



CHICO UNIFIED SCHOOL DISTRICT  
**SCHOOL FEE JUSTIFICATION STUDY**

JUNE 8, 2016

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PUBLIC FINANCE

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## **EXECUTIVE SUMMARY**

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Education Code Section 17620 authorizes the governing board of a school district to levy school fees to offset the impacts to school facilities from new residential and commercial/industrial construction and reconstruction. In order to levy Level I fees (statutory fees), a school district must prepare and adopt a school fee justification study pursuant to the provisions of Education Code Section 17620 and Sections 65995 and 66001 of the Government Code. The school fee justification study serves as the basis for justifying the levy of Level I fees and presents and documents the nexus findings required by State law.

This School Fee Justification Study (“Study”) has been prepared for the Chico Unified School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction of school facilities, the cost of the school facilities, and the per square foot amount of Level I fees (“School Fees”) that may be levied by the School District on residential and commercial/industrial development in accordance with applicable law.

The maximum School Fees authorized by Education Code Section 17620 are currently \$3.48 per square foot for residential construction/reconstruction and \$0.56 per square foot for commercial/industrial construction. The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years. The levy of such Level I School Fees were justified by the findings presented in the Fee Justification Study previously prepared for the School District. Based on the findings presented in this Study, the School District is justified in collecting Level I School Fees at an amount equal to the maximum authorized School Fees of \$3.48 per square foot for residential construction/reconstruction and up to \$0.56 per square foot for categories of commercial/industrial development (“Applicable School Fees”). The findings are summarized below:

### **RESIDENTIAL DEVELOPMENT**

New residential development in the School District is projected over the next ten (10) years. Based on historical student generation rates, such development will generate an estimated 709 new students over the next ten (10) years. The school facilities cost impact per residential square foot as determined in this Study is shown in the following table. The cost impact per square foot shown in Table E-1 below exceeds the current maximum authorized residential School Fee of \$3.48. Therefore the School District is reasonably justified in levying a Level I School Fee in an amount up to but not exceeding \$3.48 per square for residential development (“Applicable Residential School Fee”).

**TABLE E-1**

**RESIDENTIAL SCHOOL FACILITIES COST IMPACTS/APPLICABLE SCHOOL FEES**

<b>DESCRIPTION</b>	<b>IMPACT PER SQUARE FOOT</b>	<b>MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT</b>
Residential Development	<b>\$4.22</b>	<b>\$3.48</b>

## **COMMERCIAL/INDUSTRIAL DEVELOPMENT**

As commercial/industrial properties develop new jobs are created. Many of the employees working at the new jobs will move into the School District boundaries, thereby increasing the need for new residential development and further impacting the School District's facilities. School Fees may be imposed on commercial/industrial development if the school fees collected on residential development are insufficient to provide adequate school facilities for students generated as a result of new development and nexus findings are presented that justify the imposition of the commercial/industrial school fee.

Section 17621(e)(1)(B) of the Education Code requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. This code section further adds that employee generation estimates shall be based on the applicable employee generation estimates set forth in the January 1990 edition of "San Diego Traffic Generator Study" ("Traffic Study"), a report by San Diego Association of Governments ("SANDAG"). The school facilities cost impacts per commercial/industrial square foot as determined in this Study are shown in Table E-2 by commercial/industrial land use type. The cost impacts per square foot for each category of commercial/industrial development are equal to or exceed the maximum authorized School Fee of \$0.56 per square foot, except for Rental Self-Storage development. Therefore, except for Rental Self-Storage development, the School District is justified in levying commercial/industrial School Fees on new commercial/industrial development in an amount up to but not exceeding the maximum authorized School Fee of \$0.56 per square foot ("Applicable Com/Ind. School Fees"). New construction classified as Rental Self-Storage may be levied up to \$0.06 per square foot of assessable space.

**TABLE E-2  
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS/APPLICABLE SCHOOL FEES**

<b>COMMERCIAL/INDUSTRIAL CATEGORY</b>	<b>IMPACT PER SQUARE FOOT</b>	<b>MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT</b>
Banks	<b>\$2.46</b>	<b>\$0.56</b>
Community Shopping Center	<b>\$1.34</b>	<b>\$0.56</b>
Neighborhood Shopping Center	<b>\$2.44</b>	<b>\$0.56</b>
Industrial Business Parks	<b>\$3.06</b>	<b>\$0.56</b>
Industrial Parks/Warehousing	<b>\$1.17</b>	<b>\$0.56</b>
Rental Self-Storage	<b>\$0.06</b>	<b>\$0.06</b>
Research & Development	<b>\$2.65</b>	<b>\$0.56</b>
Hospitality(Lodging)	<b>\$0.99</b>	<b>\$0.56</b>
Commercial Offices (Standard)	<b>\$4.17</b>	<b>\$0.56</b>
Commercial Offices (Large High Rise)	<b>\$3.96</b>	<b>\$0.56</b>
Corporate Offices	<b>\$2.34</b>	<b>\$0.56</b>
Medical Offices	<b>\$3.72</b>	<b>\$0.56</b>

## **SECTION I. INTRODUCTION**

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### **A. PURPOSE OF THE STUDY**

The purpose of this Study is to determine if a reasonable relationship exists between new residential and commercial/industrial development and the School District's need for the construction and/or reconstruction of school facilities. The findings presented in this Study have been made pursuant to and in compliance with Education Code Section 17620 and Government Code Section 66001 *et seq.* and serve as a basis for determining such a relationship.

