



PERRIS UNION HIGH SCHOOL DISTRICT  
**SCHOOL FEE JUSTIFICATION STUDY**

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# TABLE OF CONTENTS

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<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>SECTION I. LEGISLATION AND LEGAL REQUIREMENTS.....</b>	<b>5</b>
<b>SECTION II. PROJECTED UNHOUSED STUDENTS AND ESTIMATED FACILITY AND PER STUDENT COSTS .....</b>	<b>7</b>
A. SCHOOL DISTRICT CAPACITY AND STUDENT ENROLLMENT .....	7
B. PROJECTED UNHOUSED STUDENTS.....	8
C. FACILITY COSTS AND ESTIMATED PER STUDENT COST.....	11
<b>SECTION III. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT .....</b>	<b>13</b>
A. NET IMPACT PER RESIDENTIAL SQUARE FOOT -- MUSD, NUSD & RSD AREA .....	13
B. NET IMPACT PER RESIDENTIAL SQUARE FOOT – PESD AREA .....	14
<b>SECTION IV. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS .....</b>	<b>16</b>
A. EMPLOYEE GENERATION .....	16
B. RESIDENTIAL IMPACT.....	17
C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT -- MUSD, NUSD & RSD AREA .....	19
D. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT -- PESD AREA.....	23
E. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES.	26
F. AGE-RESTRICTED (SENIOR) HOUSING.....	26
<b>SECTION V. REDEVELOPMENT .....</b>	<b>27</b>
<b>SECTION VI. GOVERNMENT CODE SECTION 66000 .....</b>	<b>28</b>

## APPENDICES

- Appendix A – Commercial/Industrial Category Descriptions
- Appendix B – Enrollment Summary
- Appendix C – Student Generation Rates
- Appendix D – Facility Capacity Update

## **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 Perris Union High 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 \$4.08 per square foot for residential construction/reconstruction and \$0.66 per square foot for commercial/industrial construction for unified school districts. The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years.

The School District provides education for grades 7-12 for students generated by the Perris Elementary School District (“PESD”) and grades 9-12 for students generated by the Menifee Union School District (“MUSD”), the Nuvew Union School District (“NUSD”) and the Romoland School District (“RSD”). Pursuant to Education Code section 17623(a), the School District, as a nonunified school district sharing common jurisdiction with other nonunified school district(s), entered into a fee sharing agreement with PESD, MUSD, NUSD and RSD. The agreement specifies the percentage of the maximum School Fees that may be levied and collected by each school district. According to the agreement, twenty eight percent (28%) of the maximum School Fees may be charged and collected by the School District for areas within the School District boundaries shared by MUSD, NUSD and RSD, or \$1.14 and \$0.1848 for residential and commercial/industrial development, respectively (“Applicable School Fees”) and forty percent (40%) of the maximum School Fees may be charged and collected by the School District for areas within the School District boundaries shared by PESD, or \$1.63 and \$0.2640 for residential and commercial/industrial development, respectively (“PESD Area Applicable School Fees”). Based on the findings presented in this Study, the School District is justified in collecting its portion of the maximum residential and commercial/industrial Applicable School Fees and PESD Area Applicable School Fees. The findings are summarized as follows:

### **Residential Development**

New residential development in the School District is projected over the next ten (10) years and beyond. Based on historical student generation rates, new residential development not within a Community Facilities District or subject to a Mitigation Agreement could generate an estimated 2,417 new students over the next ten (10) years. The projected student enrollment supports

construction of additional school facilities and expansion of existing school facilities. The school facilities cost impacts per residential square foot as determined in this Study are shown in the following table by area of the School District.

**TABLE E-1  
RESIDENTIAL SCHOOL FACILITIES COST IMPACTS BY AREA**

<b>IMPACT PER SQUARE FOOT FOR AREAS WITHIN PESD</b>	<b>IMPACT PER SQUARE FOOT FOR AREAS WITHIN MUSD, NUSD &amp; RSD</b>
\$6.70	\$4.40

The cost impacts per square foot of residential construction/reconstruction shown in Table E-1 are greater than the School District’s share of the current maximum authorized residential School Fee, which is \$1.14 per square foot for the area served by MUSD, NUSD and RSD, and \$1.63 per square foot for the area served by PESD (the “Applicable Residential School Fees”); therefore the School District is reasonably justified in levying statutory Level I school fees in an amount up to but not exceeding the Applicable Residential School Fees. The Applicable Residential School Fees that may be charged by the School District are summarized in Table E-2 below by area of the School District.

