

Orange Unified School District  
Combined Annual and Five-year Developer Fees Report  
November 8, 2019



Business Services Department  
1401 North Handy Street  
Orange, CA 92867  
(714) 628-4479

<https://www.orangeusd.org/departments/facilities-planning/developer-fees>

## Orange Unified School District

### Combined Annual and Five-year Developer Fees Report Fiscal Year 2018/19

#### Background

Education Code Section 17620, et seq., and Government Code Section 65995, et seq., authorize school districts to impose fees on residential, commercial, and industrial developments to mitigate the impact of the development on a school district's facilities. On January 24, 2018, the State Allocation Board (SAB) acted to increase the Level I Developer Fees for both residential and commercial/industrial construction pursuant to Education Code Section 17620 and Government Code Section 65995.

The Level I fee for residential construction was increased from \$3.48 to \$3.79 per square foot of new residential construction. The Level I fee for commercial/industrial construction was increased from \$0.56 to \$0.61 per square foot of new commercial/industrial construction. These fees are collected by the District at the maximum allowable rates. The District will perform its next Developer Fee Justification Study in 2020 concurrently with the SAB adjusting rates at its January 2020 meeting.

For the period July 1, 2018, through April 15, 2019, the Level I Developer Fee amounts were \$3.48 for residential \$0.56 for commercial/industrial. For the period April 16, 2019, through June 30, 2019, the Level I Developer Fee amounts were \$3.79 for residential \$0.61 for commercial/industrial.

#### Reporting Requirements

Government Code Section 66001 and Section 66006 require districts to be accountable for the fees that are collected and expended on both an annual and five-year basis.

Annual Report - The annual report focuses on the amount of developer fees collected and expended throughout the fiscal year and must include the following:

- Type of fees collected
- Amounts collected
- Beginning and ending balances of accounts
- Total amounts collected and interest earned
- Information regarding each project on which fees were expended
- Identification of any interfund transfers or loans, if applicable
- Amounts of any refunds

Five-year Report – The five-year report requires a more detailed analysis of a district's overall use of developer fees. The purpose of the five-year report is to illustrate to what extent the fees collected for development are necessary in meeting the district's facility program needs

with respect to housing students and mitigating the impact of growth associated with the development. The five-year plan should include findings that:

- Identify the purposes to which the fees will be put
- Demonstrate the nexus between the fees and the purposes for which they are charged
- Identify the sources and amounts of funding anticipated to complete the financing of incomplete projects
- Identify the approximate date(s) when the funding referred in bullet point 3 above is expected to be deposited into the respective district account(s)

Findings – Although not required by a resolution, these findings are often made in the form of a resolution that is adopted by the governing board to facilitate compliance with the requisite codes and regulations. Resolution 19-19-20 “Findings Pertaining to Developers Fees, is available under separate cover.

Timeline – The annual report must be made within 180 days from the last day of the fiscal year. The five-year findings must be presented for approval by the governing board in conjunction with an annual report. It is more convenient for districts to prepare a comprehensive report each fiscal year that includes both the annual and five-year collection and expenditure information. By combining these two reports, it guards against the potential penalty of refunding unexpended developer fees for failure to timely report expenditures in the appropriate year.

Report Availability and Notification –The completed reports and applicable findings must be available for public review at least 15 days prior to approval by the governing board. Although a public hearing is not required, notices must be mailed to any interested party who files a written request for a mailed notification. A notice was posted on the District’s Web site and the information has been available since Tuesday, November 19, 2019. The District did not receive any requests for mailed notification.

#### Government Code Sections 66006(b) Annual Reporting Requirements

A. Brief description of the type of fee in the account or fund.

Fund 25 - Capital Facilities Fund is used to segregate fees collected pursuant to Education Code Section 17620, et seq., and Government Code Section 65995, et seq., from other District funds.

B. Amount of the fee.

Residential Fee per Square foot

- July 1, 2018 – April 15, 2019                      \$3.48

- April 16, 2019 – June 30, 2019           \$3.79

Commercial Fee per Square Foot

- July 1, 2018 – April 15, 2019           \$0.56
- April 16, 2019 – June 30, 2019       \$0.61

C. The beginning and ending balance of the account or fund.

Beginning Balance	\$8,708,844.24
Ending Balance	\$7,576,795.90

D. The amount of the fees collected and the interest earned.

Fees Collected	\$2,225,191.65
Interest Earned	\$188,789.18

E. Identify each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

Administrative Charges

Demographer Report	\$30,451.43
County Treasurer-Investment Cost	\$6,221.03
Legal Services	<u>\$101.50</u>
Amount Expended through June 30, 2019	\$36,773.96

Fred Kelly Stadium Improvements – Main Building Contractor

Construction 2018/19	<u>\$3,443,173.89</u>
Amount Expended through June 30, 2019	\$3,443,173.89

Percentage of project design Funded with Developer Fees:	100%
Percentage of total project with Developer Fees:	35%

F. Identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.

Fred Kelly Stadium Reconstruction/Improvements – Commenced January 7, 2019

- G. Description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an inter-fund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

Inter-fund Transfers: \$66,061.32

- H. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

Two refunds as follows:

\$19,340.37- Cancelled Project  
\$2,178.48- Cancelled Project

Total Refunds: \$21,518.85

Government Code Sections 66001(d)(1) Five-Year Reporting Requirements

- A. Identify the purpose to which the fee is to be put.

Fred Kelly Stadium Reconstruction/Improvements

- B. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

Provide upgraded and expanded facilities at Fred Kelly Stadium to support additional capacity

- C. Identify all sources and amounts of funding anticipated to complete financing of Fred Kelly Stadium reconstruction/improvements.

Developer Fees	\$8.0 million
2018 Certificates of Participation (COPs)	\$9.9 million
Special Reserve for Capital Projects	<u>\$5 million</u>
Total	\$22.9 million

- D. Designate the approximate dates on which the funding referred to in subparagraph (C) is expected to be deposited into the appropriate account or fund.

All funds identified in C above are on deposit and available

Additional Information - Attachments

Revenue and expenditure information for 2017/18 and 2018/19 budget information is provided on the attached sheets.

1. 2018/19 Revenue and Expenditure Report (Including 2019/20 Budgeted Revenues and Expenditures)