### **B. GENERAL DESCRIPTION OF THE SCHOOL DISTRICT**

The School District serves areas within the city of Chico (the "City") and portions of unincorporated Butte County ("County") and currently educates a total student population of approximately 11,984 kindergarten through twelfth grade students. The School District currently operates twelve (12) elementary school sites (K-5), three (3) junior high school sites (6-8), two (2) comprehensive high school sites (9-12), a continuation school and one (1) charter school serving grades 9 through 12 students. The implementation of K-5 elementary schools and 6-8 junior high schools will be implemented for school year 2016/17 therefore the calculations and tables set forth in this report are based on the new configuration.

## **SECTION II. LEGISLATION AND LEGAL REQUIREMENTS**

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This section discusses the legislative history of the Level I Fee.

Assembly Bill (“AB”) 2926 enacted by the State in 1986, also known as the “1986 School Facilities Legislation” granted school districts the right to levy fees in order to offset the impacts to school facilities from new residential and commercial development. Originally set forth in Sections 53080 and 65995 of the Government Code, AB 2926 authorized statutory school fees to be levied, commencing January 1, 1987, in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space. AB 2926 also provided for an annual increase of the statutory fees based on the statewide cost index for Class B construction, as determined by the SAB. The provisions of AB 2926 have since been amended and expanded.

AB 1600 was enacted by the State legislature in 1987 and created Government Code Sections 66000 *et seq.* These sections require a public agency to satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project:

1. Determine the purpose of the fee.
2. Identify the use to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed.
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed.
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

AB 181, enacted in 1989, established new requirements for school districts levying school fees and also re-codified Government Code Section 53080 *et seq.* as Education Code Section 17620 *et seq.* The additional provisions established by AB 181 imposed more stringent nexus requirements which must be satisfied by school districts prior to levying school fees, especially with respect to commercial/industrial school fees. Additionally, AB 181 provided that the maximum school fees for residential and commercial/industrial development be subject to an increase every two (2) years rather than annually.

In 1998, Governor Wilson signed into law Senate Bill 50 (“SB 50”), the Leroy F. Greene School Facilities Act of 1998, which reformed State’s School Building Program and developer school fee legislation. A significant provision of SB 50 provides school districts the option of adopting alternative school fees (also known as Level II and Level III fees) in excess of the Level I fee

upon meeting certain requirements. SB 50 also placed a \$9.2 billion State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the passage of Proposition 1A in November 1998, SB 50 became operative.

SB 50 also limited the power of City and counties to require mitigation of school facilities impacts as a condition of approving new development and suspended the court cases known as Mira-Hart-Murrieta. The Mira-Hart-Murrieta cases previously permitted school districts to collect mitigation fees in excess of school fees under certain circumstances.

On November 5, 2002, California voters passed Proposition 47, which authorized the issuance of \$13.05 billion in State bonds and also enacted AB 16, which provided for additional reformation of the School Building Program. AB 16, among other items, clarified that if the SAB is no longer approving apportionments for new construction due to the lack of funds available for new school facilities construction, a school district may increase its Level II Fee to the Level III Fee. With the issuance of the State bonds authorized by the passage of Proposition 47, this section of AB 16 became inoperable.

Furthermore, Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. Most recently, California voters approved Proposition 1D in the general election held on November 7, 2006. Proposition 1D authorized the issuance of \$10.4 billion in State bonds.

## **SECTION III. PROJECTED UNHOUSED STUDENTS AND FACILITY REQUIREMENTS**

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The objective of this Study is to determine if a nexus exists between future residential and commercial/industrial development and the need for school facilities. In addition, the Study aims to identify the costs of such required school facilities and determine the amount of School Fees that can be justifiably levied on residential and commercial/industrial development according to the estimated impacts caused by such development. This section evaluates whether existing school facilities can accommodate students generated from future residential development, projects student enrollment based on anticipated residential growth, and estimates the costs of school facilities required to accommodate new residential growth. The findings determined in this section are used in following sections to evaluate the cost impact per square foot for new residential and commercial/industrial property. Although many of the figures in this section are primarily derived from residential development projections and impacts, they are adjusted in Section V to evaluate the impact of commercial/industrial development.

### **A. SCHOOL DISTRICT CAPACITY AND STUDENT ENROLLMENT**

The School District's existing school facilities capacity and student enrollment were evaluated in order to determine if there is excess capacity to house students generated by new residential and commercial/industrial development.

The School District currently operates twelve (12) elementary school sites, two (3) junior high school sites, two (2) comprehensive high school sites, one (1) continuation high school and a charter high school.

Based on the 2014 Facilities Master Plan ("Master Plan") and confirmed by the School District, these facilities have a capacity to accommodate 13,258 students, 5,450 of which are at the elementary school level, 2,838 of which are at the junior high school level and 4,970 seats are at the high school level.