**TABLE E-2  
APPLICABLE RESIDENTIAL SCHOOL FEES BY AREA**

<b>APPLICABLE SCHOOL FEE PER SQUARE FOOT FOR AREAS WITHIN PESD</b>	<b>APPLICABLE SCHOOL FEE PER SQUARE FOOT FOR AREAS WITHIN MUSD, NUSD &amp; RSD</b>
<b>\$1.63</b>	<b>\$1.14</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 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 of assessable space as determined in this Study are shown in Table E-3 by commercial/industrial land use type and by area of the School District (each commercial/industrial category is further described in Appendix “A”).

**TABLE E-3  
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS**

<b>COMMERCIAL/INDUSTRIAL CATEGORY</b>	<b>IMPACT PER SQUARE FOOT FOR AREAS WITHIN PESD</b>	<b>IMPACT PER SQUARE FOOT FOR AREAS WITHIN MUSD, NUSD &amp; RSD</b>
Banks	\$3.36	\$2.32
Community Shopping Center	\$1.82	\$1.26
Neighborhood Shopping Center	\$3.33	\$2.29
Industrial Business Parks	\$4.18	\$2.89
Industrial Parks/Warehousing/Manufacturing	\$1.60	\$1.11
Rental Self-Storage	\$0.07	\$0.05
Research & Development	\$3.62	\$2.50
Hospitality (Lodging)	\$1.35	\$0.93
Commercial Offices (Standard)	\$5.69	\$3.93
Commercial Offices (Large High Rise)	\$5.41	\$3.73
Corporate Offices	\$3.19	\$2.20
Medical Offices	\$5.07	\$3.50

The cost impacts per square foot for each category of commercial/industrial construction are equal to or exceed (i) \$0.1848 per square foot, the School District’s share of the maximum authorized School Fee per square foot of assessable space applicable to new commercial/industrial development within the area served by MUSD, NUSD and RSD and (ii) \$0.2640 per square foot, the School District’s share of the maximum authorized School Fee per square foot applicable to new commercial/industrial development within the area served by PESD; except for Rental Self-Storage development, which may be charged at \$0.05 per square foot for the area served by MUSD, NUSD and RSD and \$0.07 per square foot for areas within PESD (“Applicable Com/Ind School Fees”). Therefore, except for Rental Self-Storage development, the School District is fully justified in levying commercial/industrial School Fees on new commercial/industrial development in an amount up to but not exceeding the Applicable Com/Ind School Fees. The Applicable Com/Ind School Fees that may be charged by the School District are summarized in Table E-4.

**TABLE E-4  
 APPLICABLE COMMERCIAL/INDUSTRIAL SCHOOL FEES**

<b>COMMERCIAL/INDUSTRIAL CATEGORY</b>	<b>APPLICABLE SCHOOL FEE PER SQUARE FOOT FOR AREAS WITHIN PESD</b>	<b>APPLICABLE SCHOOL FEE PER SQUARE FOOT FOR AREAS WITHIN MUSD, NUSD &amp; RSD</b>
Banks	<b>\$0.2640</b>	<b>\$0.1848</b>
Community Shopping Center	<b>\$0.2640</b>	<b>\$0.1848</b>
Neighborhood Shopping Center	<b>\$0.2640</b>	<b>\$0.1848</b>
Industrial Business Parks	<b>\$0.2640</b>	<b>\$0.1848</b>
Industrial Parks/Warehousing/Manufacturing	<b>\$0.2640</b>	<b>\$0.1848</b>
Rental Self-Storage	<b>\$0.0700</b>	<b>\$0.0500</b>
Research & Development	<b>\$0.2640</b>	<b>\$0.1848</b>
Hospitality (Lodging)	<b>\$0.2640</b>	<b>\$0.1848</b>
Commercial Offices (Standard)	<b>\$0.2640</b>	<b>\$0.1848</b>
Commercial Offices (Large High Rise)	<b>\$0.2640</b>	<b>\$0.1848</b>
Corporate Offices	<b>\$0.2640</b>	<b>\$0.1848</b>
Medical Offices	<b>\$0.2640</b>	<b>\$0.1848</b>

## **SECTION I. 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/industrial 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;(Government Code section 66001(a)(1).)
2. Identify the use to which the fee is to be put; (Government Code section 66001(a)(2).)
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; (Government Code section 66001(a)(3).)
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; (Government Code section 66001(a)(4).)
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 (Government Code section 66001(b)(1).);
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. (Government Code section 66001(d)(1).)

