

Orange Unified School District
Combined Annual and Five-year Developer Fees Report
November 20, 2020



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 2019/20

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 2021 concurrently with the SAB adjusting rates at its January 2021 meeting.

For the period July 1, 2019, through April 15, 2020, the Level I Developer Fee amounts assessed by Orange Unified School District were \$3.48 for residential and \$0.56 for commercial/industrial. For the period April 16, 2020, through June 30, 2020, the assessed 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	\$7,576,795.00
Ending Balance	\$3,716,514.83

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

Fees Collected	\$3,202,759.17
Interest Earned	\$147,838.21

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.

1. Fred Kelly Stadium Improvements - Construction Support Services/Design

Consultant Services 2016/17	\$16,984.98
Consultant Services 2017/18	\$853,749.07
Consultant Services 2018/19	\$36,773.96
<u>Consultant Services 2019/20</u>	<u>\$349,095.65</u>
Amount Expended through June 30, 2020	\$1,256,603.66

Fred Kelly Stadium Improvements – Main Building Contractor

Construction 2018/19	\$3,443,173.89
<u>Construction 2019/20</u>	<u>\$5,885,346.15</u>
Amount Expended through June 30, 2020	\$9,328,520.04

Fred Kelly Stadium Improvements – New Permanent Fixtures and Equipment

FF&E 2019/20	\$881,761.52
--------------	--------------

TOTAL Amount Expended through June 30, 2020 \$11,466,885.22

Percentage of project <u>design</u> Funded with Developer Fees:	100%
Percentage of total project with Developer Fees:	35%

2. Fletcher Elementary School Expansion – Furniture, Fixtures and Equipment
Furniture 2019/20 \$39,871.81

TOTAL Amount Expended through June 30, 2020 \$39,871.81

Percentage of project design Funded with Developer Fees: 0%
Percentage of total project with Developer Fees: 100%

3. 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
Fletcher Elementary School Expansion – Commenced June 26, 2020

4. 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: \$94,650.13

5. 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:

\$1,885.16- Cancelled Project
\$4,521.47- Cancelled Project

Total Refunds: \$6,406.62

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

- A. Identify the purpose to which the fee is to be put.
a. Fred Kelly Stadium- Reconstruction/Improvements

b. Fletcher Elementary School- Addition of Modular Classrooms for Expansion of Student Enrollment

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

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

Fletcher Elementary School Expansion- Provide two new DSA approved modular classrooms and one ADA restroom modular building for the expansion of student enrollment (due to growing Mandarin Emersion program).

C. Identify all sources and amounts of funding anticipated to complete projects:

<u>Fred Kelly Stadium Reconstruction/Improvements</u>	
Developer Fees	\$11.5 million
2018 Certificates of Participation (COPs)	\$9.9 million
Special Reserve for Capital Projects	<u>\$1.5 million</u>
Total	\$22.9 million

<u>Fletcher Elementary School Expansion</u>	
Developer Fees	<u>\$750,000</u>
Total	\$750,000

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

1. 2019/20 Revenue and Expenditure Report (Including 2020/21 Budgeted Revenues and Expenditures)
2. Board of Education Approval authorizing use of Developer Fees to fund the Fletcher Elementary School expansion and back up documentation.

Account classifications selected				Field ranges selected						
FUND	RESC	Y	OBJT	GOAL	FUNC	SCH	RSP	OPT	FI	RANGE
1.	25	??	-	???	-	???	-	???	-	???
2.	.	.	-	-	-	-	-	-	-	-
3.	.	.	-	-	-	-	-	-	-	-
4.	.	.	-	-	-	-	-	-	-	-
5.	.	.	-	-	-	-	-	-	-	-
6.	.	.	-	-	-	-	-	-	-	-
7.	.	.	-	-	-	-	-	-	-	-
8.	.	.	-	-	-	-	-	-	-	-
9.	.	.	-	-	-	-	-	-	-	-
10.	.	.	-	-	-	-	-	-	-	-

Primary sort/rollup levels: FD
Income summary level: 4
Expense summary level: 2
Data source: GLSTEX Standard Extract
Report template: /var/opt/qss/data/CTFAR300: 06/21/2016 21:09:36
Budget type: R Revised
Include budget transfers: N
GL Transactions: A Approved Only
Exclude Pre-encumbrances: N
Use Reference Values: N
Restricted Fld Mbr: 03 RESOURCE
Separation Option: No Separation of Restricted and UnRestricted
Extraction Type: Restricted and UnRestricted
Report prepared: 12/07/2020 11:52:33

