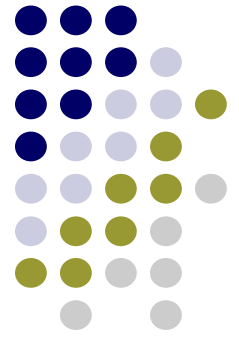


Santa Barbara Secondary School District

720 Santa Barbara Street
Santa Barbara, CA 93101
805.963.4338



Level 1—Developer Fee Justification Study *for* Santa Barbara Secondary School District

Administration:

Dr. J. Brian Sarvis, Superintendent

Mr. Eric D. Smith, Deputy Supt.—Bus. Services

Board of Education:

H. Edward Heron, President

Annette Cordero, Vice President

Kate Parker, Member

Susan Deacon, Member

Dr. Robert Noël, Member

Prepared by: **Dr. Richard Canady**

SchoolWorks, Inc.

6815 Fair Oaks Blvd., Suite 3

Carmichael, CA 95608

(916) 733-0402

(916) 733-0404-Fax

www.SchoolWorksGIS.com



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EXECUTIVE SUMMARY

- Education Code Section 17620 provides for the collection and expenditure of fees based upon new residential and commercial/industrial construction using criteria that establish a district's justification for a need for such fees. In January 2010, the State Allocation Board established the current fees at \$2.97 per square foot of residential construction and \$0.47 per square foot of commercial/industrial construction.
- The district's justification lies in its need for extensive modernization.
- Based on recent Developer Fee Collections, the District estimates that about \$3,000,000 may be collected over the next five years, leaving approximately \$82,000,000 in estimated modernization projects unfunded. Level 1 Developer Fees are capped at a maximum of \$2.97 per square foot of new residential construction. Per an agreement with its feeder elementary districts, the District's share of the fee is \$1.485 per square foot and the District's needs justify the collection of that amount.
- Each square foot of commercial/industrial construction will create a school facilities cost of between \$0.34 and \$0.88. Level 1 Developer Fees are capped at a maximum of \$0.47 per square foot of new commercial/industrial construction, with the District receiving one-half that amount and the District's needs justify the collection of that amount.

PART I

INTRODUCTION

SCOPE OF THE STUDY

Presented in this report are the findings of a Developer Fee Justification Study (Study) conducted for the Santa Barbara Secondary School District that demonstrate the continuing need for school facilities modernization. Over the course of the past several years, a number of modernization projects were done in the District. Those projects were funded in part by the State School Facility Program (SSFP). Projects performed using SSFP funds must ensure that all buildings being modernized are brought into compliance with the requirements of the Americans with Disabilities Act (ADA) and that all areas undergoing physical changes must comply with the most recent mandates of the Division of the State Architect (DSA). These requirements are very expensive, particularly for the many buildings in the District that were originally constructed many years ago. Compliance with these regulations of the ADA and DSA necessitated the use of a significant portion of those funds, leaving much other needed work unfunded. This study will address the work remaining to be done.

PURPOSE OF THE STUDY

This study demonstrates the relationship between new residential and commercial/ industrial construction and the District's continuing need for the modernization of school facilities and some new construction. This relationship is shown in compliance with the requirements for the collection of Level 1 (statutory) Fees.

The bulk of new residential projects in the District are new homes, including those built in tracts and those built by or for individuals. There also have been additions to existing homes. Only substantial additions are affected by developer fees, since any addition of less than five hundred square feet is exempt from fees. The nexus between new residential construction and student generation is well established and is further explained in this Study. It is important to remember that developer fees are a one-time collection that can be made only at the time the new residential square footage is constructed.

The impact of new residential construction is particularly significant in a time when enrollment in many California school districts, including Santa Barbara High, is stable or declining (the District has lost nearly 1,000 students from its high point in 2004-05). Without the additional enrollment from increased housing, the decline would have been greater and, going forward, the District might simply eliminate relocatable buildings and close classroom wings. Developer fees help make available appropriate classroom space for the students generated by the new housing, since without additional work, many of those older buildings will be unable to support the needs of a contemporary educational program and would eventually need to be abandoned. Developer fees will help meet those needs.

LEGAL REFERENCES

Throughout this study, references are made to various sections of California Law. All California Codes are available at www.leginfo.ca.gov/calaw.html.