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 cities 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 decisions, which formerly permitted school districts to challenge local land use approvals for residential and commercial/industrial developments based on a lack of space in school facilities, are suspended by SB 50.

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.

In addition, Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. Furthermore, 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.

In June of 2006, Assembly Bill 2751 was passed, codifying the findings of *Shapell Industries vs. Milpitas Unified School District* and prohibiting a fee from including the cost attributable to existing deficiencies in public facilities. In the case of a school district, this means that the costs to remedy existing capacity deficits must not be added to the amount of facilities funding required to accommodate new students from future development. This Study aligns with this criteria because the calculations do not include any existing deficits in reaching the school facilities required for new development or the cost of such school facilities.

Most recently, California voters approved Proposition 51 (the California Public School Facility Bonds Initiative) in the general election held on November 8, 2016, authorizing the issuance of \$9 billion in bonds to fund the improvement and construction of school facilities for K-12 schools and community colleges.



## **SECTION II. PROJECTED UNHOUSED STUDENTS AND ESTIMATED FACILITY AND PER STUDENT COSTS**

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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, this 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 of the Study 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 of the Study 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 IV. 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 one (1) middle school serving grades 7 and 8, three (3) comprehensive high schools, one (1) continuation high school serving grades 10 through 12, one (1) community adult school generally serving grades 9 through 12, one (1) military institute charter facility serving grades 5 through 12 and one (1) online charter school serving grades 9 through 12. Pursuant to Education Code section 17071.10, these facilities have a capacity to accommodate 9,530 students, 8,424 of which are at the high school level and 1,106 seats are at the middle school level. Appendix "D" provides a calculation of the updated facility capacity.

Based on October 2019 California Longitudinal Pupil Achievement Data System (CALPADs) data, the student enrollment of the School District is 10,723 students. Of those students, 178 were enrolled in the Scholar Plus Online Learning Program ("SPOLP"), Pathways for Adult Life Skills ("PALS") and independent study programs. Those students do not require full-time teaching stations and have been subtracted from the CALPADs figures. Furthermore, a total of 165 grades 5 and 6 students attending the California Military Institute ("CMI") have been subtracted from the CALPADS figures. Should these students return to traditional enrollment, the students would attend an elementary "feeder" school district and therefore would have no impact on the School District's facilities. Subtracting the independent program and grades 5 and 6 CMI students from the CALPADs figures results in a net enrollment of 10,380 students. Appendix "B" provides a summary of the School District's student enrollment as of October 2019. Current available capacity is calculated by subtracting current student enrollment from existing school facilities capacity for each school level. This operation results in available capacity at the middle school level

and deficit capacity at the high school level. The available capacity determination is shown in Table 1.

**TABLE 1  
FACILITIES CAPACITY AND STUDENT ENROLLMENT**

SCHOOL LEVEL	EXISTING FACILITIES CAPACITY	STUDENT ENROLLMENT (OCTOBER 2019) <sup>1</sup>	AVAILABLE/ (DEFICIT) CAPACITY
Middle School (7-8)	1,106	1,095	11
High School (9-12)	8,424	9,285	(861)
<b>TOTAL</b>	<b>9,530</b>	<b>10,380</b>	<b>(850)</b>

<sup>1</sup> Does not include Independent Study students, Pathways for Adult Life Skills students and Scholar Plus Online Learning students; students attending California Military Institute (CMI) have been categorized as High School students (excluding 5<sup>th</sup> and 6<sup>th</sup> grade students); CMI serves students throughout the School District.

