, consisting of the proceeds of School Fees, has been imposed for the purposes of constructing and reconstructing those School Facilities necessitated by residential and/or commercial/industrial construction, and thus, these monies may be expended for all those purposes permitted by applicable law.

Section 11. That in accordance with Education Code section 17620(a)(5), the School Fees may also be expended by the District for the costs of performing any study or otherwise making the findings and determinations required under subdivisions (a), (b), and (d) of Section 66001 of the Government Code and, in addition, the District may also retain, as appropriate, an amount not to exceed in any fiscal year, three percent (3%) of the fees collected in that fiscal year for reimbursement of the administrative costs incurred by the District in collecting the School Fees.

Section 12. That the Board hereby establishes a process that permits the party against whom the commercial/industrial Fees are imposed, the opportunity for a hearing to appeal that imposition of commercial/industrial Fees for commercial/industrial construction as required by Education Code section 17621(e)(2). The appeal process shall be as follows:

a. Within ten (10) calendar days of being notified, in writing, (by personal delivery, e-mail, or deposit in the U.S. Mail) of the commercial/industrial fees to be imposed or paying the commercial/industrial fees, pursuant to Education Code section 17620, a party shall file a written request for a hearing regarding the imposition of commercial/industrial fees. The party shall state in the written request the legal and factual grounds for opposing the imposition of commercial/industrial fees and said written request shall be served by personal delivery or certified or registered mail to the Superintendent with a copy to the Associate Superintendent of Business Services.

b. The possible grounds for that appeal include, but are not limited to, the inaccuracy of including the project within the category pursuant to which the commercial/industrial fees are to be imposed, or that the employee generation or pupil

generation factors utilized under the applicable category are inaccurate as applied to the project.

c. Within ten (10) calendar days of receipt of the written request for a hearing regarding the imposition of commercial/industrial fees, the Superintendent, or designee, shall give notice in writing of the date, place, and time of the hearing to the party appealing the imposition of commercial/industrial fees. The Superintendent, or designee, shall schedule and conduct said hearing within thirty (30) calendar days of receipt of the written request. The Superintendent, or designee, shall render a written decision within ten (10) days following the hearing on the party's appeal and serve it by certified or registered mail to the last known address of the party.

d. The party against whom the commercial/industrial fees are imposed may appeal the Superintendent or designee's decision to the Board.

e. The party appealing the Superintendent's or designee's decision shall state in the written appeal the factual and legal grounds for opposing the imposition of the commercial/industrial fees and said written appeal shall be served by personal delivery or certified or registered mail to the Superintendent.

f. The possible grounds for that appeal to the Board include, but are not limited to, the inaccuracy of including the project within the category pursuant to which the commercial/industrial fees are to be imposed, or that the employee generation or pupil generation factors utilized under the applicable category are inaccurate as applied to the project.

g. Within ten (10) calendar days of receipt of the written request for a hearing regarding the imposition of commercial/industrial fees, the Superintendent, or designee, shall give notice in writing of the date, place, and time of the hearing to the party appealing the imposition of commercial/industrial fees. The Board shall schedule and conduct said hearing at the next regular meeting of the Board, provided that the party is given notice at least five (5) working days prior to the regular meeting of the Board. The Board shall render a written decision within ten (10) days following the hearing on the party's appeal and serve the decision by certified or registered mail to the last known address of the party.

h. The party appealing the imposition of the commercial/industrial fees shall bear the burden of establishing to the Board that the commercial/industrial fees are improper.

Section 13. That, in accordance with Education Code sections 17620(d) and 17621(c), District staff is hereby instructed to transmit certified copies of this Resolution, accompanied by all relevant supporting documentation including the adopted Fee Justification Study and a map of the boundary area of the District subject to the School Fees, to all appropriate land use jurisdictions issuing building permits within the District, including applicable cities and counties and the HCAI, informing each of them of the District's adopted School Fees.

Section 14. That a certificate of compliance shall be issued for each development project for which there is compliance with the requirement for payment of the School Fees in the amounts specified by this Resolution. In the event a certificate of compliance is issued for the payment of School Fees for a development project, it is later determined that the statement or other representation made by an authorized party concerning the development project as to square footage is untrue or in the event the zoning is declared invalid, then such

certificate of compliance shall automatically terminate, and the appropriate official of the land use jurisdiction shall be so notified.

Section 15. That pursuant to Education Code section 17621(a), the increase in the District's School Fees pursuant to this Resolution will become effective sixty (60) days from the date of this Resolution (i.e., **Friday, August 2, 2024**), unless the Board adopts a separate resolution increasing the fees immediately on an urgency basis.

Section 16. That no statement or provision set forth in this Resolution or referred to herein shall be construed to repeal any preexisting fee or mitigation amount previously imposed by the District on any residential or nonresidential construction.

Section 17. That, if any portion or provision of this Resolution is held invalid, the remainder thereof is intended to be and shall remain valid.

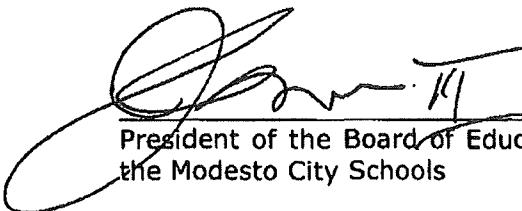
APPROVED, ADOPTED, AND SIGNED by the Board of Education of the Modesto City Schools, this 3<sup>rd</sup> day of June 2024, by the following votes:

AYES: Brown, Daly, Lopez, Maestas, Marks, Mejia, Ervin

NOES: None

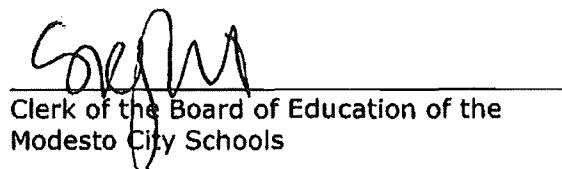
ABSTAIN: None

ABSENT: None



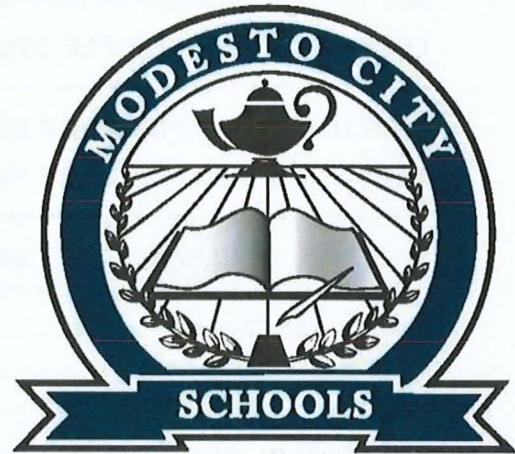
President of the Board of Education of  
the Modesto City Schools

ATTEST:



Clerk of the Board of Education of the  
Modesto City Schools

Resolution No. 23/24-29  
June 3, 2024



# LEVEL 1 DEVELOPER FEE JUSTIFICATION STUDY

**JUNE 2024**



**Capitol | PFG**

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## DEVELOPER FEE JUSTIFICATION STUDY

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## **DEVELOPER FEE JUSTIFICATION STUDY**

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### **SECTION 1: EXECUTIVE SUMMARY**

This study is intended to update the developer fee imposed by Modesto City Schools for both Modesto City Elementary School District (the "Elementary District") and Modesto City High School District (the "High School District"). This report summarizes an analysis of the need for construction and reconstruction of school facilities to accommodate students from new development within the District's boundaries and documents a reasonable relationship between new development, the fee, and the facilities to be funded.

Education Code section 17620 authorizes school districts to levy a fee against any development project for the construction or reconstruction of school facilities as long as the district can show justification for levying of fees.

In January 2024, the State Allocation Board adjusted the maximum statutory fee to \$5.17 per square foot of residential construction and \$0.84 per square foot of commercial/industrial construction. This study supports the adoption of a developer fee by the Modesto City Schools up to the statutory fees established by the State Allocation Board. However, as the Elementary District and the High School District share boundaries, they must also share developer fees. Therefore, the Elementary School District can levy developer fees up to 60% of the maximum statutory fee, or \$3.10 per square foot of residential and \$0.50 per square foot of commercial/industrial. The High School District shares its boundaries with eight elementary school districts and can levy developer fees up to 40% of the maximum statutory fee, or \$2.07 per square foot of residential and \$0.34 per square foot of commercial/industrial construction, in some cases the High School District collects 100% of the developer fees for commercial/industrial in other cases, the High School District does not collect any commercial/industrial fees.

Upon the submittal of this study to the District, it is incumbent upon the District's Governing Board (the "Board"), assisted by staff, to review and evaluate the report for accuracy and agreement with the conclusions presented. Once the Board is satisfied that the fee adjustment recommendations are valid, the Board shall accept and consider public input. After accepting this input, the Board shall vote to approve findings and a resolution to set the appropriate fees.



## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 2: PURPOSE OF THIS STUDY

The purpose of this Developer Fee Justification Study is to comply with the provisions of Education Code section 17620 in relation to the levy and collection of developer fees. This study will substantiate that there is a “reasonable relationship”, or nexus, between residential, commercial, and industrial development projects and the cost to provide adequate school facilities for the students generated from those developments. It will identify the expected revenue derived from fees from those developments; identify other potential sources of revenue for facilities (and their viability); and identify the additional students projected to enroll in district schools as a result of these development projects. As required by Government Code sections 66000 through 66003, this report will also:

- ◆ Identify the purpose of the fee;
- ◆ Identify how the fee is to be used;
- ◆ Determine how a reasonable relationship exists between the fee’s use and the type of development project on which the fee is imposed; and
- ◆ Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.
- ◆ A fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project 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.

Additionally, as required by Government Code section 66016.5(a), effective January 1, 2022, this report (i) identifies the existing level of service for each school facility, (ii) identifies the proposed new level of service, and (iii) explains why the new level of service is appropriate.



## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 3: HISTORY OF DEVELOPER FEE LAW

Education Code section 17620 (AB 2926, Chapter 887/Statutes 1986), stipulates that "the Governing Board of any school district is authorized to levy a fee, charge, dedication, or other forms of requirement against any development project for the construction or reconstruction of school facilities." To levy and collect developer fees, a school district must show the correlation (or "nexus") between new residential, commercial and industrial development and the need for new school facilities.

Developer fees were originally established in 1987 with a maximum fee of \$1.50 per square foot of new residential construction and \$0.25 per square foot of new commercial/industrial construction. This maximum amount is reviewed and adjusted every two years by the State Allocation Board (SAB) based on the statewide Class B Construction Cost Index. The SAB raised the maximum fee at its January 2024 meeting to \$5.17 per square foot of residential and \$0.84 per square foot of commercial/industrial development.

Developer fees may be used to finance new schools and equipment, and to reconstruct existing facilities in order to maintain adequate housing for all of the District's students. Other legitimate uses of developer fees include, but are not limited to: interim housing, site acquisition, replacement of aged or inadequate portable classrooms, and housing for class-size reduction. Up to three percent of the fees collected may be used to defray the administrative costs incurred by the District in collecting these fees. Uses of the fees which are specifically prohibited by law are: regular or routine maintenance of facilities, asbestos abatement incidental to construction or reconstruction, and deferred maintenance programs.

Additionally, Government Code section 66008 (SB 1693, Chapter 569/Statutes 1996, effective January 1, 1997) mandates that school districts be specific on the intended use of the fees to be collected in their fee justification documents and include the general locations of new school facilities and estimated construction timelines in the report. These timelines, however, are influenced by many factors including actual (as opposed to projected) phasing of new development, eligibility for and availability of State School Facility Program ("SFP") funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50 ("SB 50"), also known as the Leroy Greene School Facilities Act of 1998. This bill made major changes in the State Facilities Program as well as developer fee mitigation for school districts in California. The passage of SB 50 repealed all locally imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees.

- ◆ Level 1 fees are the current statutory fees (also referred to as "Stirling Fees") allowed under Education Code section 17620.
- ◆ Level 2 fees are outlined in Government Code section 65995.5, and allow school districts to impose higher fees on residential construction if certain conditions are met. This level of developer fees is subject to a School Facility Needs Analysis based on Government Code section 65995.6.
- ◆ Level 3 developer fees are outlined in Government Code section 65995.7, and may be implemented by a district if the State certifies that there is no money available for facilities.

In June of 2006, Assembly Bill 2751 was passed which added the criteria that a fee is prohibited from including the cost attributable to existing deficiencies in public facilities. In the case of a school district, this would mean that existing capacity deficits could not be added to the

## **DEVELOPER FEE JUSTIFICATION STUDY**

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facilities funding required from future development. In the following Report, this is demonstrated in the calculations by not including any existing capacity deficit.