ACKNOWLEDGEMENT

SchoolWorks, Inc. extends its sincere appreciation to Eric D. Smith, Deputy Superintendent for Business Services, David Hetyonk, Director of Facilities and Operations and members of district staff for their work in providing the information necessary to complete this Developer Fee Justification Study.

DESCRIPTION OF THE DISTRICT

The Santa Barbara Secondary School District (District) is the grades seven through twelve division of the Santa Barbara School Districts, along with the Santa Barbara Elementary School District, which serves grades Kindergarten through six. The districts have been governed together for more than 100 years following the establishment of the first high school in the area in 1890. The two districts, while funded separately by the State and officially constituted by the State as unique entities for the purposes of apportionments and allowances, and for allocation of property taxes, are governed by a single Board of Education and a single administrative staff and are treated for all purposes other than those mentioned above as a single district, led by Superintendent Dr. J. Brian Sarvis. This type of district configuration was officially adopted in a Single District Resolution by the districts in September of 2005 in conformance with Education Code Sections 35110 through 35113.

The annual message from Dr. Sarvis states that, "The Santa Barbara Elementary and Secondary School Districts work to ensure the educational success of all students. All staff are dedicated to high expectations, equity and academic success."

The District serves the students in grades seven through twelve from the Santa Barbara Elementary School District, as well as those from the Cold Springs, Goleta Union, Hope and Montecito Union elementary districts.

The Santa Barbara School Districts have been leaders in education in California from their beginnings in the 1800s, continuing to the present. The philosophy that governs the functioning of the Santa Barbara School Districts is summarized in its Mission Statement:

The mission of the Santa Barbara School Districts is to ensure the educational success of all students through high expectations and a commitment to excellence and to empower them to reach their full potential as responsible, ethical and productive citizens in a diverse and changing world.

The staff has worked diligently and continually to help the members of a diverse student body to improve their educational performance. That work has resulted in increases of ten

or more points in the overall English/Language Arts and Math scores as measured by the Standardized Testing And Reporting (elementary) and No Child Left Behind (secondary) instruments between 2003/2004 and 2008/2009.

DESCRIPTION OF THE COMMUNITY

The community served by the Santa Barbara School Districts includes not only the City of Santa Barbara, but the City of Goleta and several neighboring unincorporated areas, including Hope Ranch, Isla Vista, Montecito and the areas between the two cities.

The Santa Barbara Chamber of Commerce's description of the area is quoted below:

Quietly nestled between the ocean and the mountains, Santa Barbara represents the essence of California -- the art and culture of the big city and the heart and hospitality of a small, coastal town. Between the shopping on State Street, some of the best restaurants in the country and the best that the hotel industry has to offer, Santa Barbara is truly a magnificent place to live or visit!

There are dozens of events for residents and visitors listed on the Chamber's website.

Most of the land in the City is built out, but many projects, both in the recent past and planned for the future have and will replace existing residential and commercial buildings with new, higher density housing units. More than 550 such projects have been completed in the past five years or so and more than 1,600 are on the books of the City's planning department in various stages of the planning process, including projects that will increase the numbers of affordable family units. There are also larger projects in adjacent unincorporated areas that will add to the housing stock.

In addition to the community's many excellent quality of life issues related to housing, cultural and business activities, there are also many opportunities for higher education. A variety of degrees may be pursued at Santa Barbara City College, the University of California, Santa Barbara, Antioch University, Brooks Institute, Fielding Graduate University, Pacifica Graduate Institute and Westmont College.

The community's support for the District is reflected in the passage of a general obligation bond for school modernization in 2000 and a parcel tax for program support in 2008.

MAP OF THE DISTRICT

A map of the District is shown in Appendix E. A more detailed map is available on the District's website at www.sbsdk12.org/schools/maps/boundary.

PART II

EXPLANATIONS AND LEGAL REQUIREMENTS

The requirements for Developer Fee Justification Documents were significantly changed with the passage of new legislation in 1998. On August 28, 1998 the Governor signed into law Senate Bill 50 (SB 50), the Leroy F. Greene School Facilities Act of 1998 which is now Chapter 407, Statutes of 1998 of the California Education Code. SB 50 also placed a \$9,200,000,000 State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the successful passage of Proposition 1A on November 3, 1998, SB 50 became operative.