## **B. PROJECTED UNHOUSED STUDENTS**

### **1. Projected Residential Units**

Based on information obtained from the Planning Departments of the cities of Perris, Menifee, Lake Elsinore, Murrieta and San Jacinto (“Cities”) and the County of Riverside (“County”) Planning Department (collectively the “Planning Agencies”) Koppel & Gruber Public Finance (“K&G Public Finance”), estimated a total of 23,230 residential units could be developed within the School District’s boundaries over the next ten (10) years (“Projected Units”). Of the 23,230 Projected Units, an estimated 6,826 units are subject to alternative mitigation through the execution of a mitigation agreement or participation in a Community Facilities District (“CFD”). The projected residential units located within areas subject to mitigation agreements or within a CFD are not expected to pay Applicable School Fees and therefore have been excluded from the findings established herein. The number of Projected Units, mitigated Projected Units and unmitigated Projected Units are summarized in Table 2 by jurisdiction and residential category and more specifically by dwelling type: Single-Family Detached units (“SFD”) and Multi-family units (“MF”). SFD are those units with no common walls and MF are those units sharing a common wall and include townhouses, condominiums, apartments, duplexes, and other similar residential types.

**TABLE 2**  
**PROJECTED RESIDENTIAL UNITS**

JURISDICTION	RESIDENTIAL CATEGORY	TOTAL PROJECTED UNITS	MITIGATED PROJECTED UNITS	UNMITIGATED PROJECTED UNITS
<b>MUSD, NUSD and RSD</b>	SFD	17,929	(6,674)	11,255
	MF	3,336	(83)	3,253
<b>PESD</b>	SFD	1,697	(69)	1,628
	MF	268	0	268
<b>TOTAL</b>		<b>23,230</b>	<b>(6,826)</b>	<b>16,404</b>

## 2. Student Generation Rates

To establish a nexus between anticipated future residential development and the corresponding need for additional school facilities, the number of future students anticipated to be generated from the new residential development must be determined. This calculation results in a student generation rate (“SGR”), or factor, which represents the number of students, or portion thereof, expected to attend District schools from each new residential unit. In order to calculate SGRs, K & G Public Finance first obtained property characteristic data from the Assessor’s Office of the County of Riverside (“County”). The database contains all residential parcels within the School District and provides the year that a structure (if any) was built and land use class information (i.e. condominiums, single family dwellings, etc.). Additional research, including collection of building permit data, was used to update the database. Parcels in the database were classified by residential category (SFD or MF units). Since the property data information 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.

K&G Public Finance then obtained a student database from the School District, which contained student identification, 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 2019. 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. Students could not be matched if they were inter-district or they did not have a valid physical address (e.g. only P.O. Box was listed). Mobile homes are not considered in the SGR determination, including the students matched to the mobile home land use, and therefore have been omitted<sup>2</sup>.Table

<sup>1</sup> 2012-2016 American Community Survey 5-Year Estimates; DP04- Selected Housing.

<sup>2</sup> Education Code section 17625 sets forth the prerequisites that must be met before school districts may levy school fees on mobile homes. Since it is often difficult to determine and make projections relating to mobile homes that meet those requirements, the mobile home category is omitted from this analysis.

3 summarizes the SGRs by school level and residential category. The calculation of the SGRs and are further described in Appendix “C” of this Study.

**TABLE 3  
STUDENT GENERATION RATES**

SCHOOL LEVEL	SFD UNITS	MF UNITS
Middle School (7-8)	0.0851	0.0667
High School (9-12)	0.1550	0.0751
<b>TOTAL</b>	<b>0.2401</b>	<b>0.1418</b>

### 3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 3 by the unmitigated Projected Units as shown in Table 2. A total of 1,988 students are estimated to be generated from unmitigated Projected Units within the MUSD, NUSD and RSD area and 429 students are estimated to be generated from unmitigated Projected Units to be built within the PESD area. The projected student enrollment is summarized by school level and area of the School District in Tables 4 and 5.

**TABLE 4  
PROJECTED STUDENT ENROLLMENT**

PESD Area Enrollment Projection	
SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT
Middle School (7-8)	157
High School (9-12)	272
<b><i>SUBTOTAL PESD AREA</i></b>	
	<b>429</b>
MUSD, NUSD and RSD Area Enrollment Projection	
SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT
High School	1,988
<b><i>SUBTOTAL MUSD, NUSD and RSD AREA</i></b>	
	<b>1,988</b>
<b>TOTAL PROJECTED STUDENTS ENROLLMENT</b>	
	<b>2,417</b>

<sup>1</sup> Includes unmitigated Projected Units only.

