



PERRIS UNION HIGH SCHOOL DISTRICT

ANNUAL AND FIVE-YEAR DEVELOPER FEE REPORT

October 2, 2020

PERRIS UNION HIGH SCHOOL DISTRICT

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SECTION I. EXECUTIVE SUMMARY

Under Education Code 17620 *et seq.*, school districts may levy fees (“School Fees”) in order to offset the impacts to school facilities from new residential and commercial development. Commencing January 1, 1987, statutory school fees were authorized to be levied 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 (“Level 1 Fees”), and are subject to an increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the State Allocation Board every two years. With the passage of Senate Bill 50 (the Leroy F. Greene School Facilities Act) in 1998, the State School Facility Program was established, and provides school districts with the option of adopting alternative school fees (also known as “Level II Fees” and “Level III Fees”) in excess of the Level I Fee upon meeting certain requirements, and are valid for a maximum of one (1) year.

In accordance with Government Code Sections 66001 and 66006, Perris Union High School District (“School District”) must provide certain information on an annual and five-year basis regarding the collection and expenditure of School Fees collected under the authorization of Education Code Section 17620 *et seq* and Government Code Section 65995 *et seq.* For the purposes of annual and five-year reporting requirements, School Fees do not include letters of credit and bond proceeds secured by payment of School Fees at a future date; revenues from developments under special mitigation agreements; or any other financing instrument used by the School District to fund school facilities construction and improvements.

SECTION II. ANNUAL REPORTING REQUIREMENTS

This report contains certain information regarding the type, amount, collection and expenditure of School Fees for Fiscal Year 2019/2020.

A. TYPE AND AMOUNT OF SCHOOL FEES

The School District collects both Statutory School Facilities Fees (“Level I Fees”) and Alternative School Facility Fees (collectively ‘School Fees’). Level I Fees are collected pursuant to Sections 17620 et seq. of the Education Code and Sections 66001 and 65995 et seq. of the Government Code. School Fees are deposited into the Capital Facilities Fund, Fund 25. Level I Fees are levied on square footage of assessable space for commercial/industrial construction/reconstruction and residential construction/reconstruction (primarily residential additions). Additionally, pursuant to Sections 65995.5, 65995.6, and 65995.7 of the Government Code, the School District collected Alternative School Facility Fees (“ASFF”).

The School Fees authorized to be levied by the School District’s Board of Trustees following adoption have been determined by location because Perris Elementary School District (“PESD”) only serves elementary school students from kindergarten through 6th grade. Menifee Union School District (“MUSD”), Nuvview Union School District (“NUSD”) and Romoland School District (“RSD”) serve both elementary school and middle school students from kindergarten through 8th grade. For collection purposes, all unmitigated residential construction/reconstruction in the School District was subject to School Fees in the amounts set forth in the table below.

| FEE TYPE | EFFECTIVE DATES | SCHOOL FEE PER SQUARE FOOT WITHIN PESD | SCHOOL FEE PER SQUARE FOOT WITHIN MUSD, NUSD, RSD |
|---------------------------------|-----------------------------------|--|---|
| Level I Fees (Residential) | July 1, 2019 – June 30, 2020 | \$1.52 | \$1.06 |
| Level I Fees (Commercial) | July 1, 2019 – June 30, 2020 | \$0.2400 | \$0.1700 |
| ASFF (Level II Fee Residential) | July 1, 2019 – December 11, 2019 | \$2.04 | NA |
| ASFF (Level II Fee Residential) | December 12, 2019 – June 30, 2020 | \$1.82 | NA |

B. BEGINNING AND ENDING BALANCE OF ACCOUNT, SCHOOL FEES COLLECTED, INTEREST EARNED AND DISBURSEMENTS (GOVERNMENT CODE SECTION 66006(B) (1) (C) AND (D))

In fiscal year 2019/2020, School Fees were deposited and expended from Fund 25 in amounts as follows:

| ITEM | AMOUNT |
|---------------------------------------|----------------------|
| BEGINNING BALANCE JULY 1, 2019 | \$5,947,461 |
| REVENUES | |
| School Fees Collected | \$2,389,182 |
| Interest Earned on School Fees | 62,400 |
| Other Income ¹ | 25 |
| Reimbursements | \$3,441,418 |
| <i>Revenues Subtotal</i> | <i>\$5,893,025</i> |
| EXPENDITURES | |
| Expenditures | (\$7,302,851) |
| <i>Expenditures Subtotal</i> | <i>(\$7,302,851)</i> |
| ENDING BALANCE JUNE 30, 2020 | \$4,537,635 |

¹ Represents account credit due to a returned check.