The intent of the law is stated clearly in Government Code Section 65995(e), quoted below:

The Legislature finds and declares that the financing of school facilities and the mitigation of the impacts of land use approvals, whether legislative or adjudicative, or both, on the need for school facilities are matters of statewide concern. For this reason, the Legislature hereby occupies the subject matter of requirements related to school facilities levied or imposed in connection with, or made a condition of, any land use approval, whether legislative or adjudicative act, or both and the mitigation of the impacts of land use approvals, whether legislative or adjudicative, or both, on the need for school facilities, to the exclusion of all other measures, financial or nonfinancial, on the subjects. For purposes of this subdivision, "school facilities" means any school-related consideration relating to a school district's ability to accommodate enrollment.

LIMITATIONS IMPOSED BY SENATE BILL 50

The power of cities and counties to require mitigation of school facilities impacts as a condition of approving new development and the court cases known as "Mira/Hart/Murrieta" have been suspended and, at least for the time being, have been replaced by the three levels of developer fees explained below.

Government Code Sections 65995(a)(3)(A), et seq. preclude the use of developer fees for the following:

- The regular maintenance or routine repair of school buildings and facilities.
- The inspection, sampling, analysis, encapsulation, or removal of asbestos-containing materials, except where incidental to school facilities construction or reconstruction for which the expenditure of fees or other consideration collected pursuant to this section is not prohibited.
- The purposes of deferred maintenance described in Section 17582.

THREE LEVELS OF DEVELOER FEES

Under certain conditions, three levels (or types) of statutory fees may now be levied by the Governing Board of a school district.

- Level 1: General School Facilities Fees: authorized by Government Code Section 65995 as amended.
- Level 2: Alternate Fees: authorized by Government Code Section 65995.5 (nominally 50% of construction costs)
- Level 3: Alternate Fees: authorized by Government Code Section 65995.7 (nominally 100% of construction costs; these fees are authorized only when the State does not have available funds)

The District qualifies for Level 1 Fees.

AUTHORITY, REQUIREMENTS AND PROCEDURES FOR LEVYING DEVELOPER FEES

The authority for the governing board of a school district to levy developer fees is Education Code Section 17620. Prior to passage of SB 50 those fees were limited to an inflation-adjusted \$1.93 for residential construction and an inflation-adjusted \$0.31 for commercial or industrial construction. With passage of SB 50, Level 1 (Basic Fee) was continued as an inflation-adjusted \$1.93 for residential and \$0.31 for commercial or industrial. That adjustment takes place in January of each even-numbered year. Effective January 2010, the new inflation-adjusted rates became \$2.97 per square foot for residential construction and \$0.47 per square foot for commercial/industrial construction.

Government Code 66016 requires that districts hold a public hearing regarding the imposition of developer fees as part of a regularly scheduled governing board meeting prior to adopting or increasing such fees. A notice of the meeting must be published twice prior to the meeting, with the first publication at least ten days before the meeting.

Government Code 66006 specifies the requirements for depositing and managing any fees that are collected and the restrictions for their use, including, but not limited to:

- The establishment of a separate fund for the deposit of developer fees and any interest generated by them.
- The use of such funds only for the purpose for which they were collected.
- Reporting the use of such funds on an annual basis within 180 days of the end of each fiscal year.

Education Code 17620 explains several facets of developer fee laws, including, but not limited to the following:

- Exempts from fees residential additions of less than 500 square feet.
- Allows a portion of the fees to be used to pay for the completion of developer fee justification studies.
- Exempts from fees projects that are used exclusively for government-owned facilities, private schools and buildings that are tax-free based upon their use for religious purposes.
- Limits the collection of fees for senior housing to the amount of commercial/industrial fees and requires any conversion from that use to be approved by the applicable local governmental agency after the school district has been notified.

Education Code 17625 authorizes the collection of fees on manufactured or mobile homes, but limits the imposition of the fees to the initial installation of the unit in the school district within the boundaries of the district.

Government Code Sections 66000 through 66003 specifies a variety of requirements regarding the collection and use of developer fees, including, but not limited to the following:

- The identification of the purpose of the fee.
- The identification of the use to which the fee is to be put.
- The determination of a reasonable relationship between the fee's use and the type of the 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.
- The accounting for any funds remaining unexpended in the fifth year after the first deposit into the fund and every five years thereafter.
- The identification of funds anticipated to be collected to finish any identified, but incomplete, projects and the establishment of an approximate date for the anticipated completion of such projects.
- The refunding, at specific times, of funds available that are not committed to specific projects.