## **DEVELOPER FEE JUSTIFICATION STUDY**

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### **SECTION 4: NEXUS STUDY REQUIREMENTS**

- ◆ Government Code section 66001 specify a variety of requirements regarding the collection and use of developer fees, some of which are stated in previous sections of this report, and include:
  - The identification of the purpose of the fee.
  - The identification of the use of the fee.
  - The determination of a reasonable relationship between the fee's use and the type of development project being assessed.
  - The determination of a reasonable relationship between the need for the public facility and the type of development project being assessed.

## DEVELOPER FEE JUSTIFICATION STUDY

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### **LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY ELEMENTARY SCHOOL DISTRICT**

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 5: ELEMENTARY DISTRICT DEMOGRAPHIC INFORMATION

The Elementary District is located within Stanislaus County and serves the southern portion of the City of Modesto. The District's location allows easy access to both winter and summer recreational areas and within reasonable driving distance are Yosemite National Park, Sacramento, San Francisco, Los Angeles and Lake Tahoe. Post-Secondary educational institutions are present throughout the region. Several colleges and universities are located in or nearby including California State University Stanislaus, Modesto Junior College, Heald College Modesto, among others.

#### Community Demographics

*Demography* describes various population characteristics of the area's people. Primarily collected by local, state, and/or federal agencies such as the Census Bureau and local public health departments, demographic information covers a range of topics including population size, sex, age composition, ethnic backgrounds, household characteristics, geographic distribution, part-time versus full-time residents and other vital statistics. With regard to the master planning process, demographic data will assist the district in prioritizing projects, resource allocation, and facilities needs.

The most recent demographic survey performed by the Census Bureau was the American Community Survey, a discussion of which is provided below for the Elementary District.

#### Modesto City Elementary School District boundaries:

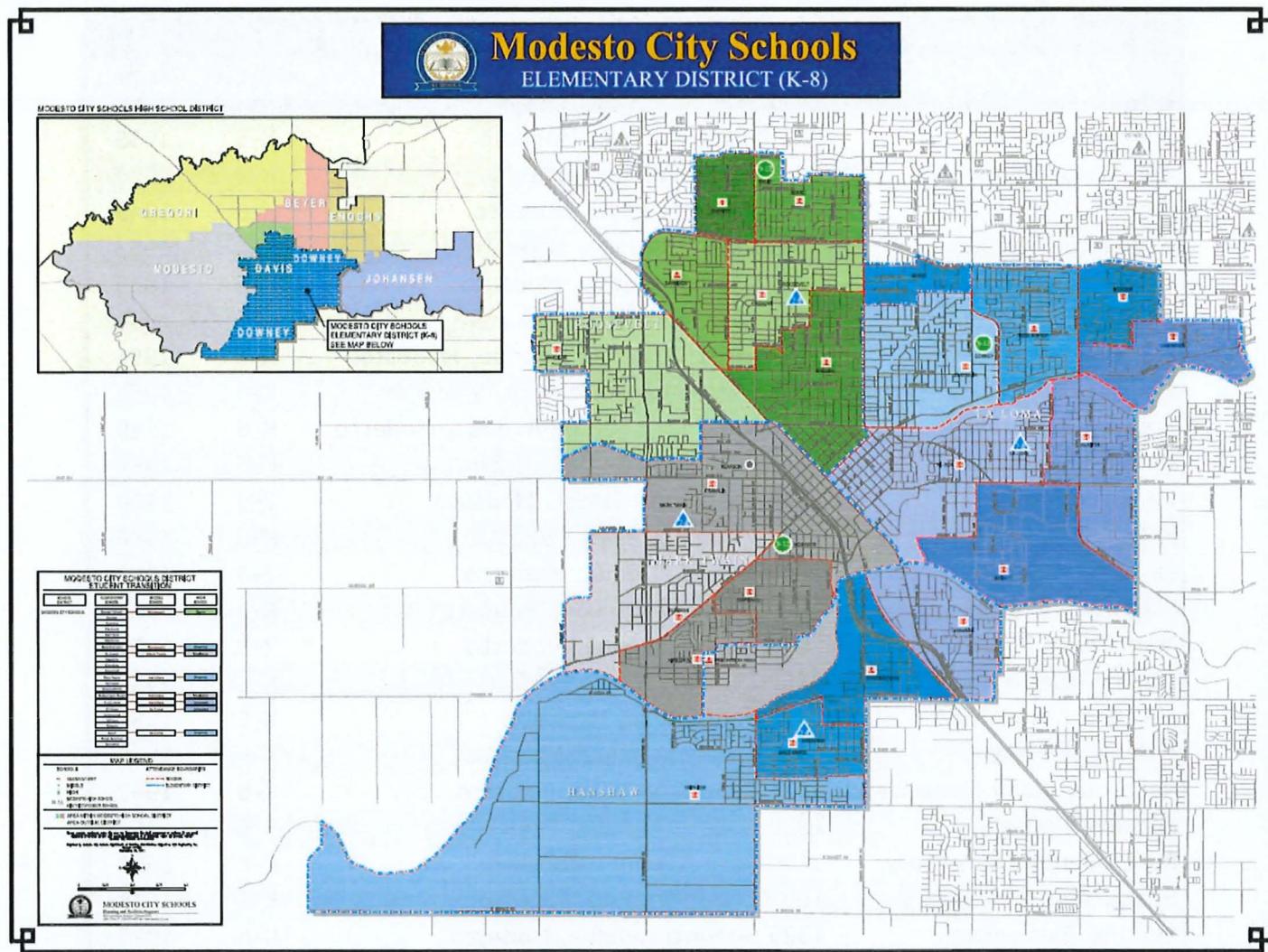
- ◆ 123,759 residents
- ◆ 41,535 total housing units and 40,070 households
- ◆ 35.7% of households had children under the age of 18
- ◆ 44.2% of households were married couples living together
- ◆ \$63,276 median income
- ◆ 17.3% of families and 20.8% of the population below the poverty line

#### Elementary District Description

The Elementary District provides education to K – 8 students in the southern portion of the City of Modesto. The Elementary District educates approximately 14,200 students at 26 school sites.

For reference, a map of the Elementary District boundaries is provided on below:

## DEVELOPER FEE JUSTIFICATION STUDY



### Elementary District School Sites

The Elementary District is made up of 26 school campuses, including: 22 elementary schools and 4 middle schools. District office facilities are located at 426 Locust Street, Modesto CA. The following page includes a listing of all the Elementary District's school sites and their locations.

## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City Elementary School District School Sites			
Site	Location	Grade Level	Year Built
Beard Elementary	915 Bowen Avenue, Modesto	K-6	1955
Bret Harte Elementary	909 Glenn Avenue, Modesto	K-6	1950
Burbank Elementary	1135 Paradise Road, Modesto	K-6	1943
El Vista Elementary	450 El Vista Avenue, Modesto	K-6	1953
Enslen Elementary	515 Coldwell Avenue, Modesto	K-6	1939
Everett Elementary	530 Mt. Vernon Drive, Modesto	K-6	1962
Fairview Elementary	1937 West Whitmore Avenue, Modesto	K-6	1951
Franklin Elementary	120 South Emerald Avenue, Modesto	K-6	1951
Fremont Elementary	1220 West Orangeburg Avenue, Modesto	K-6	1949
Garrison Elementary	1811 Teresa Street, Modesto	K-6	1956
Hanshaw Middle	1725 Las Vegas Street, Modesto	7-8	1990
Kirschen Elementary	1900 Kirschen Drive, Modesto	K-6	1986
La Loma Middle	1800 Encina Avenue, Modesto	7-8	1956
Lakewood Elementary	2920 Middleboro Place, Modesto	K-6	1978
Mark Twain Middle	707 Emerald Avenue, Modesto	7-8	1951
Marshall Elementary	515 Sutter Avenue, Modesto	K-6	1950
Martone Elementary	1413 Poust Road, Modesto	K-6	1987
Muir Elementary	1215 Lucern Avenue, Modesto	K-6	1950
Robertson Road Elementary	1821 Robertson Road, Modesto	K-6	1967
Roosevelt Middle	1330 College Avenue, Modesto	7-8	1951
Rose Avenue Elementary	1120 Rose Avenue, Modesto	K-6	1963
Shackelford Elementary	100 School Avenue, Modesto	K-6	1945
Sonoma Elementary	1325 Sonoma Avenue, Modesto	K-6	1973
Tuolumne Elementary	707 Herndon Road, Modesto	K-6	1950
Wilson Elementary	201 Wilson Avenue, Modesto	K-6	1929
Wright Elementary	1602 Monterey Street, Modesto	K-6	1948

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 6: ELEMENTARY DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

In 2022, the Elementary District adopted a Level 1 developer fee of \$2.87 per square foot of residential construction and \$0.47 per square foot of commercial/industrial construction. The Elementary District shares Level I developer fee revenue with the High School District. The Elementary District retains 60 percent of Level I fee revenue, and the High School District retains 40 percent. This arrangement is expected to continue and all future developer fee revenues will be split accordingly.

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to improve school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2019.

Modesto City Elementary School District Five Year Historical Developer Fee Collections			
Year	Residential	Commercial/ Industrial	Total
2023	\$143,615.82	\$9,149.96	\$152,765.78
2022	\$138,917.59	\$18,697.60	\$157,615.19
2021	\$258,465.20	\$8,868.40	\$267,333.60
2020	\$77,694.72	\$1,053.68	\$78,748.40
2019	\$99,660.95	\$1,477.04	\$101,137.99
<b>Total</b>	<b>\$718,354.28</b>	<b>\$39,246.68</b>	<b>\$757,600.96</b>

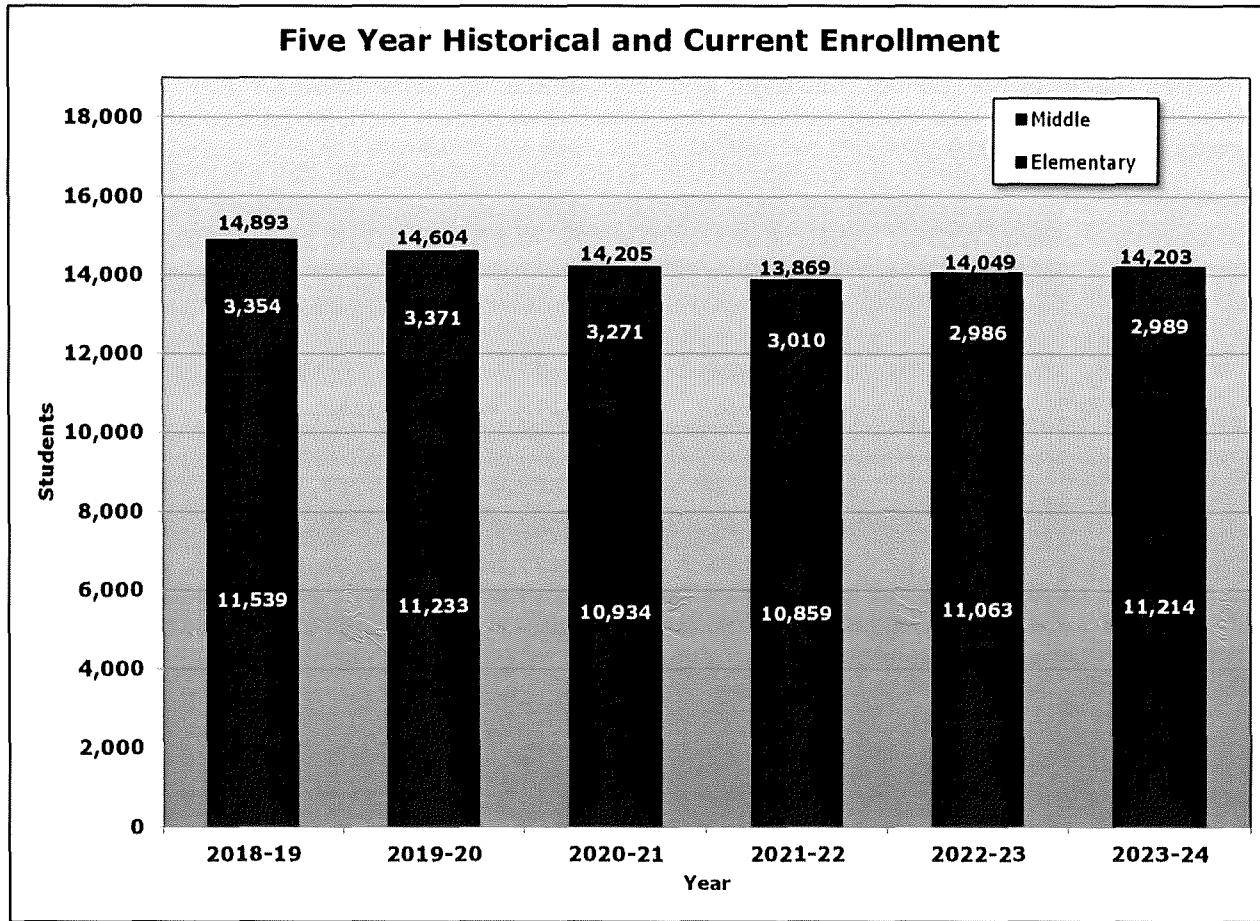
Source: Modesto City Schools

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 7: ELEMENTARY DISTRICT ENROLLMENT AND CAPACITY

#### Historical Enrollment of the District

As is shown in the chart below, over the last six years the District's enrollment peaked in 2018-19 with 14,893 students:



Source: California Department of Education CALPADS and Modesto City Schools

A breakdown of the Elementary District's historical CALPADS enrollment, by grade level, is included as Appendix A.