C. IMPROVEMENTS ON WHICH SCHOOL FEES WERE EXPENDED

Government Code Section 66006 (b) (1) (E) requires an identification of public improvements upon which School Fees were expended, along with the amounts and percentage of total project expenditures that were funded by School Fees. Project costs, as well as internal and external costs associated with State School Facility Program administration are itemized below:

| PROJECT | AMOUNT OF PROJECT TOTAL FUNDED | PERCENTAGE OF PROJECT TOTAL FUNDED |
|--|--------------------------------|------------------------------------|
| Administrative Salaries and Benefits | \$194,017 | 100% |
| California Military Institute (Gym Addition) | \$23,532 | 1% |
| Consulting Services and Other Services | \$441,391 | 100% |
| Heritage High School Improvements | \$19,957 | 100% |
| Heritage High School (Pool Project) | \$339,934 | 100% |
| Liberty High School (Construction) | \$1,200,243 | |
| Liberty High School (Pool Project) | \$500,512 | 100% |
| Paloma Valley High School (Classroom Addition/Stadium Improvements) | \$3,881,499 | 28% |
| Paloma Valley High School (Multi-purpose and Administration Building Improvements) | \$123,075 | 100% |
| Paloma Valley High School (Gym Bleachers) | \$240,905 | 100% |
| Paloma Valley High School (Pool Project) | \$333,112 | 100% |
| | | |
| Perris High School (Agricultural Center- Phase II) | \$26,340 | 100% |
| Perris High School (Phase IIB) | \$17,718 | 100% |
| Perris High School (Phase III) | \$27,093 | 1% |
| Perris High School (Pool Project) | \$303,620 | 100% |
| | | |
| Pinacate Middle School (Interim Housing) | \$7,956 | 100% |
| Pinacate Middle School (Shade Structure Project) | \$23,886 | 100% |
| | | |
| Services Modular Building Project | \$618,446 | 100% |

D. ANTICIPATED DATES OF COMMENCEMENT FOR SUFFICIENTLY FUNDED AND INCOMPLETE PUBLIC IMPROVEMENT PROJECTS

Should the School District determine that sufficient funds are available to complete an incomplete public improvement project, pursuant to Government Code 66006 (b) (1) (F), the School District must identify an approximate date by which construction of the public improvement will commence. The School District has determined that for FY 2019/2020, School Fees and other sources of funding were insufficient to complete the financing of any Project.

E. INTERFUND TRANSFERS OR LOANS

Government Code Section 66006 (b) (1) (G) requires the description of each interfund 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 interfund 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.

The table below summarizes the reportable interfund transfer(s) showing the projects for which the interfund transfer(s) was used, the fund (or description) to which the School Fees were transferred and the amount transferred:

| PROJECT | FUND | TRANSFER AMOUNT |
|--|---|------------------------|
| High School #4 | 2019 Certificates of Participation (School Financing Project) | \$631,794 ¹ |
| Paloma Valley High School (Classroom Additions/Stadium Improvements) | CFD No. 92-1 Account | \$2,809,624 |

¹ Represents a portion of the total \$39,557,268 of 2019 COPs proceeds that were deposited into and used to refund expenditures from Fund 25.

The following table summarizes the reportable interfund loan(s) showing the description of the projects for which the interfund loan was used, the fund(s) to which School Fees were loaned, the loan amount, date on which the loan will be repaid and rate of interest:

| PROJECT | FUND | LOAN AMOUNT | DATE REPAID | INTEREST RATE |
|----------------------------------|---------|-------------|-------------|---------------|
| Admin Salaries & Benefits 08/09 | Fund 03 | \$99,770 | TBD | 2.38% |
| Admin Salaries & Benefits 09/10 | Fund 03 | \$12,971 | TBD | 1.39% |
| Admin Salaries & Benefits 10/11 | Fund 03 | \$15,083 | TBD | 2.78% |
| Facilities Accounting Consulting | Fund 03 | \$17,000 | TBD | 1.39% |
| Admin Salaries & Benefits 11/12 | Fund 03 | \$39,391 | TBD | 1.88% |
| Admin Salaries & Benefits 12/13 | Fund 03 | \$35,903 | TBD | 1.38% |
| Admin Salaries & Benefits 14/15 | Fund 03 | \$76,638 | TBD | 1.46% |
| Admin Salaries & Benefits 16/17 | Fund 03 | \$183,856 | TBD | 3.24% |
| Admin Salaries & Benefits 17/18 | Fund 03 | \$118,180 | TBD | 1.45% |
| Admin Salaries & Benefits 18/19 | Fund 03 | \$119,649 | TBD | 1.09% |
| Admin Salaries & Benefits 19/20 | Fund 03 | \$122,342 | TBD | 1.08% |