PART III

FEE JUSTIFICATIONS AND USES OF STATE SCHOOL FACILITY PROGRAM FUNDING AND FUNDS PROVIDED BY LOCAL SOURCES

STATE SCHOOL FACILITY PROGRAM ELIGIBILITY

The State School Facility Program (SSFP) provides some modernization funding to school districts with permanent buildings that have not been built or modernized in the past twenty-five years and relocatable buildings not acquired or modernized in the past twenty years. The SSFP also provides funding for new construction projects based on enrollment projections and the district's existing building inventory.

The District has been diligent in pursuing the State funds for which it qualifies. The District qualified for several projects beginning in 2000. The SSFP requires districts to have their financing in place before the OPSC will authorize the release of any State funding. The District passed a General Obligation bond in 2000. Those funds were a major source of the match needed to participate in the SSFP. Following the passage of the bonds, the District began submitting its projects to the State for funding and commenced work on those projects. To date, the District has qualified for, applied for, received and expended about \$42 million in State funds for modernization projects.

DEVELOPER FEE ELIGIBILITY

Unified school districts may collect up to the maximum developer fee amount allowed by statute if they so qualify. Non-unified districts must agree to split the maximum developer fee. The percentages of the split are left to the districts involved. The District has agreed with all of its feeder elementary districts to split the fees evenly between them. As shown in the sections that follow, the District qualifies for its share of the maximum statutory Level 1 developer fees.

FEE HISTORY, AUTHORITY AND USE

Education Code Section 17620 provides for the collection of fees generated by new residential and commercial/industrial construction. The authority for the collection of those fees is based upon criteria that establish a district's justification of its need. Projects submitted for State Funding must be validated and approved by the State's Office of Public School Construction. District personnel report that the District applied for, received and has used all of the funds provided by the State for eligible projects. The District provided the required match for those funds through a variety of sources, including developer fees and the funds provided by the local General Obligation Bond passed in 2000. Further explanation of the history of developer fee collections and the remaining District project needs are given in the sections that follow.

HISTORY AND PROJECTION OF SANTA BARBARA SECONDARY SCHOOL DISTRICT'S DEVELOPER FEE COLLECTIONS

Split of Developer Fees among the Santa Barbara Secondary District and Its Five Elementary Feeder Districts (Cold Spring, Goleta Union, Hope, Montecito Union and Santa Barbara)

Statutory Developer Fees are capped for multiple districts serving the same student population and must be divided between them. The agreements between the District and its feeder elementary districts call for the fees to be divided evenly between the District and each of the affected feeder districts.

Residential Fees

The relationship between new housing and school enrollments is well established and is recognized by the California State Allocation Board's identification of the standard average student generation rate of 0.7 students per dwelling unit that districts may use in their developer fee justification documents. The student generation rate is further identified as 0.4 for grades Kindergarten through 6, 0.1 for grades 7 and 8 and 0.2 for grades 9 through 12.

Residential developer fee collections for the District for the period 2004/05 through 2008/09 totaled \$2,454,626 on an estimated 2,400,000 square feet. Roughly half of those fees were paid on projects in the Santa Barbara Elementary School District, while the remaining half was paid on projects in the Cold Spring, Goleta Union, Hope and Montecito Union district boundaries. It should be noted that the combined population of the City of Goleta and the unincorporated area comprising Cold Spring, Hope and Montecito Union is about the same as that of the Santa Barbara Elementary School District.

Excellent records are available from both the City of Santa Barbara and the Santa Barbara Elementary and Secondary Districts. Those records will be used to estimate the total new housing construction for the recent past. Between 2004/05 and 2008/09, certificates of occupancy have been issued on 550 residential units in the City of Santa Barbara. The Elementary District's boundaries are nearly coterminous with the City of Santa Barbara. The Santa Barbara Secondary School District collected approximately double the developer fees compared to the Santa Barbara Elementary School District and it is not unreasonable to assume that the number of units represented by those collections is approximately double those of the City of Santa Barbara, or about 1,100 units.

Analysis of a random sample of 67 residential projects comprising 253 units reported by the Certificates of Occupancy report from the City of Santa Barbara showed an average unit size of 1,335 square feet.

Commercial/Industrial Fees

The State of California authorizes the collection of Developer Fees on commercial and industrial property based upon the following rationale:

As commercial and industrial properties develop, new jobs are created. Many of the people hired into these jobs move into the community, thereby increasing the need for residential development and adding to the impacts on the local schools, particularly as it relates to those people moving into older established residences that do not generate residential developer fees. Because the maximum fee that can be levied against residential development is insufficient to meet the identified needs, a separate fee may be levied against commercial/industrial developments if supported by the evidence.