#### 4. Projected Unhoused Students

As shown in Table 1, there is available capacity at the middle school level and deficit capacity at the high school level. It should be noted that due to mitigation agreements between the School District and homebuilders, available seats shall first be reserved for students generated from mitigated Projected Units. It is anticipated students generated from mitigated Projected Units as shown in Table 2 will occupy all remaining available seats at the middle school level. Therefore, there are no seats available to accommodate students generated from unmitigated Projected Units and the number of projected unhoused students is equal to the projected student enrollment shown in Table 4. The projected number of unhoused students (“Projected Unhoused Students”) are shown in Tables 5 and 6 by area of the School District.

**TABLE 5  
PROJECTED STUDENT ENROLLMENT FOR MUSD, NUSD AND RSD AREA**

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	SEATS AVAILABLE	PROJECTED UNHOUSED STUDENTS
Middle School (7-8)	NA	NA	NA
High School (9-12)	1,988	0	1,988
<b>TOTAL</b>	<b>1,988</b>	<b>0</b>	<b>1,988</b>

**TABLE 6  
PROJECTED UNHOUSED STUDENTS FOR PESD AREA**

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	SEATS AVAILABLE	PROJECTED UNHOUSED STUDENTS
Middle School (7-8)	157	0	157
High School (9-12)	272	0	272
<b>TOTAL</b>	<b>429</b>	<b>0</b>	<b>429</b>

#### C. FACILITY NEEDS AND ESTIMATED PER STUDENT COST

##### 1. Facility Needs

In 2017, The School District finalized a Long-Range Facilities Master Plan (the “2017 FMP”), which among other items, identifies both the short-range and long-range facility needs of the School District. The total project costs were estimated at \$540,290,854 in 2017 dollars, without accounting for projected construction cost escalation over the project timeline.

The 2017 FMP identifies the need for one (1) additional middle school (Middle School #2) and two (2) additional comprehensive high schools (High School #4 and High School #5). The School District currently owns one (1) site planned for the construction of Middle School #2 and one (1) site planned for the construction of High School #4. Acquisition of a new school site is required for the construction of High School #5.

Revenues from the imposition of the applicable school fees are intended to help bridge the funding gap between (i) monies available from general obligation bond proceeds, or other sources, and (ii) the estimated costs of the capital improvement projects outlined in the 2017 FMP and other applicable facilities related expenses that can be financed with school fees.

The School District has determined that future school facilities will be designed to accommodate a capacity of 1,000 students at the middle school level and 2,600 students at the high school level. The cost per student estimate is shown in Table 7.

**TABLE 7  
FACILITIES COSTS PER STUDENT**

SCHOOL LEVEL	TOTAL ESTIMATED SCHOOL FACILITIES COST	STUDENT CAPACITY	COST PER STUDENT
Middle School (7-8)	\$50,597,918	1,000	\$50,598
High School (9-12)	\$177,000,000	2,600	\$68,077

## SECTION III. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

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The following sections present the school facility impact analysis for new residential development and provides step-by-step calculations of the estimated per residential square foot cost impact for the area served by MUSD, NUSD and RSD and for the area served by PESD.

### A. NET IMPACT PER RESIDENTIAL SQUARE FOOT -- MUSD, NUSD & RSD AREA

To determine the school facilities cost impact per square foot of residential development within the area served by MUSD, NUSD and RSD, first the Projected Unhoused Students determined in Table 5 were multiplied by the Costs per Student determined in Table 7. The result of this computation is shown in Table 8 and reflects the estimated school facilities cost impact to house Projected Unhoused Students.

**TABLE 8  
FACILITIES COST IMPACT**

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	COST PER STUDENT	FACILITIES IMPACT
Middle School (7-8)	NA	NA	NA
High School (9-12)	1,988	\$68,077	\$135,337,076
<b>TOTAL</b>	<b>1,988</b>	<b>NA</b>	<b>\$135,337,076</b>

The school facilities impact allocation shown in Table 8 above was then divided by the number of unmitigated Projected Units shown in Table 2 to determine the school facilities cost per residential unit. The costs per residential unit is shown in Table 9.

**TABLE 9  
SCHOOL FACILITIES COST PER RESIDENTIAL UNIT**

FACILITIES COST ALLOCATION	UNMITIGATED PROJECTED UNITS	FACILITIES COST PER RESIDENTIAL UNIT
\$135,337,076	14,508	\$9,328

The school facilities cost impact per residential square foot was calculated by dividing the school facilities cost per residential unit determined in Table 9 by the weighted average square footage of a residential unit within MUSD, NUSD and RSD. This calculation is shown in Table 10. K&G Public Finance used square footage information obtained from the Assessor's Office of the County for residential units constructed within the School

District over the last five-year period to estimate the weighted average square footage of the unmitigated Projected Units within MUSD, NUSD and RSD.

