

Orange Unified School District

Combined Annual and Five-year Developer Fees Report

December 7, 2017



Facilities and Planning Department

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Orange Unified School District
Combined Annual and Five-year Developer Fee Report
Fiscal Year 2016/17

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 27, 2016, the 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.

As amended on February 24, 2016, for unified school districts, the Level I fee for residential construction was increased from \$3.36 to \$3.48 per square foot of new residential construction. The Level I fee for commercial/industrial construction was increased from \$0.54 to \$0.56 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 over the next few months in anticipation of the SAB adjusting rates again at its January 2018 meeting.

For the reporting period July 1, 2016, through June 30, 2017, the Level I Developer Fee amounts were \$3.48 for residential \$0.56 for commercial/industrial depending on where the development was located.

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 the 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
- Designate the approximate dates when the funding referred to on the previous page 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 09-17-18 Findings Pertaining to Developers Fees, is attached herein.

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. The notice was posted on the District’s Web site and the information has been available since Monday, October 23, 2017; 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.

The 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	\$3.48 per square foot
Commercial	\$0.56 per square foot

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

Beginning Balance	\$6,838,120.90
Ending Balance	\$7,026,354.75

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

Fees Collected	\$1,009,556.04
Interest Earned	\$63,228.49

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.

Fred Kelly Stadium Improvements - Architectural Design Services	
Amount Expended	\$853,430.57
Percentage Funded with Developer Fees	100%

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.

No projects meet these criteria

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.

There was one transfer of \$102,466 to Fund 40 for architectural design and geotechnical investigation expenses associated with Fred Kelly Stadium.

There were no inter-fund loans during 2016/17.

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

No refunds were made during the reporting period

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 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 student population growth

- C. Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements identified in paragraph (2) of subdivision (a).

At this time, the only identified source of funding for the Fred Kelly Stadium improvements is Developer Fees

- 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.

Not Applicable, 100% Developer Fee Funded

Additional Information

Revenue and expenditure information for 2016/17 and 2017/18 budget information is provided on the attached sheets.

1. 2016/17 Revenue and Expenditure Summary
2. 2017/18 Budgeted Revenues and Expenditures

Combined Annual and Five-year Developer Fee Report
Fiscal Year 2016/17

Attachment 1

Reportable Fees Type: Level I Developer Fees
Account/Fund: Fund 25 Capital Facilities
2016/17 Fiscal Year Report

2016/17 Revenue and Expenditure Summary	<u>Object</u>		
Beginning Balance July 1, 2016	9791		\$ 6,838,120.90
Revenue			
Interest Earned	8660	\$ 63,228.49	
Developer Fees Collected	8681	\$ 1,009,556.04	
Total Revenue			\$ 1,072,784.53
Adjustments (Net Changes in Investments)	8662		
Beginning Balance + Revenue			\$ 7,910,905.43
Expenditures			
Interfund Postage	5752	\$ 25.67	
Misc. Fees	5811	\$ 4,425.94	
Legal Fees	5831	\$ 318.50	
Professional Services - Consultants	5850	\$ 26,350.00	
Publications/Advertisements	5894	\$ -	
Buildings/Improvements of Buildings*	6200	\$ 750,964.57	
Interfund Transfer Other - To Fund 40*	7619	\$ 102,466.00	
Refunds/Overpayments - Abandoned Projects	7299	\$ -	
Total Expenditures			\$ 884,550.68
Ending Balance June 30, 2017			\$ 7,026,354.75
 <u>Total Expenditures - Fred Kelly Stadium</u>			
Buildings/Improvements of Buildings*		\$ 750,964.57	
Interfund Transfer Other - To Fund 40*		\$ 102,466.00	
Total Fred Kelley Architectural Design Services		\$ 853,430.57	

*Fred Kelly Stadium Architectural Design Services

Combined Annual and Five-year Developer Fee Report
Fiscal Year 2016/17

Attachment 2

Reportable Fees Type: Level I Developer Fees
Account/Fund: Fund 25 Capital Facilities
2016/17 Fiscal Year Report

2017/18 Budgeted Revenue and Expenditures	<u>Object</u>		
Beginning Balance July 1, 2017	9791		\$ 7,026,354.75
Revenue			
Interest Earned	8660	\$ 40,000.00	
Developer Fees Collected	8681	\$ 700,000.00	
Other Local Revenue	8699		
Total Revenue		\$ 740,000.00	
Adjustments (Net Changes in Investments)	8662		
Beginning Balance + Revenue			\$ 7,766,354.75
Expenditures			
Interfund Postage	5752	\$ 100.00	
Misc. Fees	5811	\$ 5,000.00	
Legal Fees	5831	\$ -	
Professional Services - Consultants	5850	\$ 40,000.00	
Publications/Advertisements	5894	\$ 1,000.00	
Buildings/Improvements of Buildings	6200		
Interfund Transfer Other	7619		
Refunds/Overpayments - Abandoned Projects	7299	\$ -	
Total Expenditures			\$ 46,100.00
Ending Balance June 30, 2018			\$ 7,720,254.75