Education Code Section 17621(e)(1)(B) authorizes school districts to establish commercial/industrial fees based upon the January 1990 edition of the “San Diego Traffic Generators,” a report of the San Diego Association of Governments.

Developer Fees on commercial/industrial projects for the same time period cited in the preceding section on Residential Fees totaled just under \$100,000 on about 600,000 square feet. The division of the square footage of such projects between those in the Santa Barbara Elementary School District and those located within the Cold Spring, Goleta Union, Hope and Montecito Union districts is also about the same as that cited in the section on Residential Fees.

Table III-1 (below) shows the approximate cost of modernization per student per square foot of commercial/industrial development. The calculations are shown in Appendix D and have been modified to assume that 70 percent of the employees generated will move into new housing, thus reducing the impact, since the fees on new housing are designed to mitigate the impact of students generated by them. Even so, the District qualifies for the maximum commercial/industrial fee permitted by law. As is the case with residential fees, the District’s share of the statutory commercial/industrial fee is less than the calculated fee. The District’s share of the maximum statutory commercial/industrial developer fee is \$0.235 per square foot.

Table III-1	
Commercial/Industrial Development Cost	
<u>Type of Development</u>	<u>Cost Impact per Square Foot</u>
Office	\$0.88
Research and Development	\$0.45
Retail	\$0.57
Communications and Utilities	\$0.73
Light Industry	\$0.73
Warehouse	\$0.34
Transportation	\$0.51
Heavy Industry	\$0.51

JUSTIFICATION OF NEED

New Construction

The justification for participation in the State School Facility Program for new school construction is based upon a district's projected enrollment made pursuant to a State formula and that district's available classroom space. A certain dollar amount that varies according to the qualifying grade levels is granted for each eligible student. The formula for funding is based upon the size of the district's eligible projected enrollment minus certain available space and calls for the district to match the State's funding on a dollar for dollar basis. The formula providing new construction funding does not fully take into account district needs for permanent structure space to accommodate the needs of the Class Size Reduction Program or any district needs based upon differences in school programs designed forty to sixty years ago and those needed today.

Modernization

The justification for participation in the State School Facility Program for school modernization is based upon the number of students utilizing facilities constructed or acquired more than twenty-five years ago for permanent structures or twenty years ago for relocatable structures. There is a slightly higher level of funding for structures more than fifty years old. The SSFP provides funds to assist districts in modernizing their facilities. The funds made available through that program are based upon a fixed dollar amount for each grant, with both the State and the District making defined contributions. The first SSFP Modernization Program provided 80 percent of the grant funding, with the District contributing the remainder. The second SSFP called for the State to provide 60 percent, with the District providing remaining 40 percent of the grant amount. At this time, the District has utilized all of its modernization eligibility under the SSFP.

There is no relationship between the modernization grants and the actual amount of work needed to be done. In addition, the SSFP requires modernization projects to perform extensive renovation to comply with the requirements of the Americans with Disabilities Act and the most recent requirements of the Division of the State Architect for any work done that touches the actual structure of a building. That work demands the use of a significant portion of the funding provided by the SSFP. Thus, the grant amounts (including both the State and local funding) are generally insufficient to complete modernization projects as envisioned by districts utilizing the program.

Summary

Although the State sets standards for providing funding for both new construction and modernization projects, those standards are based upon formulas rather than the reality in individual districts. That methodology provides a basis for an equitable distribution of State funds, but does not address individual districts’ needs to provide their vision of adequate facilities. The District has needs that do not fall within the restrictive guidelines of the State School Facility Program. Developer Fees will be one source of revenue the District may use to complete its needed projects.

IMPACT OF NEW RESIDENTIAL CONSTRUCTION

Based on information from the Cities of Goleta Union and Santa Barbara, approximately 3,000 residential units are currently in various phases of the permit approval process. Planning information for the three smaller districts is not readily available, but the historical developer fee collection records provided by the District suggest another 200 units or so may be in planning stages in those communities. Historical information from the City of Santa Barbara shows that 550 residential units were constructed in the previous five years or so. In light of the current economic conditions, it seems unlikely that the full number of units currently in the permit approval process will be built in the near future. So for purposes of calculation, the study will use the 550 units constructed in the time frame cited above for the City of Santa Barbara, doubled to account for the remainder of the District’s boundaries that lie outside of the City, to estimate the potential number of residential units to be constructed in the next five years.