#### District Capacity

The Elementary District's capacity was determined using the District's loading standards of 24 students per classroom for TK-3<sup>rd</sup> grades, 34 students per classroom for 4<sup>th</sup>-6<sup>th</sup> grades and 34 students per classroom for 7<sup>th</sup>-8<sup>th</sup> grades. Many of the Elementary District's school sites have portables that have exceeded their useful life and are in need of replacement in order to house students from new development. For the purposes of this study, all portables over 20 years old which are used as classrooms have been removed from the allowable capacity. The District has an elementary capacity for 9,756 students and a middle school capacity for 3,486 students.

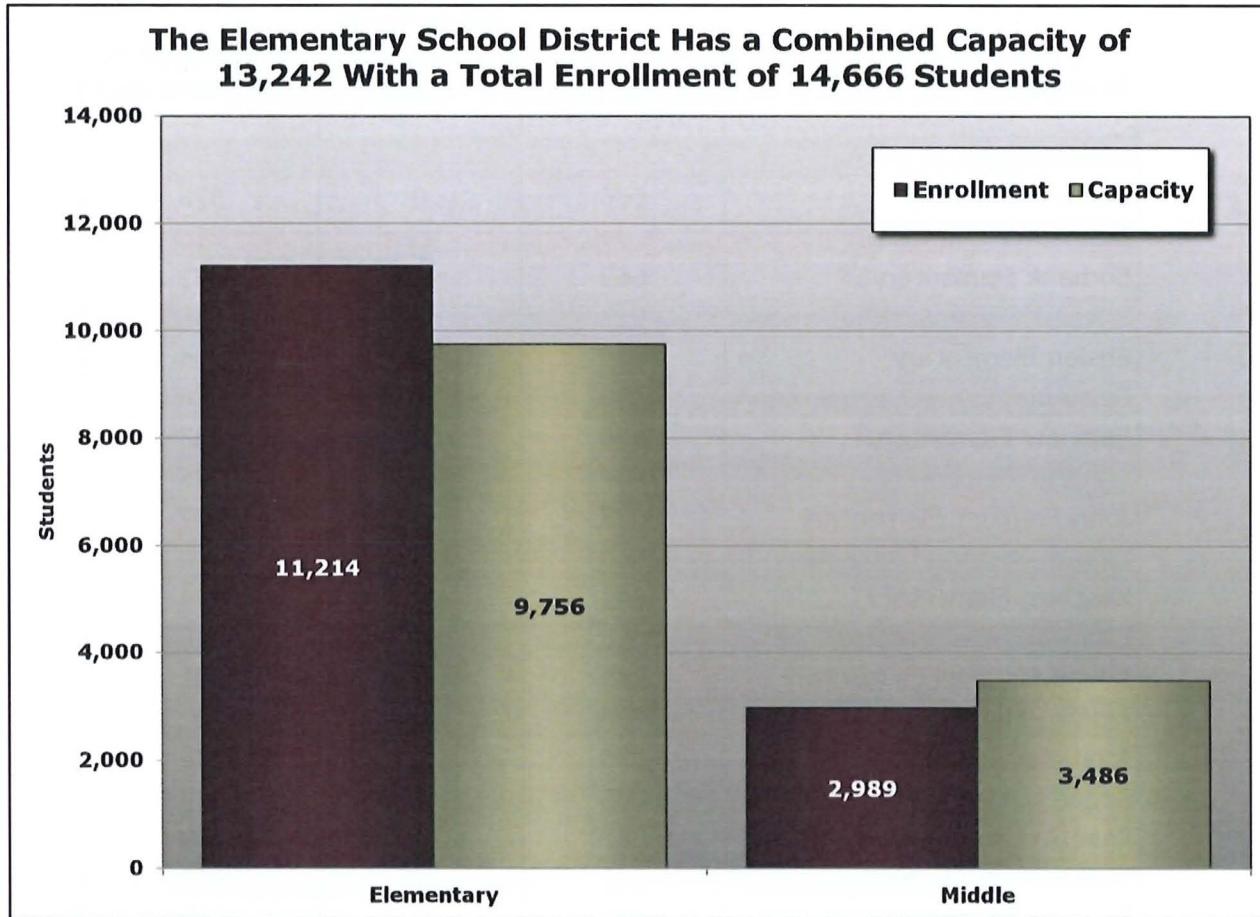
## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City Elementary School District Allowable Capacity			
School Site	Capacity	Portable Classrooms Over 20 Years	Total Capacity Less Portables
<b>Elementary</b>			
Beard Elementary	576	0	576
Bret Harte Elementary	1,049	13	716
Burbank Elementary	663	8	482
El Vista Elementary	529	2	505
Enslen Elementary	414	0	414
Catherine Everett Elementary	496	0	496
Fairview Elementary	874	20	303
Franklin Elementary	951	13	538
John Fremont Elementary	673	6	557
William Garrison Elementary	564	4	494
Kirschen Elementary	641	20	134
Lakewood Elementary	496	2	448
James Marshall Elementary	745	4	661
Alberta Martone Elementary	703	27	0
John Muir Elementary	580	10	375
Robertson Road Elementary	438	0	438
Rose Avenue Elementary	587	5	479
Shackelford Elementary	515	3	443
Sonoma Elementary	481	2	433
Toulumne Elementary	731	11	407
Wilson Elementary	331	0	331
Orville Wright Elementary	658	5	527
<b>Elementary Total</b>	<b>13,692</b>		<b>9,756</b>
<b>Middle</b>			
Evelyn Hanshaw Middle	1,146	3	1,044
La Loma Junior High	886	5	760
Mark Twain Junior High	862	6	658
Roosevelt Junior High	1,058	1	1,024
<b>Middle Total</b>	<b>3,952</b>		<b>3,486</b>
<b>Total District</b>	<b>17,644</b>		<b>13,242</b>

Based on historic enrollment trends and current enrollment, the District's present middle schools have capacity to house an additional 497 students being generated by new

## DEVELOPER FEE JUSTIFICATION STUDY

construction within the District. However, the District is currently operating over capacity by 1,458 students at its elementary schools.



### New Development

New residential development typically results in new students for the Elementary District to accommodate.<sup>1</sup> Therefore, it is important for the Elementary District to monitor the development plans of the local land use agencies. There are two land use agencies within the Elementary District's boundaries – the City of Modesto and the County of Stanislaus.

There are several development projects currently mapped for new construction within the District's boundaries. The Elementary District must plan for facilities assuming maximum potential student capacity. Given the number of projects that are planned for construction within the District's boundaries, the District must plan accordingly. Provided below is a summary of the known mapped development projects within the District's boundaries:

<sup>1</sup> Residential development includes, without limitation, Accessory Dwelling Units (ADUs) or Junior ADUs, which are independent residential dwelling units located on the same parcel as a primary residential dwelling. ADUs may be detached, attached, or located within the primary dwelling, including within garages and storage areas. ADUs are generally considered new construction because they are living areas that did not previously exist on the parcel or as a part of the primary home. Whether ADUs are called casitas, granny flats, in-law units, generational units, or converted living space, these areas are intended to provide a new area for living and sleeping – essentially a new residential unit which did not previously exist. The Elementary District recognizes that students are projected to be generated from ADUs and will charge the appropriate fee rate for these types of new construction projects.

## DEVELOPER FEE JUSTIFICATION STUDY

Projected Residential Development	
Development Project/Location	# of Units
2150 Carpenter Road	354
608 7th Street	26
813 Chicago	7
Almond Grove	246
Downtown 7th Street	79
Fairview	217
Miller Avenue Apartments	32
Morris Avenue	45
Parque Rio - Robertson Road	70
Scenic Village	41
Solana at Fairview	571
Traveler's	54
<b>Total</b>	<b>1,742</b>

Source: City of Modesto and Modesto City Schools

### **Student Generation Rate**

A total of 1,742 units are projected to be constructed within the Elementary District's boundaries over the next five years. In terms of facilities planning, it is important that the Elementary District project the potential facilities impact. A key component of the planning process is the student generation factor, which is the ratio of students produced per home within a new construction project. This serves as a tool to use in the planning process and will allow the Elementary District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources throughout the Elementary District.

To identify the number of students anticipated to be generated by new residential development, a student yield factor of 0.5 has been utilized for the Modesto Elementary School District. The yield factor is based on State wide student yield averages calculated by the Office of Public School Construction, and is generally reflective of the District's historic student yield. A breakdown of the student generation rate for grade level is provided in the table below:

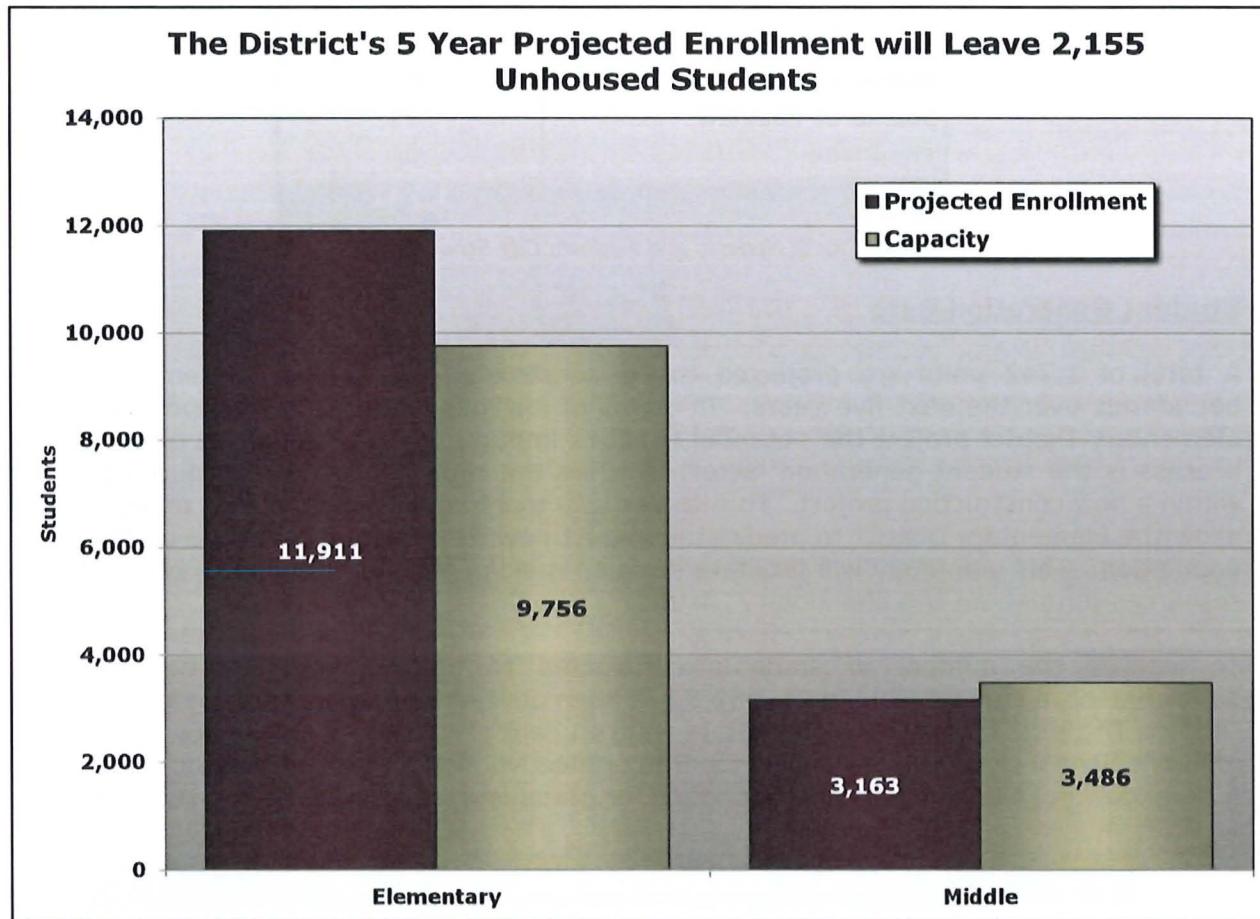
Student Generation Rates by Grade			
TK-6	7-8	9-12	Total
0.4	0.1	0.2	0.7

Given the 1,742 projected units and the student generation rate to be used per home, the Elementary District can estimate that approximately 871 new students will be generated as a result of the development projects.