Based on student enrollment data as of October 2015 (CALPADs), the total student enrollment of the School District is 11,984 students, of which 5,104 students are at the elementary school level, 2,676 students are at the junior high school level, and 4,204 are at the high school level. It should also be noted the total capacity and enrollment do not include approximately 468 students attending the Inspire School of Arts and Sciences and Academy for Change. Should the students currently enrolled in these schools that would otherwise attend schools fully operated by the School District return to a normal curriculum, the School District's facilities needs would require further evaluation.

Subtracting October 2015 student enrollment from existing school facilities capacity for each school level shows excess capacity exists at the elementary school, junior high school and high school levels. The facilities capacity and student enrollment comparisons are shown in Table 1.

**TABLE 1  
FACILITIES CAPACITY AND STUDENT ENROLLMENT**

<b>SCHOOL LEVEL</b>	<b>EXISTING FACILITIES CAPACITY</b>	<b>STUDENT ENROLLMENT (OCTOBER 2015)</b>	<b>EXCESS CAPACITY BASED ON STUDENT ENROLLMENT (OCTOBER 2015)</b>
Elementary School (K-5)	5,450	5,104	346
Junior High School (6-8)	2,838	2,676	162
High School (9-12)	4,970	4,204	766
<b>Total</b>	<b>13,258</b>	<b>11,984</b>	<b>1,274</b>

**B. PROJECTED UNHOUSED STUDENTS**

**1. Projected Residential Units**

Based on information obtained from the Planning Department of the City, K&G Public Finance estimated the School District could experience the development of 2,894 residential units over the next ten (10) years. Of the 2,894 projected units, zero units will fully mitigate their impact on the School District through participation in a community facilities district or through the execution of a mitigation agreement. The total number of projected residential units, mitigated projected residential units and unmitigated projected residential units are summarized by residential category in Table 2 below. Single-Family Detached units (“SFD”) are those units with no common walls; Multi-Family (“MF”) are those units sharing a common wall and include townhouses, condominiums, apartments, and duplexes.

**TABLE 2  
PROJECTED RESIDENTIAL UNITS**

<b>RESIDENTIAL CATEGORY</b>	<b>TOTAL PROJECTED UNITS</b>	<b>MITIGATED PROJECTED UNITS</b>	<b>UNMITIGATED PROJECTED UNITS</b>
SFD	2,660	0	2,660
MF	234	0	234
<b>TOTAL</b>	<b>2,894</b>	<b>0</b>	<b>2,894</b>

**2. School District-wide Student Generation Rates**

In order to calculate student generation rates (“SGRs”), K&G Public Finance first obtained property data obtained from the County Assessor’s Office. The property database contains property information for parcels within the School District, including land use class information (i.e. condominiums, single family dwellings, etc.). Parcels in the database were classified by unit type (SFD, MF) based on the County land use classes.

K&G Public Finance then obtained a student database from the School District, which contained school attended and physical address information for each student enrolled in

the School District. The student database is reflective of student enrollment information as of October 2015. The student enrollment address information was matched to the address (situs address) information of parcels in the County property database. The number of students matched was then queried by school level and residential category.

Since the property data information obtained from the County was missing unit counts for many of the residential parcels contained therein, K&G Public Finance relied on housing information from the U.S. Census Bureau<sup>1</sup> to estimate the total number of residential units located within the School District by residential category. The student enrollment address information was matched to the address (situs address) information of parcels in the County property characteristic database. The number of students matched was then queried by school level and residential category. Tables 3, 4 and 5 below summarize the calculation of the SGRs by residential category.

**TABLE 3  
SINGLE FAMILY DETACHED (SFD)  
SCHOOL DISTRICT-WIDE STUDENT GENERATION RATES**

SCHOOL LEVEL	STUDENTS MATCHED	SFD UNITS	SGR BY SCHOOL LEVEL
Elementary School (K-5)	3,554	28,512	0.1246
Junior High School (6-8)	1,191	28,512	0.0418
High School (9-12)	2,361	28,512	0.0828
<b>TOTAL</b>	<b>7,106</b>	<b>NA</b>	<b>0.2492</b>

**TABLE 4  
MULTI-FAMILY (MF)  
SCHOOL DISTRICT-WIDE STUDENT GENERATION RATES**

SCHOOL LEVEL	STUDENTS MATCHED	MF UNITS	SGR BY SCHOOL LEVEL
Elementary School (K-5)	1,879	16,172	0.1162
Junior High School (6-8)	521	16,172	0.0322
High School (9-12)	796	16,172	0.0492
<b>TOTAL</b>	<b>3,196</b>	<b>NA</b>	<b>0.1976</b>

**TABLE 5  
COMBINED SCHOOL DISTRICT-WIDE STUDENT GENERATION RATES<sup>2</sup>**

SCHOOL LEVEL	SFD UNITS	MF UNITS
Elementary School (K-5)	0.1246	0.1162
Junior High School (6-8)	0.0418	0.0322
High School (9-12)	0.0828	0.0492
<b>TOTAL</b>	<b>0.2492</b>	<b>0.1976</b>

<sup>1</sup> 2010-2014 American Community Survey 5-Year Estimates; DP04- Selected Housing.

<sup>2</sup> SGRs are a calculation of students per residential unit at a given moment in time and are constantly changing; therefore consideration should be taken when utilizing SGRs determined herein for long-term planning.