OBJECT	Beg. Balance/ Adjusted Budget	Current Activity	Year to date Activity	Encumbrances	Balance	%used
Beginning balance						
9110 Cash in County Treasury	4,402,968.37	1,249,113.31-	1,249,113.31-	0.00	3,153,855.06	
9120 Cash in Banks	40.95-	40.95	40.95	0.00	0.00	
9140 Collections Awaiting Deposit	0.00	0.00	0.00	0.00	0.00	
9210 Accounts Receivable - Manual	4,504.66	4,504.66-	4,504.66-	0.00	0.00	
9510 Accounts Payable - Manual	596,267.12-	596,267.12	596,267.12	0.00	0.00	
9610 Due to Other Funds	94,650.13-	94,650.13	94,650.13	0.00	0.00	
TOTAL Beginning balance	3,716,514.83	562,659.77-	562,659.77-	0.00	3,153,855.06	
Current year revenue						
8660 Interest	70,000.00	14,571.75	14,571.75	0.00	55,428.25	20.8
8681 Developers Fees AB2627	500,000.00	151,564.73	151,564.73	0.00	348,435.27	30.3
TOTAL Current year revenue	570,000.00	166,136.48	166,136.48	0.00	403,863.52	
*TOTAL Beginning balance + Revenue	4,286,514.83	3,882,651.31	3,882,651.31			*
Expense						
43xx Materials & Supplies	200.00	0.00	0.00	0.00	200.00	0.0
56xx Rents/Leas/Reprs/Noncapimprove	199.00	0.00	0.00	0.00	199.00	0.0
57xx Direct Costs Transfers	15,200.00	0.00	0.00	0.00	15,200.00	0.0
58xx Professional/Consultg/Operating	129,145.00	37,244.93	37,244.93	306,824.17	214,924.10-	266.4
62xx Buildings/Improvement of Bldgs	1,054,377.00	560,168.41	560,168.41	344,514.55	149,694.04	85.8
64xx \$50000+ New Equipment	450,239.00	131,382.91	131,382.91	98,765.41	220,090.68	51.1
TOTAL Expense	1,649,360.00	728,796.25	728,796.25	750,104.13	170,459.62	
Ending balance						
9790 Undesignated/Unappropriated	14,074,922.00	0.00	0.00	0.00	14,074,922.00	
9791 Beginning Fund Balance	3,716,514.83-	0.00	0.00	0.00	3,716,514.83-	
TOTAL Ending balance	10,358,407.17	0.00	0.00	0.00	10,358,407.17	
**Fund balance	2,637,154.83	3,153,855.06	3,153,855.06			**

2019-20

OBJECT	Beg. Balance/ Adjusted Budget	Current Activity	Year to date Activity	Encumbrances	Balance \$used
Beginning balance					
9110 Cash in County Treasury	9,150,010.98	210,145.63-	4,747,042.61-	0.00	4,402,968.37
9120 Cash in Banks	6,289.86	40.95-	6,330.81-	0.00	40.95-
9140 Collections Awaiting Deposit	0.00	0.00	0.00	0.00	0.00
9210 Accounts Receivable - Manual	17,531.68	0.00	17,531.68-	0.00	0.00
9219 Accounts Receivable -Automatic	0.00	4,504.66	4,504.66	0.00	4,504.66
9510 Accounts Payable - Manual	1,531,049.62-	194.51-	1,530,855.11	0.00	194.51-
9519 Accounts Payable - Automatic	0.00	443,940.89-	596,072.61-	0.00	596,072.61-
9610 Due to Other Funds	65,987.00-	94,650.13-	28,663.13-	0.00	94,650.13-
TOTAL Beginning balance	7,576,795.90	744,467.45-	3,860,281.07-	0.00	3,716,514.83
Current year revenue					
8660 Interest	70,000.00	9,396.31	147,838.21	0.00	77,838.21-
8681 Developers Fees AB2627	3,285,722.00	16,914.77	3,202,759.17	0.00	82,962.83
TOTAL Current year revenue	3,355,722.00	26,311.08	3,350,597.38	0.00	5,124.62
*TOTAL Beginning balance + Revenue	10,932,517.90	7,603,106.98	10,927,393.28		*
Expense					
43xx Materials & Supplies	200.00	25.00	25.00	0.00	175.00
56xx Rents/Leas/Reprs/NoncapImprove	199.00	0.00	0.00	0.00	199.00
57xx Direct Costs Transfers	98,772.00	94,650.13	94,650.13	0.00	4,121.87
58xx Professional/Consultg/Operating	762,145.00	99,789.22	349,095.65	0.00	413,049.35
62xx Buildings/Improvement of Bldgs	7,406,017.00	461,265.09	5,885,346.15	0.00	1,520,670.85
64xx \$50000+ New Equipment	1,392,001.00	115,049.09	881,761.52	0.00	510,239.48
TOTAL Expense	9,659,334.00	770,778.53	7,210,878.45	0.00	2,448,455.55
Ending balance					
9790 Undesignated/Unappropriated	12,995,562.00	0.00	0.00	0.00	12,995,562.00
9791 Beginning Fund Balance	7,576,795.90	0.00	0.00	0.00	7,576,795.90-
TOTAL Ending balance	5,418,766.10	0.00	0.00	0.00	5,418,766.10
**Fund balance	1,273,183.90	6,832,328.45	3,716,514.83		**