Using the figures of 1,100 new residential units and average square footage of 1,335 (see “Residential Fees,” above) and the District’s share of the new maximum statutory developer fee of \$1.485 per square foot, the calculation yields a five-year collection of just under \$2.2 million. (See Table III-2 below.)

Table III-2			
Estimated Five-Year Developer Fee Collections			
	Average Estimated Square Footage of New Residential Units	Santa Barbara Secondary School District Share of Residential Developer Fee	Estimated Total Developer Fee Collections for 1,100 Units
Estimated Number of New Residential Units	1,100	\$1.485	\$2,180,723

The planned modernization projects for the District (see Capital Improvement Plan below) total over \$85 million. Projected Developer Fees would cover just over 2.5 percent of those costs. (See Table III-3 below.)

Projected Costs of Planned Modernization Projects	Estimated Developer Fee Collections	Percentage of Planned Modernization Costs Funded by Estimated Developer Fee Collections
\$85,521,960	\$2,180,723	2.55%

Using the estimated new construction of 1,100 residential units and the standard student generation rate of 0.3 students in grades 7 through 12, the calculation yields an estimate of 330 students from the estimated new residential construction. A Cohort Survival Enrollment Projection (the method approved by State regulation) produced using those figures and the enrollment numbers from the past four years yields an estimated 10,006 7th through 12th grade students. The 330 or so students from new residential construction constitute about 3.3 percent of the total student population. The estimated Developer Fee collections are less than the estimated modernization costs attributable to the students generated from new residential construction.

As stated previously, developer fees are a one-time collection that can be made only at the time the new square footage is constructed. All residential construction presents the potential of supporting more or larger families, which, over time, may include additional students and impact the District's ability to provide classroom and educational support program space.

SSFP modernization funding was used for projects at all of the District's schools. The District qualified for, applied for, received and expended over \$42,000,000 in State funding. It provided the required match from District resources, including funding from a \$67,000,000 general obligation bond passed by the voters in 2000. Despite all of that work, including that which has exhausted the District's eligibility in the State School Facility Program, over \$85,000,000 in needed projects remain to be done, as summarized in Table III-4 below.

CAPITAL IMPROVEMENT PLAN

A summary of the needed major modernization projects is listed below. A lengthy, itemized, detailed list is available in the District's Business Office.

Project	Estimated Cost
Goleta Valley JHS	\$1,293,840.00
La Colina JHS	\$826,200.00
La Cumbre JHS	\$6,635,250.00
Santa Barbara JHS	\$11,391,000.00
Dos Pueblos HS	\$12,760,200.00
San Marcos High School	\$9,223,350.00
Santa Barbara High School	\$18,848,620.00
Miscellaneous	\$24,543,500.00
Total	\$85,521,960.00

The number of needed projects will continue to grow as the buildings continue to age and the need for contemporary facilities continues to change.

As shown in Table III-4, current estimates for those projects total about \$85,000,000. The prices of school construction and modernization projects rose at unprecedented rates between 2000 and 2007 and although those costs recently stopped rising dramatically (and, in some cases, actually abated), over time those costs are still likely to continue to rise, although at a slower pace. Additional costs related to those projects are likely to be incurred as the buildings continue to age. Also, as cited in Impact to New Construction, without the students generated from new residential construction, the equivalent of several modernization projects might have been avoided.

Residential developer fee collections over the past five years have totaled about \$2,400,000. A slightly smaller amount is projected for the next five year period. Commercial/Industrial developer fee collections are erratic, but in the past five years such projects yielded a total just over \$600,000. A range of total developer fee collections between \$2,500,000 and \$3,000,000 over the next five years may be reasonably estimated. With estimated modernization costs of over \$85,000,000, the shortfall between costs and developer fee collections may total about \$82,000,000.

In addition to these major projects, in this school district with facilities more than fifty years old, other modernization projects will occur. Developer fees will help to provide the local funds needed to meet those needs.

SUMMARY

The information in the preceding sections demonstrates the connection between new residential and commercial/industrial development in the District and the District's continuing needs for the modernization of its schools' facilities and some new construction. Projects totaling approximately \$85,000,000 remain to be done and the District has used all of the available SSFP funds for which it qualifies.