F. REFUNDS OF SCHOOL FEES

Government Code Section 66001 (e) stipulates that the School District is required to refund certain unexpended portions of School Fees and interest accrued to property owners, subject to exceptions described under Government Code 66001 (f). No such refunds were issued in Fiscal Year 2019/2020.

SECTION III. FIVE-YEAR REPORTING REQUIREMENTS

Government Code Section 66001 requires the following information to be provided with respect to unexpended funds in the account.

A. PURPOSE TO WHICH THE SCHOOL FEE IS TO BE EXPENDED

The purpose of the School Fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve students generated by new development within the School District.

B. REASONABLE RELATIONSHIP BETWEEN THE SCHOOL FEE AND THE PURPOSE FOR WHICH IT IS CHARGED

The purpose of the School Fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve the students generated by new development within the School District. The Fee Justification Study adopted on December 12, 2018 and the School Facilities Needs Analysis adopted on December 11, 2019 demonstrate the roughly proportional, reasonable relationship between the new residential, commercial and industrial development upon which School Fees are charged and the need for additional school facilities. The School Fees charged on new development will be used to fund school facilities needed to serve the students generated from new development. Additionally, the School Fees do not exceed the cost of providing school facilities for the new students generated from new development.

C. IDENTIFICATION OF ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING FOR INCOMPLETE PROJECTS

The following table provides the information required by Government Code Section 66001(d)(1) (C) and (D). The information is reported as of the date of this report and is subject to change.

| PROJECT NAME | SOURCE OF FUNDING | EXPECTED DEPOSIT DATE | ANTICIPATED FUNDING AMOUNT | TOTAL ESTIMATED PROJECT COSTS |
|---|------------------------------------|-----------------------|----------------------------|-------------------------------|
| Paloma Valley High School (Multi-purpose room/Administration Building Improvements) | Developer Fees ¹ | As Available | \$1,272,307 | |
| | Other Sources ² | TBD | \$37,027,693 | |
| Subtotal | | | \$38,300,000 | \$38,300,000 |
| High School No. 4 (Liberty High School) | Developer Fees ¹ | As Available | \$332,616 | |
| | Fund 21-Local Bonds ^{3,4} | On hand | \$115,500,000 | |
| | State Funding ⁵ | On hand | \$51,487,315 | |
| | Other Sources ² | TBD | \$9,680,069 | |
| Subtotal | | | \$177,000,000 | \$177,000,000 |
| Middle School No. 2 | Developer Fees ¹ | As Available | \$664,390 | |
| | State Funding ⁶ | TBD | \$20,000,000 | |
| | Other Sources ² | TBD | \$19,335,610 | |
| Subtotal | | | \$40,000,000 | \$40,000,000 |
| California Military Institute (Gym Addition) | Developer Fees ¹ | As Available | \$169,007 | |
| | Fund 21-Local Bonds ³ | On hand | \$17,530,993 | |
| Subtotal | | | \$17,700,000 | \$17,700,000 |
| PHS Completion Phase III | Developer Fees ¹ | As Available | \$687,487 | |
| | Fund 21-Local Bonds ³ | On hand | \$71,312,513 | |
| Subtotal | | | \$72,000,000 | \$72,000,000 |
| District-wide Pool Project | Developer Fees ¹ | As Available | \$1,441,828 | |
| | Fund 21-Local Bonds ³ | On hand | \$41,088,172 | |
| Subtotal | | | \$42,500,000 | \$42,500,000 |
| TOTAL | | | \$387,500,000 | \$387,500,000 |

1 Based on Fund 25 balance available as of June 30, 2020.

2 Other sources include funding previously received and/or unidentified future sources of funding.

3 From remaining Measure T funds and Measure W funds available.

4 Includes funding from proceeds of the 2019 Certificates of Participation (School Financing Project).

5 New Construction School Facilities Program funding received

6 Estimated based on 50% of estimated project costs.