### 3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 5 by the number of unmitigated residential units anticipated to be constructed within the School District over the next ten (10) years (“Projected Units”) and shown in Table 2. A total of 709 students are estimated to be generated from Projected Units. The projected student enrollment is summarized by school level in Table 6.

**TABLE 6**  
**PROJECTED STUDENT ENROLLMENT BY SCHOOL LEVEL**

SCHOOL LEVEL	PROJECTED STUDENTS
Elementary School (K-5)	358
Junior High School (6-8)	119
High School (9-12)	232
<b>Total</b>	<b>709</b>

### 4. Projected Unhoused Students

As shown in Table 1, there is available permanent facilities capacity at the junior high school and high school levels. However, the capacity analysis is driven by State classroom loading standards and does not consider the educational program goals and priorities of the School District, nor do the results of the capacity analysis reveal condition and adequacy of the existing facilities to house student enrollment. The School District’s facilities needs and the adequacy of existing facilities to provide for Projected Student Enrollment is further discussed in Section II.C.1 of this Study.

**TABLE 7**  
**PROJECTED UNHOUSED STUDENTS**

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	SURPLUS SEATS AVAILABLE	PROJECTED UNHOUSED STUDENTS
Elementary School (K-5)	358	346	12
Junior High School (6-8)	119	162	0
High School (9-12)	232	766	0
<b>Total</b>	<b>709</b>	<b>1,274</b>	<b>12</b>

## C. FACILITY NEEDS AND ESTIMATED PER STUDENT COST

### 1. Facilities Needs

The School District’s Master Plan identifies and describes the School District’s facilities and certain facilities improvement needs and the preliminary cost estimates for the identified projects. The Master Plan estimates the costs of the facilities and

technological improvement projects described therein to be approximately \$389,617,000 in 2014 dollars.

The Master Plan was designed around the concept of issuing general obligation debt as a primary source of funding to pay for needed facilities improvement projects. School districts can, with the required approval of its voters, issue general obligation bonds that are secured by an annual levy on taxable parcels within the boundaries of a school district. The levy is based on the assessed value of a parcel as determined by the County, pursuant to Proposition 13. In November 2012, Measure “E” was approved by the voters, which authorized the issuance of \$78,000,000 in general obligation bond indebtedness to fund many of the capital improvement projects identified in the Master Plan. Revenues from the imposition of the Applicable School Fees are intended to help bridge the funding gap between the estimated costs of the projects and monies available from general obligation bond proceeds, State funding or other sources.

The facilities improvement needs described in the Master Plan demonstrate capital improvement projects are necessary for the long-term use and adequate housing of student enrollment at the School District’s existing facilities and to meet the educational goals of the School District. The proposed capital improvements will benefit student enrollment as a result of new development. Therefore, without implementation of the capital improvement projects adequate facilities do not exist within the School District to house student enrollment as a result of new development.

## 2. Estimated Cost Per Student

The estimated costs of the School District’s facilities needs were used to determine a Cost per Student. This calculation is shown in Appendix “B” of this Report. Table 8 lists the estimated Cost per Student by school level.

**Table 8**  
**Cost Per Student**

School Level	Cost per Student
Elementary School (K-5)	\$42,697
Junior High School (6-8)	\$32,693
High School (9-12)	\$14,663

## SECTION IV. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

The following section presents the school facility impact analysis for new residential development and provides a step-by-step calculation of the estimated per residential square foot cost impact.

To determine the school facilities cost impact per square foot of residential development, first the Facilities Cost Impacts per Student determined in Table 8 are multiplied by the blended SGRs per school level. The determination of the blended student generation rates are shown and described in Appendix “C” of this Study.

The result of this computation is shown in Table 9 and reflects the estimated facilities cost impact per new residential unit.

**Table 9**  
**FACILITIES COST IMPACT PER RESIDENTIAL UNIT**

School Level	Facilities Cost Impact per Student	Blended Student Generation Rate	Facilities Cost Impact per Residential Unit <sup>1</sup>
Elementary School (K-5)	\$42,697	0.1239	\$5,290
Junior High School (6-8)	\$32,693	0.0410	\$1,340
High School (9-12)	\$14,663	0.0801	\$1,175
<b>Total</b>			<b>\$7,805</b>

<sup>1</sup> Figures may not compute due to rounding.

The school facilities cost impact per residential square foot is calculated by dividing the school facilities cost per residential unit determined in Table 9 by the weighted average square footage of each residential unit type. This calculation is shown in Table 10 below. The weighted average square footage square footage of the Projected Units is estimated based on the average square footages of Single Family Residential and Multi-Family Residential units that have paid School Fees from Fiscal Year 2011/12 through April 2016 as provided by the School District

**TABLE 10**  
**SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT**

Facilities Cost Impact per Residential Unit	Estimated Weighted Average Square Footage per Residential Unit	Facilities Cost per Residential Square Foot
\$7,805	1,849	\$4.22

Since the school facilities impact per square foot identified in Table 10 exceeds the current maximum authorized residential School Fees of \$3.48 per square foot, the School District is justified in levying up to the maximum authorized amount for all unmitigated residential development.