The District's share of the Level 1 maximum fees currently allowed by law is \$1.485 per square foot of residential construction and \$0.235 per square foot of commercial/industrial construction. The District projects five-year developer fee collections of approximately \$3,000,000, leaving a deficit of more than \$82,000,000 between projected collections and projected modernization needs.

During the period of 2005 through 2009, the District expended over \$67,000,000 in modernization projects. Developer fee collections of \$2,600,000 during that period would represent about 2.5 percent of the costs of those modernization projects.

The five-year projected enrollment of the District is 10,006 students (see Appendix B). The approximately 330 students from new residential construction would represent about 3.3 percent of the projected student population, demonstrating that the District continues to be justified in collecting its share of the statutory developer fee amounts.

PART IV

OTHER REVENUE SOURCES FOR FUNDING FACILITIES

GENERAL OBLIGATION BONDS

The District has passed, issued and used general obligation bonds for the modernization of its facilities.

STATE SCHOOL FACILITY PROGRAM

The District has applied for, qualified for and received SSFP funds. Those funds have either been spent or are encumbered for ongoing projects.

SCHOOL DISTRICT GENERAL FUNDS

All of the District's unrestricted general funds are needed for the District's operational instructional and support programs and no such funds are available for the construction of facilities. By their nature, restricted funds may not be used for capital construction purposes.

MELLO-ROOS COMMUNITY FACILITIES ACT

Although the Mello-Roos Community Facilities Act allows school districts to establish a community facility district, the district's recent passage of general obligation bonds strongly mitigates against any possibility of the District being able to establish such a district.

PART V

ESTABLISHING THE NEED, BENEFIT and NEXUS

There is a cost associated with the modernization of adequate school facilities and a benefit to the students who profit from attending school in adequate, appropriate, safe facilities. The District has current, continuing and growing needs to modernize its older facilities. Insufficient resources are available from the District's operating budget to fund these modernization projects.

The pressing need to complete the projects listed in Part III demonstrates the District's need to provide those facilities for student classrooms and educational support facilities. There will be a benefit to students who will attend classes in facilities appropriate to the needs of the District's instructional programs.

The estimated Developer Fee collections would be less than the costs of modernization associated with the estimated number of students generated by new residential construction, thus demonstrating the nexus between the Fees and the students for which they will be used.

PART VI

PURPOSE OF THE FEE

The purpose of the developer fees to be collected is to fund modernization, construction or replacement of school facilities.

PART VII

DEPOSITING AND ACCOUNTING FOR DEVELOPER FEES

Developer Fee Collections shall be deposited and accounted for in accordance with Government Code Section 66006.

PART VIII

RECOMMENDATION

Based upon the information and justification provided in this Study, it is recommended that the Governing Board of the Santa Barbara Secondary School District adopt the enabling resolutions to allow the District to levy its negotiated share of the maximum statutory residential and commercial/industrial developer fees.

PART IX - APPENDICES

Santa Barbara Secondary School District 2010 Developer Fee Justification Study

- ✓ A – California Basic Educational Data Systems Report
- ✓ B – Cohort Survival Enrollment Projection Summary
- ✓ C – Five Years Developer Fee Collections
- ✓ D – San Diego Traffic Generators Study
- ✓ E – Map of District

September 2010

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APPENDIX A

CALIFORNIA BASIC EDUCATIONAL DATA SYSTEMS SUMMARY – OCTOBER 2009

2009 CBEDS for Santa Barbara Secondary School District and its Elementary Feeder Districts*	
K	1584
1	1539
2	1498
3	1537
4	1647
5	1565
6	1631
7	1544
8	1539
9	1724
10	1649
11	1699
12	1683
Total	20839
<p>*2009 CBEDS Information for Hope District was not available at the time of the Study's writing. Estimates based on declining enrollment of past 3 years. Montecito Union's total enrollment was provided. Individual grade level numbers unavailable and estimates based on preceding years..</p>	

APPENDIX B

COHORT SURVIVAL ENROLLMENT PROJECTION SUMMARY

Combined Enrollments for Santa Barbara Secondary, Cold Spring, Goleta Union, Hope, Montecito Union, and Santa Barbara Elementary School Districts*
 Calculations performed as though the combined districts were unified.