Ending Balance



Agenda Item Details

Meeting	Sep 10, 2020 - Regular Board Meeting - Virtual
Category	7. ACTION ITEMS
Subject	D. RESOLUTION NO. 05-20-21, USE OF DEVELOPER FEES FOR CLASSROOM CONSTRUCTION
Access	Public
Type	Action
Recommended Action	It is recommended that the Board of Education approve Resolution No. 05-20-21 to approve the use of Developer Fee Proceeds to fund the addition of the new modular classrooms at Fletcher Elementary.
Goals	4.0 Focus Area: Efficient Utilization of Fiscal Capital

Public Content

DESCRIPTION: District leadership has been consulting with legal counsel regarding the use of collected developer fees under California Government Code 65995 and Education Code 17620, to be used to partially fund the addition of new modular classrooms at Fletcher Elementary, due to the growth of the Mandarin Emersion program.

Education Code Section 17620 and Government Code Section 65995 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. Legal counsel has recommended adopting Resolution 05-20-21 to provide approval on the use of funds in conjunction with the applicable Government and Education Code sections. If passed, Resolution 05-20-21 will be posted on the District website to justify work moving forward, address standards that will apply to the Fletcher Elementary growth project, and defined payment for services.

FISCAL IMPACT: No Fiscal Impact

20-09-10 Use of Developer Fees REV 2 RESOLUTION 05-20-21.pdf (184 KB)

Administrative Content

Motion & Voting

It is recommended that the Board of Education approve Resolution No. 05-20-21 to approve the use of Developer Fee Proceeds to fund the addition of the new modular classrooms at Fletcher Elementary.

Motion by Kathy Moffat, second by Alexia Deligianni-Brydges.

Final Resolution: Motion Carries

Yea: Alexia Deligianni-Brydges, Andrea Yamasaki, John Ortega, Kathy Moffat, Kris Erickson, Rick Ledesma

ORANGE UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 05-20-21

**RESOLUTION OF THE BOARD OF EDUCATION FOR
USE OF DEVELOPER FEES FOR CLASSROOM CONSTRUCTION AND ATHLETIC
FACILITIES RENOVATION**

WHEREAS under Education Code Section 17620, school fees are collected from development of new homes and commercial properties for the purpose of offsetting anticipated impacts associated with students that will be generated by the new development;

WHEREAS the cases of *Mira Development Corporation v. City of San Diego* (1988) 252 Cal.App.4th 825, *William S. Hart Union High School District v. Regional Planning Commission of the County of Los Angeles* (1991) 226 Cal.App.3d 1612 and *Murrieta Valley Unified School District v. County of Riverside* (1991) 228 Cal.App.3d 1212 addressed the severe impacts that development of homes cause school districts and the need to build facilities to accommodate the students brought by new development;

WHEREAS in the Orange Unified School District (“District”), new development from over 3,793,598 sf in the last five years is projected to generate approximately 1117 additional students over the course of the development of these new homes. In addition, the development of:

1. 2810-2860 North Glassell Street in Orange – generating 32 units
2. 1725 West Katella Avenue in Orange – generating 94 units
3. 4720-4776 E Washington Ave in Orange – generating 13 units
4. 850 W Town & Country in Orange – generating 357 units
5. 200-400 S Auburn Heights Lane in Anaheim – generating 42 units

Contribute to the well over 1,500 new dwelling units that have recently been built, are in the process of being built or are entitled and about to be built in the District. The total number of students generated by development at the above mentioned addresses is anticipated to be an additional anticipated 159 student impacts on the District at Fletcher Elementary School and the District’s high schools;

WHEREAS to accommodate this growth the District needs to build additional modular classrooms and a restroom at Fletcher Elementary School (“Fletcher”) for its Mandarin Program, and to renovate facilities and restrooms at multiple high school athletic field locations.

NOW THEREFORE the Board of Education resolves as follows:

1. The students generated from new development will cause impacts that require accommodation through the construction of new classroom facilities and renovation of athletic facilities;

2. The District resolves that school fees shall be utilized for the growth-related impacts to construct new school facilities and renovate athletic facilities.
3. In addition, pursuant to Education Code Section 17582, 3% of the fees collected may be utilized for administrative costs associated with managing and collecting the fee.

ADOPTED, SIGNED AND APPROVED this 10th day of September 2020.



John Ortega, President of the Governing Board
Orange Unified School District

I, KRIS ERICKSON, Clerk of the Governing Board of the Orange Unified School District, do hereby certify that the foregoing Resolution was adopted by the Governing Board of said District at a meeting of said Board held on the 10th day of September 2020, and that it was so adopted by the following vote:

AYES: 6
NOES: 0
ABSTAIN: 0
ABSENT: 0



Clerk of the Governing Board
Orange Unified School District