## SECTION V. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS

The following section presents the school facilities impact analysis for new commercial/industrial development and provides a step-by-step calculation of the estimated per commercial/industrial square foot cost impact.

### A. EMPLOYEE GENERATION

In the course of making the nexus findings to justify School Fees levied on commercial/industrial development, Education Code Section 17621(e)(1)(B) requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. As mentioned in the Executive Summary, for purposes of making such determination this code section further sets out that the employee generation estimates be based on the applicable estimates set forth in the Traffic Study published by SANDAG.

The employee generation estimates per 1,000 square feet of development derived from the Traffic Study are listed by commercial/industrial land use category in Table 11 below. The land use categories listed are based on those categories described in the Traffic Study and include all land uses recommended by the provisions of Education Code Section 17621(e)(1)(B).

**TABLE 11  
EMPLOYEE GENERATION PER 1,000 SQUARE FEET  
OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	AVERAGE SQUARE FOOTAGE PER EMPLOYEE	EMPLOYEES PER 1,000 SQUARE FEET
Banks	354	2.8253
Community Shopping Center	652	1.5348
Neighborhood Shopping Center	357	2.7985
Industrial Business Parks	284	3.5156
Industrial Parks/Warehousing	742	1.3473
Rental Self-Storage	15,541	0.0643
Research & Development	329	3.0408
Hospitality(Lodging)	883	1.1325
Commercial Offices (Standard)	209	4.7897
Commercial Offices (Large High Rise)	220	4.5442
Corporate Offices	372	2.6848
Medical Offices	234	4.2654

Source: San Diego Traffic Generator Study, January 1990 Edition; SANDAG.

## B. RESIDENTIAL IMPACT

### 1. Households

To evaluate the impact of commercial/industrial development on School District facilities, the employee generation estimates listed in Table 11 were first used to determine the impact of commercial/industrial development on a per household basis. Based on information obtained from the U.S. Census Bureau<sup>3</sup>, there are approximately 1.01 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 11 by 1.01 results in the estimated number of households per 1,000 square feet of commercial/industrial development (“Total Household Impact”).

The Total Household Impact determined in the preceding paragraph takes into consideration all employees generated from commercial/industrial development. Since some of those employees will live outside the School District and therefore will have no impact on the School District, the figures are adjusted to reflect only those households within the School District occupied by employees generated from commercial/industrial development built within the School District. Based on information derived from U.S. Census Bureau data<sup>4</sup>, it is estimated that approximately 64.20% of employees both live and work within the School District. Multiplying the Total Household Impact by 64.20% results in the households within the School District impacted per 1,000 square feet commercial/industrial development. The results of these computations are shown in Table 12.

**TABLE 12**  
**IMPACT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT ON**  
**HOUSEHOLDS WITHIN THE SCHOOL DISTRICT**

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL DISTRICT HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.
Banks	1.7959
Community Shopping Center	0.9756
Neighborhood Shopping Center	1.7789
Industrial Business Parks	2.2347
Industrial Parks/Warehousing	0.8564
Rental Self-Storage	0.0409
Research & Development	1.9329
Hospitality(Lodging)	0.7199
Commercial Offices (Standard)	3.0445
Commercial Offices (Large High Rise)	2.8885
Corporate Offices	1.7066
Medical Offices	2.7113

<sup>3</sup> 2010-2014 American Community Survey 5-Year Estimates; DP04-Selected Housing; S0801-Commuting Characteristics (workers 16 years and over).

<sup>4</sup> 2010-2014 American Community Survey 5-Year Estimates; S0801-Commuting Characteristics (worked in place of residence).

## C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT

### 1. Cost Impact

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the Facilities Cost Impact per Residential Unit determined in Table 9 is multiplied by the household impacts calculated in Table 12, resulting in the total school facilities cost impact per 1,000 square feet of commercial/industrial development. The total school facilities cost impacts are shown in Table 13 by commercial/industrial development category.

**Table 13**  
**School Facilities Costs per 1,000 Square Feet of**  
**Commercial/Industrial Development**

<b>Commercial/Industrial Category</b>	<b>School District Households per 1,000 Square Feet Com./Ind.</b>	<b>Facilities Cost Impact per Residential Unit (Household)</b>	<b>Total Cost Impact</b>
Banks	1.7959	\$7,805	\$14,017
Community Shopping Center	0.9756	\$7,805	\$7,615
Neighborhood Shopping Center	1.7789	\$7,805	\$13,884
Industrial Business Parks	2.2347	\$7,805	\$17,442
Industrial Parks/Warehousing	0.8564	\$7,805	\$6,684
Rental Self-Storage	0.0409	\$7,805	\$319
Research & Development	1.9329	\$7,805	\$15,086
Hospitality(Lodging)	0.7199	\$7,805	\$5,619
Commercial Offices (Standard)	3.0445	\$7,805	\$23,762
Commercial Offices (Large High Rise)	2.8885	\$7,805	\$22,545
Corporate Offices	1.7066	\$7,805	\$13,320
Medical Offices	2.7113	\$7,805	\$21,162

### 1. Residential Fee Offsets

The total cost impacts determined in Table 13 represent the amounts required to fully mitigate the impact on school facilities, as a result of new commercial/industrial development within the School District. Many employees as result of new commercial/industrial development will commute from areas outside of the School District boundaries or will reside in existing homes, from which no mitigation will be received from the housing in which they reside. However, new commercial/industrial development, and thereby new employee generation, will also increase the need for new residential development to house those employees living in the School District. Applicable Residential School Fees adopted by the School District under applicable law will also be imposed by the School District on such new residential development. To prevent new commercial/industrial development from paying the portion of impact that

is mitigated by the Applicable Residential School Fees, this amount has been calculated and deducted from the school facilities impact costs calculated in Table 13.