## DEVELOPER FEE JUSTIFICATION STUDY

Summary of Five Year Enrollment Projections			
Number of Units	TK-6 Enrollment	7-8 Enrollment	Total
1,742	697	174	871

Current enrollment trends coupled with development data demonstrate a need for new school facilities. It has been shown that the Elementary District is operating over capacity and does not have sufficient capacity to house new students projected from new residential development and will suffer significant strain from the development occurring within its boundaries. The Elementary District has a projected enrollment of 11,911 elementary students and 3,163 middle school students, the District will need to construct additional schools/classrooms to provide facilities for the 697 unhoused elementary school students generated from new construction of residential units.



## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 8: ELEMENTARY DISTRICT FACILITIES NEEDS

The Elementary District has experienced some growth within its boundaries over recent years and will need to plan for the construction of additional classrooms in order to accommodate students generated from projected residential growth. The Elementary District has available funds that it will contribute toward the construction of these facilities, but lacks sufficient funding to pay for all necessary construction.

#### Anticipated Facilities Need

Based on the projected student generation, it is anticipated that the Elementary District will need to construct additional capacity to accommodate the future student population. The Elementary District will need to both design and construct these facilities in order to maintain existing level of services in which the new students will be housed.

#### New Construction Costs

Based on the District's maximum loading standard of 34 students per classrooms, 21 new elementary school classrooms will need to be constructed in order to accommodate the elementary school students projected from new development, as shown in the following table.

Number of Classrooms Required for Projected Unhoused Students from New Development			
Grade Level	Projected Unhoused Students from New Development	Classroom Capacity	Number of Classrooms Required
Elementary	697	34	21

Based on estimated construction costs provided by the District a new elementary classroom will cost approximately \$1,000,000. The number of classrooms required to house the projected unhoused students from new development is multiplied by the estimated construction cost to determine the total capacity costs for new development. The calculation is as follows:

Calculation of School Construction			
Grade Level	Estimated Classroom Cost	Classrooms Required	Unfunded Construction Costs
Elementary	\$1,000,000	21	\$21,000,000

#### **Available Revenue Sources**

As stated previously, the District intends to commit all available developer fee funds to the project. The District has \$47,181 in developer fees available to commit to facilities projects.

## DEVELOPER FEE JUSTIFICATION STUDY

### **Unfunded Facilities Need**

Therefore, the District's total unfunded facilities need is equal to the total amount of facilities costs less any available funding sources, which equals approximately \$20.9 million.

#### **Total Unfunded Facilities Need**

$$\$21,000,000 - \$47,181 = \$20,952,819$$

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 9: ELEMENTARY DISTRICT DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the Elementary District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the Elementary District.

#### Residential Development and Fee Analysis

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the Elementary District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the Elementary District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 8 and include any money the Elementary District plans to contribute towards new construction. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the Elementary District expects 697 unhoused students to be generated from new development, the per student facilities cost for each student is estimated to be \$30,061.

#### Facilities Cost Per Student

$$\$20,952,819 / 697 = \$30,061 \text{ per student}$$

As previously explained, based on State standards, each home generates approximately 0.4 elementary school students. Therefore, if the per student facilities cost is \$30,061, we can multiply that by the student generation rate of 0.4 and estimate the impact per unit of \$12,024. Using the District's developer fee collections it was determined that the average square footage of a single family residential unit built within the District over the last 5 years was 1,463. This analysis will assume that the average size of new single family residential units to be constructed within the District's boundaries will be approximately 1,463 square feet. Therefore, to determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the District. As calculated, the facilities cost per square foot is \$8.22:

#### Facilities Cost Per Square Foot

$$\$12,024 / 1,463 \text{ sq. ft.} = \$8.22 \text{ per sq. ft.}$$

Therefore, the Elementary District's facilities cost per square foot of new development (\$8.22 per square foot) far exceeds the District's share of the maximum developer fee (\$3.10 per square foot) that can be imposed.

## DEVELOPER FEE JUSTIFICATION STUDY

### Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the Elementary District and the need for new and/or refurbished school facilities, including administrative and support facilities in order to house new students from residential development and maintain a level of service commensurate with that presently existing.<sup>2</sup> This relationship is based on the finding that the Elementary District exceeds its facility capacity. New students to be generated by new residential development will have to be housed in new school facilities. The cost to provide additional school facilities exceeds the amount of fees to be generated from new residential construction. The Elementary District is justified in the levying of residential developer fees of up to 60% of the statutory maximum equal to \$3.10 per square foot of new residential development. Specifically, this is the District's 60% share, per agreement with the High School District, of the statutory maximum of \$5.17 per square foot.

### Reconstruction/Redevelopment

All types of new residential development—including but not limited to single- and multi-family units in new subdivisions and in “in-fill” lots, single- and multi-family units in redevelopment projects, single- and multi-family units that replace demolished units, certain remodeling projects, expansions, and additions of residential space to existing single- and multi-family units, manufactured homes, mobile homes, condominiums—are projected to generate additional students in the Elementary District. As shown earlier in this Report, sufficient school facilities do not exist for these students.

Residential Reconstruction for purposes of this Report means the voluntary demolition of existing residential dwelling units/structures and the subsequent construction of new residential dwelling units/structures (“Reconstruction”). School impact fees authorized pursuant to Education Code section 17620 and Government Code sections 65995 et seq. shall be levied by the Elementary District on new construction resulting from Reconstruction, if there is a nexus between the 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 Elementary District has the discretion to review, evaluate and determine the impact of the proposed Reconstruction. The impact of the proposed Reconstruction may be assessed by comparing the proposed new construction and the pre-existing units/structures to be demolished and replaced, including the square footage, student generation, and cost impacts of each. The Elementary District may also take into consideration the type of proposed new units/structures with the type of pre-existing units/structure demolished and replaced. For example, the impact of a pre-existing single family detached home demolished and replaced with a new triple-unit townhome, or the impact of pre-existing commercial structures demolished and replaced with new residential structures. Such analysis may take into consideration the student generation rates and other data points identified in this Report, and relevant fee records, as applicable. (See Warmington Old Town Associates, L.P. v. Tustin Unified School District (2002) 101 Cal.App.4th 840; and Cresta Bella, LP v. Poway Unified School District (2013) 218 Cal.App.4th 438.)

<sup>2</sup> *Shapell Industries, Inc. v. Governing Board of the Milpitas Unified School District (1991) 1 Cal.App.4th 218 [other points of law superseded by constitutional amendment].*

## DEVELOPER FEE JUSTIFICATION STUDY

### Commercial/Industrial Development and Fee Analysis

In order to levy fees on commercial and industrial development, existing law stipulates that the Elementary District "... must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the District." The school facilities costs incurred by the Elementary District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

1. Employees per square foot of new commercial/industrial development;
2. Percent of employees in the District that also live in the District;
3. Dwelling Units per employee;
4. Students per Dwelling Unit;
5. School facility cost per student.

#### *Employees Per Square Foot Of New Commercial/Industrial Development*

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the Elementary District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

<b>Employees Per Square Foot of New Commercial/Industrial Development</b>		
<b>Commercial/Industrial Category</b>	<b>Average Square Foot Per Employee</b>	<b>Employees Per Average Square Foot</b>
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report

## DEVELOPER FEE JUSTIFICATION STUDY

### *Percent of Employees in the District That Also Live in the Elementary District*

To estimate the percentage of new Elementary District employees that will reside in the Elementary District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the Elementary District will also live in the Elementary District and two-thirds will live outside of the Elementary District.

### *Dwelling Units per Employee*

Data from the American Community Survey indicates that there were 56,625 workers living in 41,535 housing units in the Elementary District. Therefore, there are 0.734 housing units for every one worker. This study, thereby assumes that each new resident worker in the Elementary District will demand 0.734 housing units.

### *Students per Dwelling Unit*

As stated in Section 7 of this study, based on SFP standards, this study assumes that 0.4 elementary school students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Sq. Ft.	% Employees Residing in District	Dwelling Units Per Employee	TK-6 Students per Dwelling Unit	Cost per TK-6 Student	Cost per Square Foot
Banks	0.00283	0.333	0.734	0.4	\$12,024	\$3.33
Community Shopping Centers	0.00153	0.333	0.734	0.4	\$12,024	\$1.80
Neighborhood Shopping Centers	0.00271	0.333	0.734	0.4	\$12,024	\$3.19
Industrial Business Parks	0.00352	0.333	0.734	0.4	\$12,024	\$4.14
Industrial Parks	0.00135	0.333	0.734	0.4	\$12,024	\$1.59
Rental Self Storage	0.00006	0.333	0.734	0.4	\$12,024	\$0.07
Scientific Research & Development	0.00304	0.333	0.734	0.4	\$12,024	\$3.57
Lodging	0.00113	0.333	0.734	0.4	\$12,024	\$1.33
Standard Commercial Office	0.00479	0.333	0.734	0.4	\$12,024	\$5.63
Large High Rise Commercial Office	0.00431	0.333	0.734	0.4	\$12,024	\$5.07
Corporate Offices	0.00269	0.333	0.734	0.4	\$12,024	\$3.16
Medical Offices	0.00427	0.333	0.734	0.4	\$12,024	\$5.02

### Commercial Developer Fee Justification

As indicated in the per square foot cost provided above, maximum statutory developer fee of \$0.84 per square foot is justified for all categories except rental self-storage. It is then reasonable the Elementary District collects \$0.50 per square foot of commercial/industrial construction except rental self-storage, which of course is the Elementary District's 60% share of the fees collected.



## DEVELOPER FEE JUSTIFICATION STUDY

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Based on data available for the purpose of determining the impact of rental self-storage construction on the District, it has been determined that rental self-storage construction has significantly less impact than other commercial/industrial construction. Rental self-storage construction generates 0.00006 employees per square foot of school construction. This information was provided by the San Diego Association of Governments, Traffic Generators, January 1990, and is cited for use in Education Code section 17621 (e) (B). The generation of 0.00006 employees per square foot and the utilization of the student generation rate per household yields an impact of \$0.07 per square foot of rental self-storage construction. Therefore, the District is justified in collecting a fee for rental self-storage not to exceed \$0.07 per square foot.

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 10: ELEMENTARY DISTRICT FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

#### **Establishment of a Cost Nexus**

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The Elementary District has undertaken significant reconstruction and modernization projects to serve existing development and potentially, all capacity that must be provided. Additionally, the cost for providing these facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

#### **Establishment of a Benefit Nexus**

Students generated by new residential, commercial and industrial development will be attending the Elementary District's schools. Housing Elementary District students in new and/or updated facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

#### **Establishment of a Burden Nexus**

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The Elementary District must carry the burden of constructing new facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

#### **Conclusion**

The Elementary District has met the nexus requirements described in Government Code section 66001. As demonstrated in this study, the Elementary District is justified in charging up to the statutory maximum developer fee of \$5.17 per square foot of residential development and \$0.84 per square foot of commercial/industrial development. As an elementary district sharing boundaries with another district serving grades 9-12, the Elementary District must split this statutory maximum fee with the High School District based on each district's agreed upon share of the fee. Therefore, the Elementary District can levy developer fees up to 60% of the maximum statutory fee, or \$3.10 per square foot of residential construction and \$0.50 per square foot of commercial/industrial construction, except for rental self-storage facilities, which are justified up to a fee of \$0.07 per square foot. In accordance with Government Code section 66016.5(a), this study has identified the existing level of service for the Elementary District's school facilities and the new proposed level of service, and explained why the new level of service is appropriate.

## DEVELOPER FEE JUSTIFICATION STUDY

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### LEVEL 1 DEVELOPER FEE STUDY: MODESTO CITY HIGH SCHOOL DISTRICT

## **DEVELOPER FEE JUSTIFICATION STUDY**

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### **SECTION 11: HIGH SCHOOL DISTRICT DEMOGRAPHIC INFORMATION**

Modesto City High School District (the "High School District") is located within Stanislaus County and serves the communities of Modesto, Riverbank, Ceres, Empire and Salida. The High School District's location allows easy access to both winter and summer recreational areas and within reasonable driving distance are Yosemite National Park, Sacramento, San Francisco, Los Angeles and Lake Tahoe. Post-Secondary educational institutions are present throughout the region. Several colleges and universities are located in or nearby including California State University Stanislaus, Modesto Junior College, Heald College Modesto among others.