	2006/07	2007/08	2008/09	2009/10
K	1,534	1,526	1,475	1,584
1	1,658	1,514	1,601	1,539
2	1,572	1,669	1,521	1,498
3	1,600	1,563	1,657	1,537
4	1,588	1,570	1,578	1,647
5	1,578	1,579	1,601	1,565
6	1,595	1,534	1,556	1,631
7	1,554	1,595	1,527	1,544
8	1,650	1,549	1,590	1,539
9	1,751	1,738	1,637	1,724
10	1,840	1,746	1,727	1,649
11	1,845	1,751	1,698	1,699
12	1,738	1,803	1,703	1,683
	21,503	21,137	20,871	20,839

*Enrollment figures for Hope District are not available at the time of this writing; numbers based on 3 years of enrollment decline. Total enrollment for Montecito Union is accurate according to District. Individual grade levels estimated based on previous years.

Five-Year Projected Enrollment - School Facility Program
 Projections based on total school enrollment using the standard student generation rates and 1,100 projected new dwelling units.

K-6	7 - 8	9 - 12	Sum 7 - 12	Total K - 12
11,883	3,118	6,888	10,006	21,889

APPENDIX C

FIVE YEARS DEVELOPER FEE COLLECTIONS DATA INCLUDING BOTH SANTA BARBARA SECONDARY AND SANTA BARBARA ELEMENTARY SCHOOL DISTRICTS

Santa Barbara School Districts Developer Fee Records Summary 2004/05 through 2008/09				
	Elem. Res.	Elem. Comm.	H.S. Res.	H.S. Comm.
2004/05	\$269,218.06	\$10,102.63	\$664,086.29	\$32,354.89
2005/06	\$363,160.25	\$2,013.98	\$757,105.58	\$12,360.77
2006/07	\$243,914.81	\$4,720.30	\$521,638.84	\$5,523.72
2007/08	\$223,735.94	\$27,521.14	\$404,235.35	\$30,654.33
2008/09	\$139,035.10	\$2,793.78	\$117,559.54	\$18,681.78
Totals	\$1,239,064.16	\$47,151.83	\$2,464,625.60	\$99,575.49
Estimated Square Footage Based on Collections of \$1.025/square foot (residential) and \$0.165 (commercial/ industrial)	1,208,843	285,769	2,404,513	603,488

APPENDIX D

SAN DIEGO TRAFFIC GENERATORS STUDY

SAN DIEGO TRAFFIC GENERATORS ESTIMATED MODERNIZATION AND NEW CONSTRUCTION COST PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL CONSTRUCTION FOR SANTA BARBARA SECONDARY SCHOOL DISTRICT														
	S.F./ Employee	Number of Employees per Square Foot	Total Employees per 10,000 square feet	Percent In-District Employees	Number of In-District Employees	Standard Household Factor	In-District Households	Standard Student Generation Rate	Students Generated per 10,000 square feet	Weighted Cost per Student (Modernization)	Cost per 10,000 Square Foot	Cost per Square Foot	80% reduction to adjust for new employees occupying existing housing	Adjusted cost per square foot
Office	290	0.0034	34.48	50%	17.24	1.5	11.49	0.3	3.45	\$8,537	\$29,438	\$2.94	30%	\$0.88
Research and Development	575	0.0017	17.39	50%	8.70	1.5	5.80	0.3	1.74	\$8,537	\$14,847	\$1.48	30%	\$0.45
Retail	450	0.0022	22.22	50%	11.11	1.5	7.41	0.3	2.22	\$8,537	\$18,971	\$1.90	30%	\$0.57
Communications and Utilities	350	0.0029	28.57	50%	14.29	1.5	9.52	0.3	2.86	\$8,537	\$24,391	\$2.44	30%	\$0.73
Light Industry	350	0.0029	28.57	50%	14.29	1.5	9.52	0.3	2.86	\$8,537	\$24,391	\$2.44	30%	\$0.73
Warehouse	750	0.0013	13.33	50%	6.67	1.5	4.44	0.3	1.33	\$8,537	\$11,383	\$1.14	30%	\$0.34
Transportation	500	0.0020	20.00	50%	10.00	1.5	6.67	0.3	2.00	\$8,537	\$17,074	\$1.71	30%	\$0.51
Heavy Industry	500	0.0020	20.00	50%	10.00	1.5	6.67	0.3	2.00	\$8,537	\$17,074	\$1.71	30%	\$0.51

APPENDIX E MAP OF DISTRICT

Santa Barbara School District Boundary Map 2010