The residential fee offsets are first calculated by using the Applicable Residential School Fee of \$3.48 per square foot and multiplying that amount by the average square footage of a residential unit in the School District, which is 1,849 square feet. This calculation provides the average residential revenues from a residential unit of \$6,435 (\$3.48 x 1,849). The average residential revenues from a residential unit multiplied by the Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 13, results in the residential school fee revenues per 1,000 square feet of commercial/industrial development (“Residential Fee Offset”). This computation is shown in Table 14.

**Table 14  
Residential Fee Offset**

Category	School District Households per 1,000 Square Feet Com./Ind.	Residential Fee per Unit	Residential Fee Offset per 1,000 Square Feet Com./Ind.
Banks	1.7959	\$6,435	\$11,556
Community Shopping Center	0.9756	\$6,435	\$6,278
Neighborhood Shopping Center	1.7789	\$6,435	\$11,446
Industrial Business Parks	2.2347	\$6,435	\$14,379
Industrial Parks/Warehousing	0.8564	\$6,435	\$5,511
Rental Self-Storage	0.0409	\$6,435	\$263
Research & Development	1.9329	\$6,435	\$12,437
Hospitality(Lodging)	0.7199	\$6,435	\$4,632
Commercial Offices (Standard)	3.0445	\$6,435	\$19,590
Commercial Offices (Large High Rise)	2.8885	\$6,435	\$18,586
Corporate Offices	1.7066	\$6,435	\$10,981
Medical Offices	2.7113	\$6,435	\$17,446

## 2. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 14 from the total school facilities costs listed in Table 13 results in the net school facilities costs per 1,000 square feet of commercial/industrial development (“Net School Facilities Costs”). The Net School Facilities Costs are listed in Table 15.

**TABLE 15**  
**NET SCHOOL FACILITIES COSTS**  
**PER 1,000 SQUARE FEET COMMERCIAL/INDUSTRIAL DEVELOPMENT**

<b>CATEGORY</b>	<b>TOTAL SCHOOL FACILITIES COSTS</b>	<b>RESIDENTIAL FEE OFFSET</b>	<b>NET SCHOOL FACILITIES COSTS</b>
Banks	\$14,017	\$11,556	\$2,461
Community Shopping Center	\$7,615	\$6,278	\$1,337
Neighborhood Shopping Center	\$13,884	\$11,446	\$2,438
Industrial Business Parks	\$17,442	\$14,379	\$3,063
Industrial Parks/Warehousing	\$6,684	\$5,511	\$1,173
Rental Self-Storage	\$319	\$263	\$56
Research & Development	\$15,086	\$12,437	\$2,649
Hospitality(Lodging)	\$5,619	\$4,632	\$987
Commercial Offices (Standard)	\$23,762	\$19,590	\$4,172
Commercial Offices (Large High Rise)	\$22,545	\$18,586	\$3,959
Corporate Offices	\$13,320	\$10,981	\$2,339
Medical Offices	\$21,162	\$17,446	\$3,716

The Net School Facilities Costs determined in Table 15 were then divided by 1,000<sup>5</sup> to provide the cost impact on a square foot basis. These cost impacts are listed in Table 16.

**TABLE 16**  
**NET COST IMPACTS**  
**PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

<b>CATEGORY</b>	<b>NET IMPACTS</b>
Banks	<b>\$2.46</b>
Community Shopping Center	<b>\$1.34</b>
Neighborhood Shopping Center	<b>\$2.44</b>
Industrial Business Parks	<b>\$3.06</b>
Industrial Parks/Warehousing	<b>\$1.17</b>
Rental Self-Storage	<b>\$0.06</b>
Research & Development	<b>\$2.65</b>
Hospitality(Lodging)	<b>\$0.99</b>
Commercial Offices (Standard)	<b>\$4.17</b>
Commercial Offices (Large High Rise)	<b>\$3.96</b>
Corporate Offices	<b>\$2.34</b>
Medical Offices	<b>\$3.72</b>

<sup>5</sup> The Employee Generation rates derived from the SANDAG study are estimated per 1,000 square feet of development.

The net cost impacts shown in Table 16 are equal to or exceed the maximum authorized statutory school fee for commercial/industrial development of \$0.56 per square foot, except for the category of Rental Self-Storage development. Therefore, the School District is justified in levying school fees on commercial/industrial in amount up to but not exceeding the maximum authorized statutory fee. For Rental Self-Storage businesses, which typically have extremely low numbers of employees, the School District is justified in collecting \$0.06 per square foot.

**D. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES**

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 16, the School District shall evaluate such development on a case-by-case basis to determine if the imposition of the School Fees on the development meets the nexus requirements set forth under Government Code Section 66000 et seq. The School District may levy School Fees on such development in an amount up to but not exceeding the cost per square foot impact determined through such evaluation.