#### **Community Demographics**

*Demography* describes various population characteristics of the area's people. Primarily collected by local, state, and/or federal agencies such as the Census Bureau and local public health departments, demographic information covers a range of topics including population size, sex, age composition, ethnic backgrounds, household characteristics, geographic distribution, part-time versus full-time residents and other vital statistics. With regard to the master planning process, demographic data will assist the district in prioritizing projects, resource allocation, and facilities needs.

The most recent demographic survey performed by the Census Bureau was the American Community Survey, a discussion of which is provided below for the High School District.

#### **Modesto City High School District boundaries:**

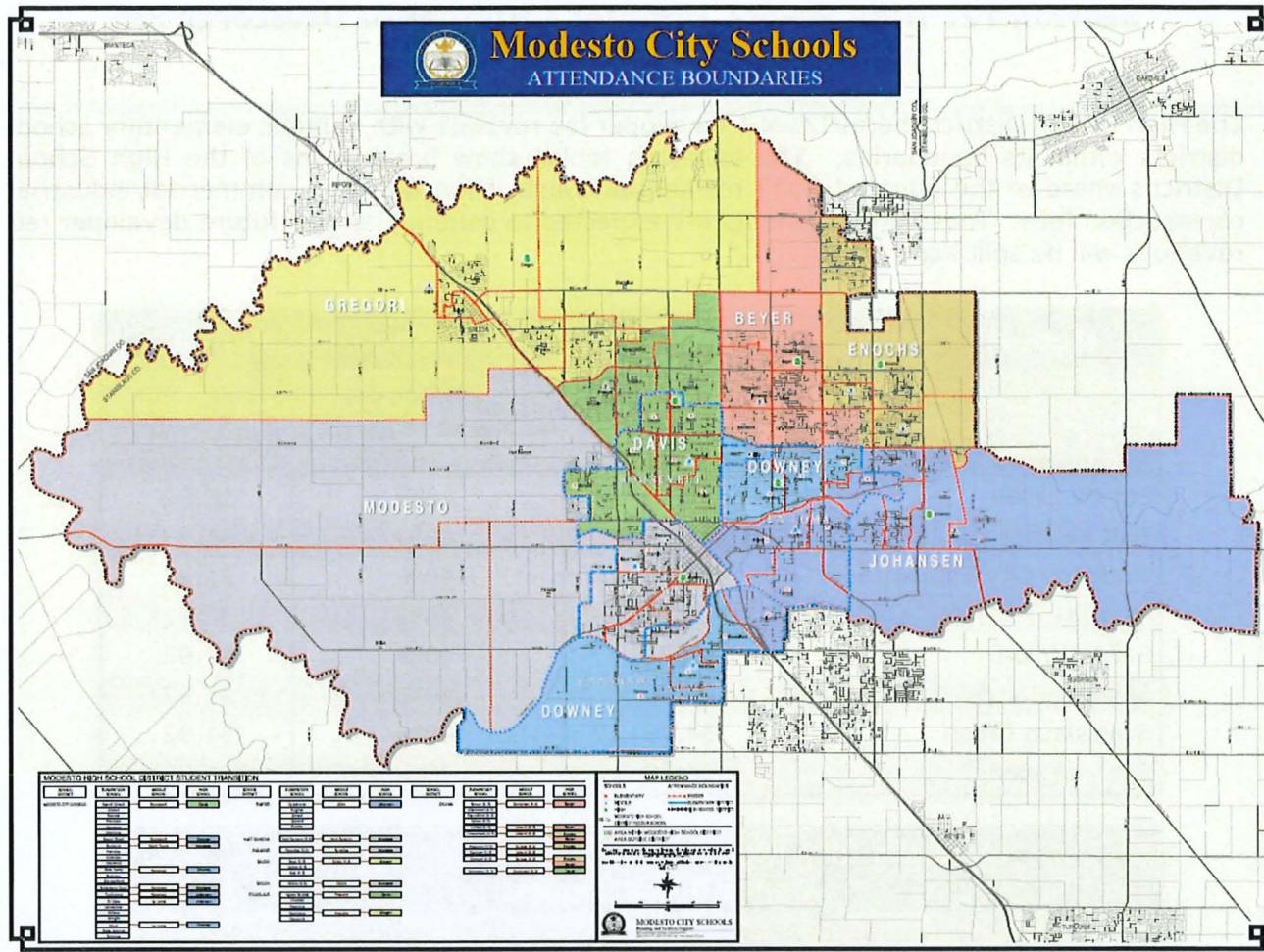
- ◆ 277,905 residents
- ◆ 96,026 total housing units and 93,189 households
- ◆ 33.1% of households had children under the age of 18
- ◆ 49.7% of households were married couples living together
- ◆ \$74,419 median income
- ◆ 13.1% of families and 15.6% of the population below the poverty line

#### **High School District Description**

The High School District provides education to 9-12 grade students in the Cities of Modesto, Ceres, Empire and Salida, as well as portions of the City of Riverbank and Stanislaus County. The High School District educates approximately 15,200 students at 8 school sites.

For reference, a map of the High School District boundaries is provided on below:

## DEVELOPER FEE JUSTIFICATION STUDY



### **High School District School Sites**

The High School District is made up of 8 school campuses, including: 7 comprehensive high schools and 1 continuation high school. District office facilities are located at 426 Locust Street, Modesto CA. The following page includes a listing of all the High School District's school sites and their locations.

#### **Modesto City High School District School Sites**

Site	Location	Grade Level	Year Built
Beyer High	1717 Sylvan Avenue, Modesto	9-12	1972
Davis High	1200 West Rumble Road, Modesto	9-12	1961
Downey High	1000 Coffee Road, Modesto	9-12	1950
Elliott Alternative Education	1440 Sunrise Avenue, Modesto	9-12	1950
Enochs High	3201 Sylvan Avenue, Modesto	9-12	2006
Gregori High	3701 Pirrone Road, Modesto	9-12	2010
Johansen High	641 Norseman Drive, Modesto	9-12	1990
Modesto High	18 H Street, Modesto	9-12	1921

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 12: HIGH SCHOOL DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

The High School District shares Level 1 developer fee revenue with multiple elementary school districts within its boundaries. The following tables show breakdowns of the High School District's share of the adopted 2022 residential construction fees and commercial/industrial construction fees. These arrangements are expected to continue and all future developer fee revenues will be split accordingly.

Modesto City High School District Fee Sharing - Residential			
Elementary District	2022 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$4.79	40%	\$1.92
Hart-Ransom Union	\$4.79	40%	\$1.92
Modesto City Elementary	\$4.79	40%	\$1.92
Paradise	\$4.79	40%	\$1.92
Salida Union	\$4.79	40%	\$1.92
Shiloh	\$4.79	40%	\$1.92
Stanislaus Union	\$4.79	40%	\$1.92
Sylvan Union	\$4.79	40%	\$1.92

Modesto City High School District Fee Sharing - Commercial/Industrial			
Elementary District	2022 Total Level 1 Commercial/Industrial Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$0.78	40%	\$0.31
Hart-Ransom Union	\$0.78	100%	\$0.78
Modesto City Elementary	\$0.78	40%	\$0.31
Paradise	\$0.78	100%	\$0.78
Salida Union	\$0.78	0%	\$0.00
Shiloh	\$0.78	100%	\$0.78
Stanislaus Union	\$0.78	40%	\$0.31
Sylvan Union	\$0.78	40%	\$0.31

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to modernize school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2019.

## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Five Year Historical Developer Fee Collections			
Year	Residential	Commercial/ Industrial	Total
2023	\$229,900.93	\$179,299.70	\$409,200.63
2022	\$565,935.26	\$172,613.22	\$738,548.48
2021	\$607,567.14	\$80,339.76	\$687,906.90
2020	\$660,270.88	\$17,231.98	\$677,502.86
2019	\$554,020.07	\$8,155.95	\$562,176.02
<b>Total</b>	<b>\$2,617,694.28</b>	<b>\$457,640.61</b>	<b>\$3,075,334.89</b>

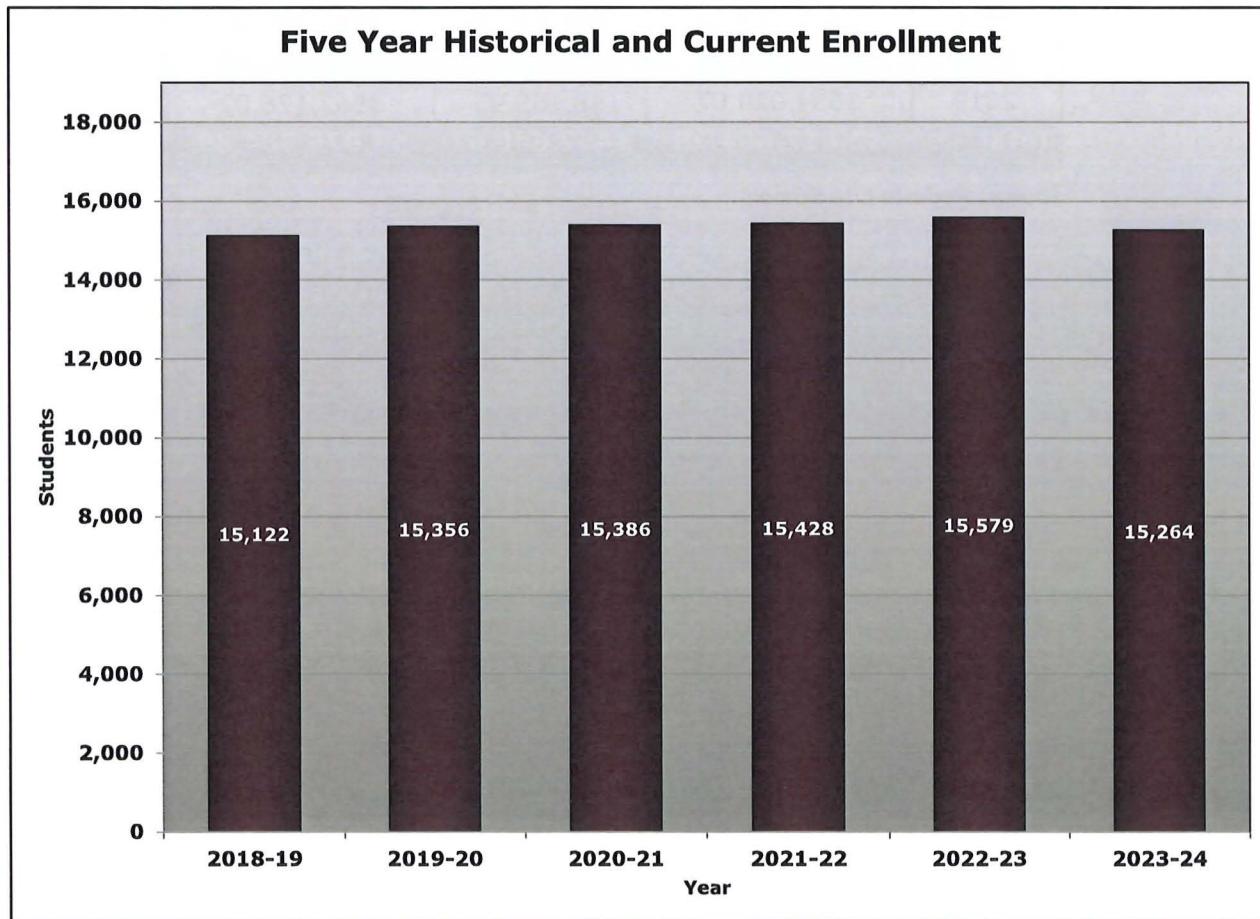
Source: Modesto City Schools

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 13: HIGH SCHOOL DISTRICT ENROLLMENT AND CAPACITY

#### **Historical Enrollment of the High School District**

The annual enrollment for the High School District has remained relatively steady over the past five years, as is shown in the chart below:



Source: California Department of Education CALPADS and Modesto City Schools

*A breakdown of the High School District's historical CALPADS enrollment, by grade level, is included as Appendix A.*

#### **High School District Capacity**

Some of the High School District's school sites have portables that have exceeded their useful life and are in need of replacement in order to house students from new development. For the purposes of this study, all portables over 20 years old which are used as classrooms have been removed from the allowable capacity. Based on an average classroom loading standard of 34 students per classroom, the High School District has a capacity for 16,611 students.