**E. AGE-RESTRICTED (SENIOR) HOUSING**

Government Code Sections 65995.1 and 65995.2 provides school districts may only charge the fees applicable for commercial/industrial development for qualified age-restricted (senior citizen) housing. Qualified age-restricted housing generates employees resulting in school facility impacts similar to those impacts from other commercial/industrial categories specified herein.

## **SECTION VI. REDEVELOPMENT**

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Government Code Section 66001, subdivision (a)(3) and (4) requires that a school district, in imposing school-impact fees, establish a reasonable relationship between the fee's use, the need for the public facility and the type of development project on which the fee is imposed. This section addresses and sets forth general policy when considering the levy of school fees on new construction resulting from redevelopment projects within the School District.

Redevelopment means voluntarily demolishing existing residential, commercial, and/or industrial structures and subsequently replacing them with new construction (“Redevelopment”). School fees authorized pursuant to Education Code Section 17620 and Government Code Sections 65995 et seq. shall be levied by the School District on new construction resulting from Redevelopment projects, if there is a nexus between the School Fees being imposed and the impact of new residential units on school facilities, after the impact of pre-existing development has been taken into consideration. In determining such nexus, the School District shall review, evaluate and determine on a case-by-case basis, the additional impact of the proposed new construction by comparing the projected square footage, student generation and cost impacts of the proposed new construction and the pre-existing residential, commercial and/or industrial development. Such analysis shall utilize the student generation rates identified in Tables 3, 4 and 5 of this Study, as applicable.

The School District may levy School Fees, authorized under applicable law, on new construction resulting from Redevelopment projects in an amount up to the additional impact cost per square foot as determined in accordance with the preceding paragraph, but not exceeding the Applicable School Fees.

## **SECTION VII. GOVERNMENT CODE SECTION 66000**

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Government Code Sections 66000 *et seq.* were enacted by State Legislature in 1987. In any action establishing, increasing, or imposing a fee as a condition of approval of a development project, such as the Applicable Residential School Fee and Applicable Com/Ind. School Fees described herein, these Government Code sections require the public agency to satisfy the following requirements:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

The information set forth herein, including the information contained in the Appendices attached hereto, provide factual evidence establishing a nexus between the type of development projected to be built within the School District and the amount of Applicable School Fees levied upon such development based on the need for such Applicable School Fees. The determinations made in this Study meet the requirements of Government Code Section 66000. The findings are summarized as follows:

### **Purpose of the School Fee**

The Board of the School District will levy and collect school fees on new residential and commercial/industrial development to obtain funds for the construction and/or reconstruction of school facilities to accommodate students generated as a result of such development. In accordance with Education Code Section 17620, "construction or reconstruction of school facilities" *does not* include any item of expenditure for any of the following:

- (i). Regular maintenance or routine repair of school buildings and facilities;
- (ii). Inspection, sampling, analysis, encapsulation or removal of asbestos-containing material, except where incidental to school facilities construction or reconstruction for which the expenditure of fees or other consideration collected pursuant to Education Code Section 17620 is not prohibited; and,
- (iii). Deferred maintenance as described in Education Code Section 17582.

### **Identify the Use of the School Fee**

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments will be used for the following purposes:

- (i). Construction or reconstruction of school facilities required to accommodate students generated by new residential and commercial/industrial development in areas of the School District where existing school facilities are needed;
- (ii). Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
- (iii). Acquisition or lease of property for unhoused students generated from new development;
- (iv). Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
- (v). Furniture for use in new school facilities;
- (vi). Costs associated with the administration, collection, and justification for the Applicable School Fees;
- (vii). Provide local funding that may be required if the School District applies for State funding through SB 50.

The 2015 Facilities Master Plan outlined proposed improvement plans to a number of existing school facilities and the proposed development and construction of new school facilities. As previously noted and described herein, the Applicable School Fees will be used to fund school facilities necessary to accommodate Projected Unhoused Students generated by unmitigated Projected Units to the extent described in this Study and permitted by applicable law. Such Applicable School Fees will be used to fund, in part, the school facilities identified in the 2015 Facilities Master Plan, inclusive of those school facilities described in this Study.

### **Relationship between the Use of the Fee, the Need for School Facilities and the Type of Development on which the Fee is Imposed**

As determined in the preceding sections, adequate school facilities do not exist to accommodate students generated from new residential and commercial/industrial development in the areas of the School District where new development is anticipated. The fees imposed on such new development will be used to finance the acquisition of property and the construction and/or reconstruction of school facilities required to accommodate student enrollment growth generated by new residential and commercial/industrial development.

### **Determination of the Relationship between the Fee Amount and the School Facilities Costs Attributable to Type of Development on which the Fee is Imposed**

The imposition of the Applicable Residential School Fee of \$3.48 per square foot of residential development is justified, as this fee is below the per square foot cost impact to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable Com/Ind. School Fees of \$0.56 per square foot of commercial/industrial development are justified as the fees are equal to or below the estimated per square foot net cost impact to provide adequate school facilities required as a result of such new commercial/industrial development, except for Rental Self-Storage development, where a School Fee of \$0.06 per square foot is justified.