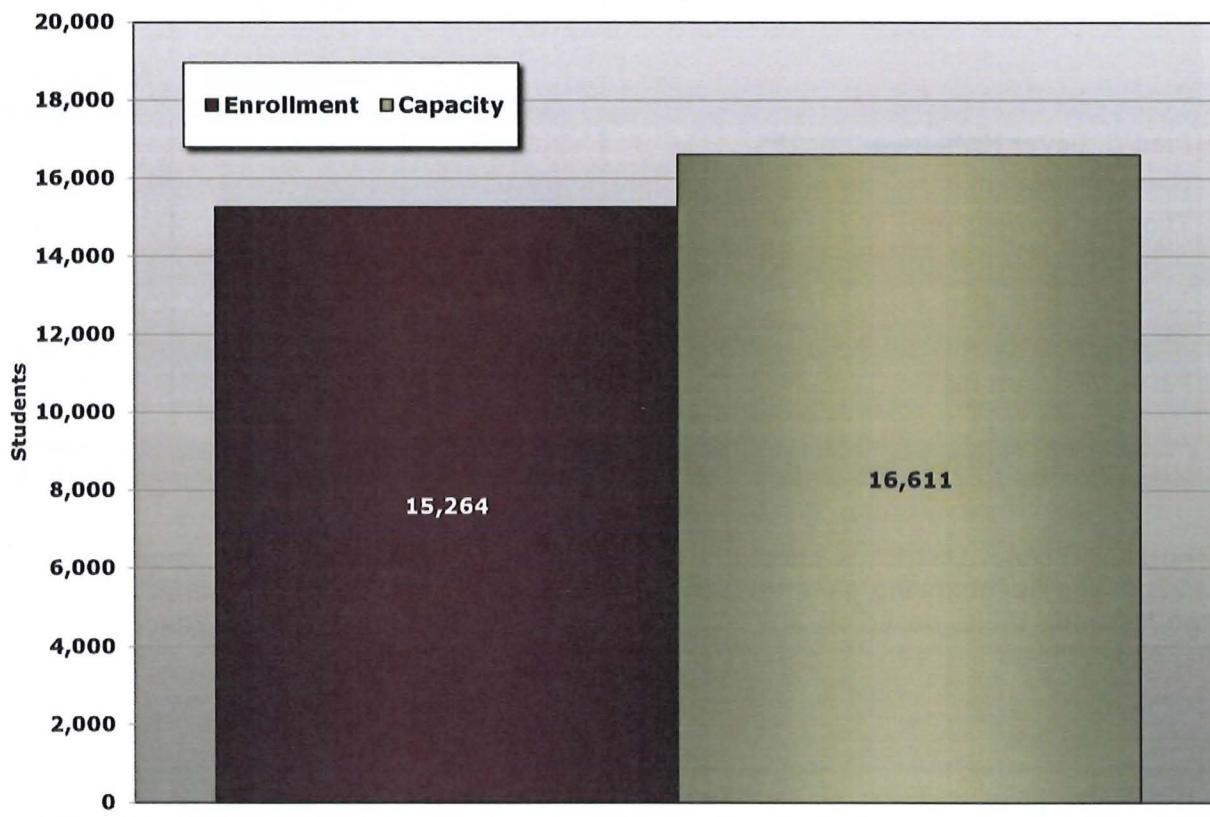
## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Allowable Capacity			
School Site	Capacity	9th-12th Portable Classrooms Over 20 Years	Total Capacity Less Portables
Fred C. Beyer High	1,802	11	1,490
Grace Davis High	2,057	3	1,977
Thomas Downey High	2,415	5	2,245
Robert Elliott Alternative Education Center	802	10	484
James Enochs High	2,822	0	2,822
Joseph Gregori High	2,426	0	2,426
Peter Johansen High	3,119	8	2,869
Modesto High	2,798	16	2,298
<b>Total District</b>	<b>18,241</b>	<b>53</b>	<b>16,611</b>

The High School District is currently operating under capacity and has capacity to house additional students being generated by new construction within its boundaries. As shown in the following table, based on 2023-24 enrollment, the District is currently under capacity by 1,347 students.

## DEVELOPER FEE JUSTIFICATION STUDY

### The High School District Has a Capacity of 16,611 With a Total Enrollment of 15,264 Students



#### New Development

New residential development typically results in new students for the High School District to accommodate.<sup>3</sup> Therefore, it is important for the High School District to monitor the development plans of the local land use agencies. For the High School District, there are three land use agencies within the High School District's boundaries – the Cities of Modesto and Riverbank and the County of Stanislaus.

There are several development projects currently mapped for new construction within the High School District's boundaries. Provided below is a summary of the known mapped development projects within the High School District's boundaries:

<sup>3</sup> Residential development includes, without limitation, Accessory Dwelling Units (ADUs) or Junior ADUs, which are independent residential dwelling units located on the same parcel as a primary residential dwelling. ADUs may be detached, attached, or located within the primary dwelling, including within garages and storage areas. ADUs are generally considered new construction because they are living areas that did not previously exist on the parcel or as a part of the primary home. Whether ADUs are called casitas, granny flats, in-law units, generational units, or converted living space, these areas are intended to provide a new area for living and sleeping – essentially a new residential unit which did not previously exist. The High School District recognizes that students are projected to be generated from ADUs and will charge the appropriate fee rate for these types of new construction projects.

## DEVELOPER FEE JUSTIFICATION STUDY

Projected Residential Development		
Development Project	Feeder District	# of Units
115 Oakdale Road	Sylvan Union	44
1612 Sisk Road	Stanislaus Union	150
2150 Carpenter Road	Modesto City Elementary	354
608 7th Street	Modesto City Elementary	26
813 Chicago	Modesto City Elementary	7
Almond Grove Subdivision	Modesto City Elementary	246
Arcadia (Tivoli SP)	Sylvan Union	141
Calendev Subdivision	Sylvan Union	76
Coffee/Montana (NW)	Sylvan Union	36
Coffee/Montana (NW)	Sylvan Union	90
Crossroads West	Sylvan Union	1,964
Downtown 7th Street	Modesto City Elementary	79
Fairview	Modesto City Elementary	217
Founders Point	Stanislaus Union	138
Grupe/Huber	Stanislaus Union	557
Miller Avenue Apartments	Modesto City Elementary	32
Morris Avenue	Modesto City Elementary	45
Olivewood (Tivoli SP)	Sylvan Union	87
Parque Rio - Robertson Road	Modesto City Elementary	70
Scenic Village	Modesto City Elementary	41
Snow (Tivoli SP)	Sylvan Union	213
Solana at Fairview	Modesto City Elementary	571
Tesoro Subdivision	Sylvan Union	36
Tivoli	Sylvan Union	2,752
Traveler's	Modesto City Elementary	54
Village One SP	Sylvan Union	7
Village One Triangle	Sylvan Union	550
<b>Total</b>		<b>8,583</b>

Source: City of Modesto, City of Riverbank, County of Stanislaus and Modesto City Schools

Based on the planned residential development there will be a total of 8,583 new residential units being constructed within the High School District's boundaries. The District must plan for facilities assuming maximum potential student capacity, especially given the number of projects that are planned for construction within the High School District's boundaries.

### Student Generation Rate

A total of 8,583 units are projected to be constructed over the next five years. In terms of facilities planning, it is important that the High School District project the potential facilities impact. A key component of the planning process is the student generation factor. A student generation factor is the ratio of students produced per home within a new construction project.

## **DEVELOPER FEE JUSTIFICATION STUDY**

This serves as a tool for District's to use in the planning process and will allow the High School District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources.

To identify the number of students anticipated to be generated by new residential development, a student yield factor of 0.2 has been utilized for the Modesto High School District. The yield factor is based on State wide student yield averages calculated by the Office of Public School Construction, and is generally reflective of the District's historic student yield. A breakdown of the student generation rate for grade level is provided in the table below:

<b>Student Generation Rates by Grade</b>			
<b>TK-6</b>	<b>7-8</b>	<b>9-12</b>	<b>Total</b>
0.4	0.1	0.2	0.7

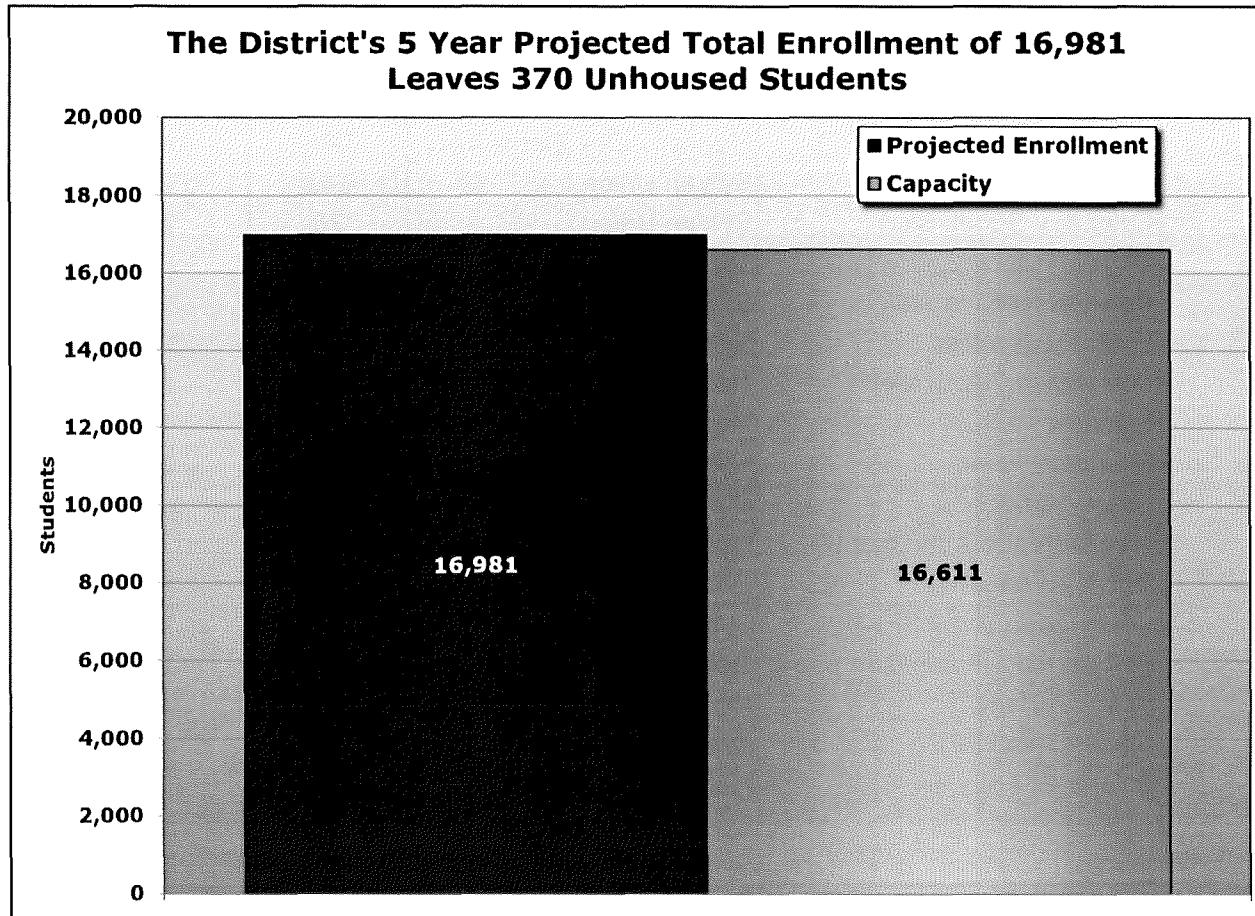
Given the 8,583 projected units and the student generation rate to be used per home, the High School District can estimate that approximately 1,717 new students will be generated as a result of the development projects.