### **Accounting Procedures for the Fees**

The School District will deposit, invest, and expend the School Fees imposed and collected on residential and commercial/industrial development in accordance with the provision of Government Code Section 66006.

# **APPENDIX A - FACILITIES CAPACITY UPDATE**

APPENDIX A  
 CHICO UNIFIED SCHOOL DISTRICT  
 FACILITIES CAPACITY UPDATE

School Site	Total Classrooms	Total Student Capacity <sup>1</sup>
Chapman Elementary	20	450
Citrus Elementary	15	372
Emma Wilson Elementary	24	588
Hooker Oak Elementary	13	312
Little Chico Creek Elementary	22	540
Marigold Elementary	18	444
McManus Elementary	24	618
Neal Dow Elementary	13	312
Park View Elementary	14	342
Rosedale Elementary	19	480
Shasta Elementary	19	506
Sierra View Elementary	20	486
Bidwell Junior	33	1,029
Chico Junior	32	1,029
Marsh Junior	25	780
Chico Senior High	86	2,143
Pleasant Valley High	74	2,379
Alternative Ed	17	448
<b>Total</b>	<b>488</b>	<b>13,258</b>

1. Based on the 2014 Facilities Master Plan

# **APPENDIX B – ESTIMATED SCHOOL FACILITIES COSTS**

APPENDIX B  
CHICO UNIFIED SCHOOL DISTRICT  
ESTIMATED SCHOOL FACILITIES COSTS

**SITE IMPROVEMENT COSTS**

	Estimated Site Improvement Costs <sup>1</sup>	Facilities Capacity <sup>1</sup>	Cost per Student
Elementary School (K-6)	\$205,679,000	5,450	\$37,739.27
Middle School (7-8)	\$79,336,000	2,838	\$27,954.90
High School (9-12)	\$51,294,000	4,970	\$10,320.72
	<b>\$336,309,000</b>	<b>13,258</b>	<b>NA</b>

<sup>1</sup> Facilities Master Plan, 2014.

**OTHER COSTS<sup>1</sup>**

Description	Amount
Central Kitchen	\$14,625,000
Corporation Yard	\$18,673,000
District Administration	\$20,010,000
<b>Total Other Costs</b>	<b>\$53,308,000</b>
Estimated Operation School Capacity <sup>2</sup>	13,258
<b>Cost Per Student</b>	<b>\$4,021</b>

<sup>1</sup> Facilities Master Plan, 2014.

<sup>2</sup> Determined based on the current capacities as presented in the Facilities Master Plan, 2014.

**TOTAL COST PER STUDENT (2014 DOLLARS)**

School Level	Site Improvement Cost per Student	Other Costs Per Student	Total Cost Per Student
Elementary School (K-6)	\$37,739	\$4,021	<b>\$41,760</b>
Middle School (7-8)	\$27,955	\$4,021	<b>\$31,976</b>
High School (9-12)	\$10,321	\$4,021	<b>\$14,342</b>

**TOTAL COST PER STUDENT (2016 DOLLARS)**

School Level	Total Cost per Student (2014 Dollars)	Inflation Adjustment <sup>1</sup>	Total Cost Per Student (2016 Dollars)
Elementary School	\$41,760	102.24%	<b>\$42,697</b>
Middle School	\$31,976	102.24%	<b>\$32,693</b>
High School	\$14,342	102.24%	<b>\$14,663</b>

<sup>1</sup> Based on the percentage change in the Sierra West Material/Labor Index (December 2014 to December 2015).

## **APPENDIX C – BLENDED STUDENT GENERATION RATES**

In order to evaluate students generated from future households by school level, the student generation rates determined in Table 5 of this Study were used. These student generation rates are listed by residential category and by school level.

**TABLE C-1  
STUDENT GENERATION RATES**

SCHOOL LEVEL	SFD UNITS	MF UNITS
Elementary School (K-5)	0.1246	0.1162
Junior High School (6-8)	0.0418	0.0322
High School (9-12)	0.0828	0.0492
<b>TOTAL (K-12)</b>	<b>0.2492</b>	<b>0.1976</b>

The student generation rates for each residential category listed in Table C-1 were blended into a single student generation rate for each school level based on the percentage allocation residential categories of unmitigated Projected Units. The percentage allocations are shown in Table C-2.

**TABLE C-2  
ALLOCATION OF UNMITIGATED PROJECTED UNITS BY RESIDENTIAL CATEGORY**

RESIDENTIAL CATEGORY	UNMITIGATED PROJECTED UNITS	PERCENTAGE ALLOCATION
SFD	2,660	91.91%
MF	234	8.09%
<b>TOTAL</b>	<b>2,894</b>	<b>100.00%</b>

The Blended Student Generation Rates were determined by applying the percentage allocations, the results of which are shown in Table C-3.

**TABLE C-3  
BLENDED STUDENT GENERATION RATES**

SCHOOL LEVEL	BLENDED STUDENT GENERATION RATE
Elementary School (K-5)	0.1239
Junior High School (6-8)	0.0410
High School (9-12)	0.0801
<b>TOTAL (K-12)</b>	<b>0.2450</b>

Note: slight differences are due to rounding.