## DEVELOPER FEE JUSTIFICATION STUDY

Summary of Five Year Enrollment Projections			
Development Project	Feeder District	# of Units	Projected # of Students
115 Oakdale Road	Sylvan Union	44	9
1612 Sisk Road	Stanislaus Union	150	30
2150 Carpenter Road	Modesto City Elementary	354	71
608 7th Street	Modesto City Elementary	26	5
813 Chicago	Modesto City Elementary	7	1
Almond Grove Subdivision	Modesto City Elementary	246	49
Arcadia (Tivoli SP)	Sylvan Union	141	28
Calendev Subdivision	Sylvan Union	76	15
Coffee/Montana (NW)	Sylvan Union	36	7
Coffee/Montana (NW)	Sylvan Union	90	18
Crossroads West	Sylvan Union	1,964	393
Downtown 7th Street	Modesto City Elementary	79	16
Fairview	Modesto City Elementary	217	43
Founders Point	Stanislaus Union	138	28
Grupe/Huber	Stanislaus Union	557	111
Miller Avenue Apartments	Modesto City Elementary	32	6
Morris Avenue	Modesto City Elementary	45	9
Olivewood (Tivoli SP)	Sylvan Union	87	17
Parque Rio - Robertson Road	Modesto City Elementary	70	14
Scenic Village	Modesto City Elementary	41	8
Snow (Tivoli SP)	Sylvan Union	213	43
Solana at Fairview	Modesto City Elementary	571	114
Tesoro Subdivision	Sylvan Union	36	7
Tivoli	Sylvan Union	2,752	550
Traveler's	Modesto City Elementary	54	11
Village One SP	Sylvan Union	7	1
Village One Triangle	Sylvan Union	550	110
<b>Total</b>		<b>8,583</b>	<b>1,717</b>

## DEVELOPER FEE JUSTIFICATION STUDY

Current enrollment trends coupled with development data demonstrate a need for new school facilities. The High School District does not have sufficient capacity to house all new students projected from new residential development and will suffer significant strain from the development occurring within its boundaries. The High School District has a projected enrollment of 16,981 students and will need to construct additional classrooms to provide facilities for the 370 unhoused high school students generated from new construction of residential units.



## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 14: HIGH SCHOOL DISTRICT FACILITIES NEEDS

The High School District has experienced some growth within its boundaries over recent years and will need to plan for the construction of an additional school facility in order to accommodate students generated from additional projected residential growth. The High School District has available funds that it will contribute toward the construction of these facilities, but lacks sufficient funding to pay for all necessary construction.

#### Anticipated Facilities Need

Based on the projected student generation, it is anticipated that the High School District will need to construct additional capacity to accommodate the future student population. The High School District will need to both design and construct these facilities in order to maintain existing level of services in which the new students will be housed.

#### New Construction Costs

Based on the District's maximum loading standard of 34 students per classrooms, 11 new high school classrooms will need to be constructed in order to accommodate the high school students projected from new development, as shown in the following table.

Number of Classrooms Required for Projected Unhoused Students from New Development			
Grade Level	Projected Unhoused Students from New Development	Classroom Capacity	Number of Classrooms Required
High	370	34	11

The District is currently reconstructing 53 classrooms at Modesto High School for an estimated total construction cost of \$69,500,000, which is equal to approximately \$1,311,320 per classroom. The number of classrooms required to house the projected unhoused students from new development is multiplied by the estimated construction cost to determine the total capacity costs for new development. The calculation is as follows:

Calculation of School Construction			
Grade Level	Estimated Classroom Cost	Classrooms Required	Total Unfunded Construction Costs
High	\$1,311,320	11	\$14,424,520

#### **Available Revenue Sources**

As stated previously, the District intends to commit all available developer fee funds to the project. The District has \$817,621 in developer fees available to commit to facilities projects.

## DEVELOPER FEE JUSTIFICATION STUDY

### **Unfunded Facilities Need**

Therefore, the District's total unfunded facilities need is equal to the total amount of facilities costs less any available funding sources, which equals approximately \$13.6 million.

#### **Total Unfunded Facilities Need**

$$\$14,424,520 - \$817,621 = \$13,606,899$$

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 15: HIGH SCHOOL DISTRICT DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the High School District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the High School District.

#### **Residential Development and Fee Analysis**

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the High School District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the High School District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 14 and include any money the High School District plans to contribute towards new construction. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the High School District expects 370 unhoused students to be generated from new development, the per student facilities cost for each student is estimated to be \$36,775.

#### **Facilities Cost Per Student**

$$\$13,606,899 / 370 = \$36,775 \text{ per student}$$

As previously explained, based on State standards, each home generates approximately 0.2 high school students. Therefore, if the per student facilities cost is \$36,775, we can multiply that by the student generation rate of 0.2 and estimate the impact per unit of \$7,355. Using the District's developer fees collections it was determined that the average square footage of a single-family residential unit built within the District over the last 5 years was 1,764. This analysis will assume that the average size of new single family residential units to be constructed within the District's boundaries will be approximately 1,764 square feet. Therefore, to determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the District. As calculated, the facilities cost per square foot is \$4.17:

#### **Facilities Cost Per Square Foot**

$$\$7,355 / 1,764 \text{ sq. ft.} = \$4.17 \text{ per sq. ft.}$$

Therefore, the High School District's facilities cost per square foot of new development (\$4.17 per square foot) far exceeds the District's share of the maximum developer fee (\$2.07 per square foot) that can be imposed.

## DEVELOPER FEE JUSTIFICATION STUDY

### Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the High School District and the need for new and/or refurbished school facilities, including administrative and support facilities in order to house new students from residential development and maintain a level of service commensurate with that presently existing.<sup>4</sup> This relationship is based on the finding that the High School District exceeds its facility capacity. New students to be generated by new residential development will have to be housed in new school facilities. The cost to provide additional school facilities exceeds the amount of fees to be generated from new residential construction. The High School District is justified in the levying of residential developer fees of up to 40% of the statutory maximum equal to \$2.07 per square foot of new residential development. Specifically, this is the District's 40% share, per agreement with the elementary school districts within its boundaries, of the statutory maximum of \$5.17 per square foot. The table below shows the High School District's share of residential construction fees.

<b>Modesto City High School District Fee Sharing - Residential</b>			
<b>Elementary District</b>	<b>2024 Total Level 1 Residential Fee</b>	<b>High School District Share (Percentage)</b>	<b>High School District Fee</b>
Empire Union	\$5.17	40%	\$2.07
Hart-Ransom Union	\$5.17	40%	\$2.07
Modesto City Elementary	\$5.17	40%	\$2.07
Paradise	\$5.17	40%	\$2.07
Salida Union	\$5.17	40%	\$2.07
Shiloh	\$5.17	40%	\$2.07
Stanislaus Union	\$5.17	40%	\$2.07
Sylvan Union	\$5.17	40%	\$2.07

### Reconstruction/Redevelopment

All types of new residential development—including but not limited to single- and multi-family units in new subdivisions and in “in-fill” lots, single- and multi-family units in redevelopment projects, single- and multi-family units that replace demolished units, certain remodeling projects, expansions, and additions of residential space to existing single- and multi-family units, manufactured homes, mobile homes, condominiums—are projected to generate additional students in the High School District. As shown earlier in this Report, sufficient school facilities do not exist for these students.

Residential Reconstruction for purposes of this Report means the voluntary demolition of existing residential dwelling units/structures and the subsequent construction of new residential dwelling units/structures (“Reconstruction”). School impact fees authorized pursuant to Education Code section 17620 and Government Code sections 65995 et seq. shall

<sup>4</sup> *Shapell Industries, Inc. v. Governing Board of the Milpitas Unified School District* (1991) 1 Cal.App.4th 218 [other points of law superseded by constitutional amendment].

## DEVELOPER FEE JUSTIFICATION STUDY

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be levied by the High School District on new construction resulting from Reconstruction, if there is a nexus between the 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 High School District has the discretion to review, evaluate and determine the impact of the proposed Reconstruction. The impact of the proposed Reconstruction may be assessed by comparing the proposed new construction and the pre-existing units/structures to be demolished and replaced, including the square footage, student generation, and cost impacts of each. The High School District may also take into consideration the type of proposed new units/structures with the type of pre-existing units/structure demolished and replaced. For example, the impact of a pre-existing single family detached home demolished and replaced with a new triple-unit townhome, or the impact of pre-existing commercial structures demolished and replaced with new residential structures. Such analysis may take into consideration the student generation rates and other data points identified in this Report, and relevant fee records, as applicable. (See Warmington Old Town Associates, L.P. v. Tustin Unified School District (2002) 101 Cal.App.4th 840; and Cresta Bella, LP v. Poway Unified School District (2013) 218 Cal.App.4th 438.)

### **Commercial/Industrial Development and Fee Analysis**

In order to levy fees on commercial and industrial development, existing law stipulates that the High School District "... must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the District." The school facilities costs incurred by the High School District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

1. Employees per square foot of new commercial/industrial development;
2. Percent of employees in the District that also live in the District;
3. Dwelling Units per employee;
4. Students per Dwelling Unit;
5. School facility cost per student.

#### *Employees Per Square Foot Of New Commercial/Industrial Development*

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the High School District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

## DEVELOPER FEE JUSTIFICATION STUDY

Employees Per Square Foot of New Commercial/Industrial Development		
Commercial/Industrial Category	Average Square Foot Per Employee	Employees Per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report

### Percent of Employees in the District That Also Live in the High School District

To estimate the percentage of new District employees that will reside in the High School District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the High School District will also live in the High School District and two-thirds will live outside of the High School District.

### Dwelling Units per Employee

Data from the American Community Survey indicates that there were 134,929 workers living in 96,026 housing units in the High School District. Therefore, there are 0.712 housing units for every one worker. This study, thereby assumes that each new resident worker in the High School District will demand 0.712 housing units.

### Students per Dwelling Unit

As stated in Section 13 of this study, based on SFP standards, this study assumes that 0.2 high school students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

## DEVELOPER FEE JUSTIFICATION STUDY

School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Sq. Ft.	% Employees Residing in District	Dwelling Units Per Employee	9-12 Students per Dwelling Unit	Cost per 9-12 Student	Cost per Square Foot
Banks	0.00283	0.333	0.712	0.2	\$7,355	\$0.99
Community Shopping Centers	0.00153	0.333	0.712	0.2	\$7,355	\$0.53
Neighborhood Shopping Centers	0.00271	0.333	0.712	0.2	\$7,355	\$0.95
Industrial Business Parks	0.00352	0.333	0.712	0.2	\$7,355	\$1.23
Industrial Parks	0.00135	0.333	0.712	0.2	\$7,355	\$0.47
Rental Self Storage	0.00006	0.333	0.712	0.2	\$7,355	\$0.02
Scientific Research & Development	0.00304	0.333	0.712	0.2	\$7,355	\$1.06
Lodging	0.00113	0.333	0.712	0.2	\$7,355	\$0.39
Standard Commercial Office	0.00479	0.333	0.712	0.2	\$7,355	\$1.67
Large High Rise Commercial Office	0.00431	0.333	0.712	0.2	\$7,355	\$1.50
Corporate Offices	0.00269	0.333	0.712	0.2	\$7,355	\$0.94
Medical Offices	0.00427	0.333	0.712	0.2	\$7,355	\$1.49

### Commercial Developer Fee Justification

The High School District's maximum justified fee for each commercial/industrial category is shown in the table below.

## DEVELOPER FEE JUSTIFICATION STUDY

<b>Maximum Justified Commercial/Industrial Development Fee</b>	
<b>Category</b>	<b>Maximum Justified Fee</b>
Banks	\$0.99
Community Shopping Centers	\$0.53
Neighborhood Shopping Centers	\$0.95
Industrial Business Parks	\$1.23
Industrial Parks	\$0.47
Rental Self Storage	\$0.02
Scientific Research & Development	\$1.06
Lodging	\$0.39
Standard Commercial Office	\$1.67
Large High Rise Commercial Office	\$1.50
Corporate Offices	\$0.94
Medical Offices	\$1.49

The table below shows the High School District's share of commercial/industrial construction fees.

<b>Modesto City High School District Fee Sharing - Commercial/Industrial</b>	
<b>Elementary District</b>	<b>High School District Share (Percentage)</b>
Empire Union	40%
Hart-Ransom Union	100%
Modesto City Elementary	40%
Paradise	100%
Salida Union	0%
Shiloh	100%
Stanislaus Union	40%
Sylvan Union	40%

The High School District's maximum justified fee for each commercial/industrial category per elementary feeder district is shown in the table below.

## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Commercial/Industrial Development Fee Sharing by Elementary Feeder District									
Category	Maximum Justified Fee	High School District Commercial/Industrial Fee							
		Empire Union	Hart-Ransom Union	Modesto City Elementary	Paradise	Salida Union	Shiloh	Stanislaus Union	Sylvan Union
Banks	\$0.99	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Community Shopping Centers	\$0.53	\$0.34	\$0.53	\$0.34	\$0.53	\$0.00	\$0.53	\$0.34	\$0.34
Neighborhood Shopping Centers	\$0.95	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Industrial Business Parks	\$1.23	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Industrial Parks	\$0.47	\$0.34	\$0.47	\$0.34	\$0.47	\$0.00	\$0.47	\$0.34	\$0.34
Rental Self Storage	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.00	\$0.02	\$0.02	\$0.02
Scientific Research & Development	\$1.06	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Lodging	\$0.39	\$0.34	\$0.39	\$0.34	\$0.39	\$0.00	\$0.39	\$0.34	\$0.34
Standard Commercial Office	\$1.67	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Large High Rise Commercial Office	\$1.50	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Corporate Offices	\$0.94	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Medical Offices	\$1.49	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 16: HIGH SCHOOL DISTRICT FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

#### **Establishment of a Cost Nexus**

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The High School District has undertaken significant reconstruction and modernization projects to serve existing development and potentially, all capacity that must be provided. Additionally, the cost for providing these facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

#### **Establishment of a Benefit Nexus**

Students generated by new residential, commercial and industrial development will be attending the High School District's schools. Housing High School District students in new and/or modernized facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

#### **Establishment of a Burden Nexus**

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The High School District must carry the burden of constructing new facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

#### **Conclusion**

The High School District has met the nexus requirements described in Government Code section 66001. As a high school district sharing boundaries with other districts serving grades TK-8, the High School District must split the statutory maximum fees, \$5.17 per square foot of residential construction and \$0.84 per square foot of commercial/industrial construction, with the elementary school districts based on each district's agreed upon share of the fee. The tables below provide a breakdown of the High School District's share of residential construction and commercial/industrial construction developer fees. In accordance with Government Code section 66016.5(a), this study has identified the existing level of service for the High School District's school facilities and the new proposed level of service, and explained why the new level of service is appropriate.

## DEVELOPER FEE JUSTIFICATION STUDY

Modesto City High School District Fee Sharing - Residential			
Elementary District	2024 Total Level 1 Residential Fee	High School District Share (Percentage)	High School District Fee
Empire Union	\$5.17	40%	\$2.07
Hart-Ransom Union	\$5.17	40%	\$2.07
Modesto City Elementary	\$5.17	40%	\$2.07
Paradise	\$5.17	40%	\$2.07
Salida Union	\$5.17	40%	\$2.07
Shiloh	\$5.17	40%	\$2.07
Stanislaus Union	\$5.17	40%	\$2.07
Sylvan Union	\$5.17	40%	\$2.07

Modesto City High School District Commercial/Industrial Development Fee Sharing by Elementary Feeder District									
Category	Maximum Justified Fee	High School District Commercial/Industrial Fee							
		Empire Union	Hart-Ransom Union	Modesto City Elementary	Paradise	Salida Union	Shiloh	Stanislaus Union	Sylvan Union
Banks	\$0.99	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Community Shopping Centers	\$0.53	\$0.34	\$0.53	\$0.34	\$0.53	\$0.00	\$0.53	\$0.34	\$0.34
Neighborhood Shopping Centers	\$0.95	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Industrial Business Parks	\$1.23	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Industrial Parks	\$0.47	\$0.34	\$0.47	\$0.34	\$0.47	\$0.00	\$0.47	\$0.34	\$0.34
Rental Self Storage	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.00	\$0.02	\$0.02	\$0.02
Scientific Research & Development	\$1.06	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Lodging	\$0.39	\$0.34	\$0.39	\$0.34	\$0.39	\$0.00	\$0.39	\$0.34	\$0.34
Standard Commercial Office	\$1.67	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Large High Rise Commercial Office	\$1.50	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Corporate Offices	\$0.94	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34
Medical Offices	\$1.49	\$0.34	\$0.84	\$0.34	\$0.84	\$0.00	\$0.84	\$0.34	\$0.34

## DEVELOPER FEE JUSTIFICATION STUDY

### SECTION 17: IMPLEMENTATION OF THE FEES

If the Board accepts the recommendation to accept the developer fee as justified in this study, the following process should be followed for fee implementation.

#### **District Board Approval**

The Board should adopt the proposed fee as provided for in this study. To do so, the District must:

- ◆ Send a notice of a public hearing at least 14 days prior to the hearing to any party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Have this report and all supporting documentation available for review by the public at least 10 days prior to the hearing;
- ◆ Submit a notice of public hearing in the local newspaper at least 10 days prior to the public hearing. This notice should run at least twice in a newspaper of general circulation within the District, with the second notice published at least 5 days after the first notice;
- ◆ Hold the public hearing to consider adoption of the developer fee;
- ◆ Adopt a resolution to set the fee;
- ◆ Begin collecting the fee no sooner than 60 days following adoption of the resolution.

#### **Notifications**

Modesto City Schools should provide the planning and building departments of the Cities of Modesto and Riverbank, and the County of Stanislaus, with notice of the current fee rates and other information so that they may coordinate issuance of building permits with the District's fee program.

#### **Fee Accounting**

All fee revenues should be deposited into a restricted public facility fee account. Interest earned on fund balances should be credited to the fund.

On an annual basis, the District must provide a detailed accounting of the developer fee funds. This accounting must include such items as an indication of the specific public improvement or improvements on which fees were expended, the amount of expenditure on each improvement, the estimated date by which construction will begin if sufficient funds are in place and a particular improvement is not yet complete, a description of each transfer or loan made to or from the account, and the amount of refunds made or fees that had remained unexpended and uncommitted for five or more years. The new statute gives school districts 180 days from the close of the fiscal year to prepare this detailed annual accounting.

## DEVELOPER FEE JUSTIFICATION STUDY

### APPENDIX A: 5 YEAR HISTORICAL AND CURRENT ENROLLMENT

Five Year Historical and Current Year Enrollment						
Grade	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>K</b>	1,652	1,674	1,576	1,661	1,826	2,046
<b>1</b>	1,501	1,543	1,519	1,552	1,546	1,470
<b>2</b>	1,622	1,489	1,582	1,478	1,584	1,562
<b>3</b>	1,686	1,604	1,471	1,550	1,514	1,585
<b>4</b>	1,586	1,660	1,604	1,445	1,571	1,525
<b>5</b>	1,738	1,592	1,636	1,586	1,474	1,579
<b>6</b>	1,754	1,671	1,546	1,587	1,548	1,447
<b>Total K-6</b>	<b>11,539</b>	<b>11,233</b>	<b>10,934</b>	<b>10,859</b>	<b>11,063</b>	<b>11,214</b>
<b>7</b>	1,687	1,701	1,596	1,419	1,558	1,464
<b>8</b>	1,667	1,670	1,675	1,591	1,428	1,525
<b>Total 7-8</b>	<b>3,354</b>	<b>3,371</b>	<b>3,271</b>	<b>3,010</b>	<b>2,986</b>	<b>2,989</b>
<b>9</b>	3,794	3,944	3,993	3,639	3,812	3,679
<b>10</b>	3,820	3,805	3,824	3,749	3,830	3,819
<b>11</b>	3,668	3,813	3,658	3,592	4,001	3,798
<b>12</b>	3,840	3,794	3,911	3,517	3,936	3,968
<b>Total 9-12</b>	<b>15,122</b>	<b>15,356</b>	<b>15,386</b>	<b>14,497</b>	<b>15,579</b>	<b>15,264</b>
<b>Total District</b>	<b>30,015</b>	<b>29,960</b>	<b>29,591</b>	<b>28,366</b>	<b>29,628</b>	<b>29,467</b>

## DEVELOPER FEE JUSTIFICATION STUDY

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**APPENDIX B: SAMPLE NOTICE OF PUBLIC HEARING**  
**PUBLIC HEARING ON JUNE 3, 2024 AT 6:00 PM**  
**AT MODESTO CITY SCHOOLS**  
**STAFF DEVELOPMENT CENTER / BOARD ROOM**

**Regarding**

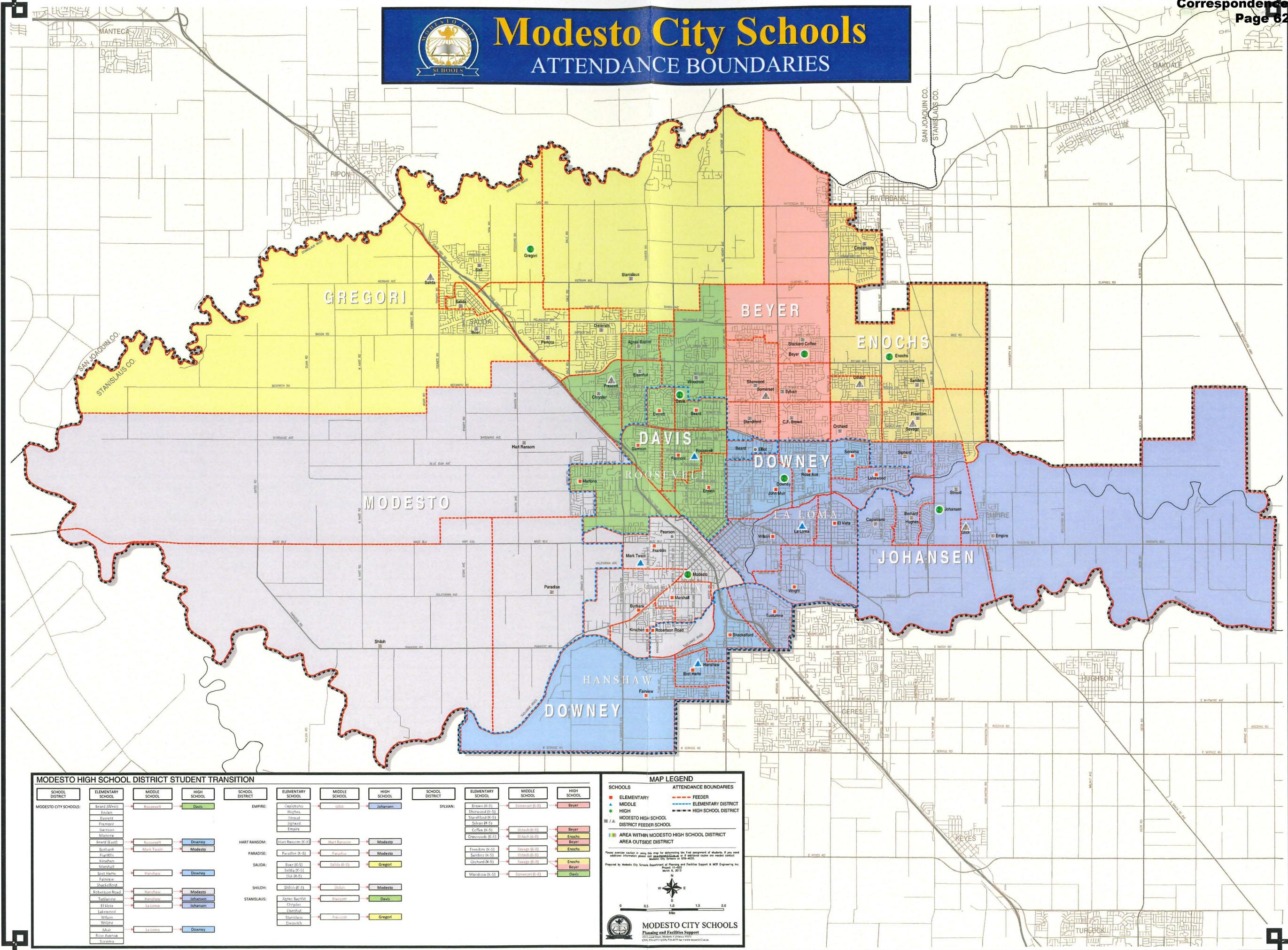
**NOTICE OF PUBLIC HEARING AND OF PROPOSAL FOR INCREASING SCHOOL  
FACILITIES FEES AS AUTHORIZED BY GOVERNMENT CODE SECTION 65995**

PLEASE TAKE NOTICE that immediately following a public hearing on the matter, a resolution will be considered by the Governing Board of Modesto City Schools at its regular meeting on June 3, 2024 at 6:00 PM located at Staff Development Center Building Board Room, 425 Locust Street, Modesto CA, which if adopted by the Board will increase development fees established by the District against residential construction and reconstruction by the maximum of \$3.10 per square foot (60% of the established maximum fee) within Modesto City Elementary School District and a maximum of \$2.07 per square foot (40% of the established maximum fee) within Modesto City High School District. Commercial or industrial construction will also be increased to the maximum of \$0.50 per square foot (60% of the established maximum fee) within Modesto City Elementary School District and a maximum of \$0.34 per square foot within Modesto City High School District, although some areas may see a lower fee based on agreements with the local elementary school districts. The proposed fees are authorized by Government Code Section 65995. Data pertaining to the cost of school facilities is available for inspection during regular business hours at the District's Planning and Facilities Office, 1311 Woodland Ave, Suite C, Modesto, CA. The increased fee, if approved by the Governing Board, will become effective on August 2, 2024, which is 60 days after the proposed adoption of the resolution levying such fee by the Governing Board.



# Modesto City Schools

## ATTENDANCE BOUNDARIES





# Modesto City Schools

## ELEMENTARY DISTRICT (K-8)

### MODESTO CITY SCHOOLS HIGH SCHOOL DISTRICT