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

FACILITIES COST PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$9,328	2,121	<b>\$4.40</b>

The school facilities impact per residential square foot determined in Table 10 is greater than the School District’s share of the current maximum authorized residential School Fees of \$1.14 per square foot for the area served by MUSD, NUSD and RSD; therefore the School District is justified in levying up to but not exceeding the maximum authorized amount for residential construction and reconstruction.

**B. NET IMPACT PER RESIDENTIAL SQUARE FOOT – PESD AREA**

To determine the school facilities cost impact per square foot of residential development within the area served by PESD, first the Projected Unhoused Students determined in Table 6 were multiplied by the Cost per Student determined in Table 7 for each school level. The result of this computation is shown Table 11 and reflects the estimated school facilities cost impact to house Projected Unhoused Students.

**TABLE 11  
PESD AREA  
FACILITIES COST IMPACT**

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	COST PER STUDENT	FACILITIES IMPACT
Middle School (7-8)	157	\$50,598	\$7,943,886
High School (9-12)	272	\$68,077	\$18,516,944
<b>TOTAL</b>	<b>429</b>	<b>NA</b>	<b>\$26,460,830</b>

The school facilities impact allocation shown in Table 11 was then divided by the number of unmitigated Projected Units within the area served by PESD shown in Table 2 to determine the school facilities cost per residential unit. The cost per residential unit is shown in Table 12.



**TABLE 12**  
**PESD AREA**  
**SCHOOL FACILITIES COST PER RESIDENTIAL UNIT**

FACILITIES COST ALLOCATION	UNMITIGATED PROJECTED UNITS	FACILITIES COST PER RESIDENTIAL UNIT
\$26,460,830	1,896	\$13,956

The school facilities cost impact per residential square foot was calculated by dividing the school facilities cost per residential unit determined in Table 12 by the weighted average square footage of a residential unit within the PESD area. This calculation is shown in Table 13.

**TABLE 13**  
**PESD AREA**  
**SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT**

FACILITIES COST PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$13,956	2,084	<b>\$6.70</b>

The school facilities impact per residential square foot determined in Table 13 are greater than the School District's share of the current maximum authorized residential School Fees of \$1.63 per square foot for the area served by PESD; therefore the School District is justified in levying up to but not exceeding the maximum authorized amount for residential construction and reconstruction.

## SECTION IV. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS

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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

To make the necessary nexus findings to justify School Fees levied on commercial/industrial development, Education Code section 17621(e)(1)(B) requires that this 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 Section 17621 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 14 below. The land use categories listed are based on those categories described in the Traffic Study and include all land uses recommended by Education Code section 17621(e)(1)(B).

**TABLE 14  
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/Manufacturing	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**

Next, to continue the evaluation of the impact of commercial/industrial development on School District facilities, this Study determines the number of students that will be generated from each household that is generated by commercial/industrial development. To evaluate the impact of commercial/industrial development on School District facilities, the employee generation estimates listed in Table 14 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 1.32 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 14 by 1.32 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 15.54% of employees both live and work within the School District. Multiplying the Total Household Impact by 15.54% 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 15.

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<sup>3</sup> 2016 American Community Survey 1-Year Estimate; DP03-Housing units; S0801-Commuting Characteristics (workers 16 years and over).

<sup>4</sup> 2016 American Community Survey 1-Year Estimates; S0801- (worked in place of residence).

**TABLE 15**  
**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	0.3328
Community Shopping Center	0.1808
Neighborhood Shopping Center	0.3296
Industrial Business Parks	0.4141
Industrial Parks/Warehousing/Manufacturing	0.1587
Rental Self-Storage	0.0076
Research & Development	0.3582
Hospitality (Lodging)	0.1334
Commercial Offices (Standard)	0.5642
Commercial Offices (Large High Rise)	0.5353
Corporate Offices	0.3162
Medical Offices	0.5024

**2. Household Student Generation**

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the household impacts shown in Table 15 by blended student generation rates determined for each school level. The result of this calculation is shown in Table 16. The determination of the blended student generation rates is shown and described in Appendix “C” of this Study.

**TABLE 16**  
**STUDENT GENERATION PER 1,000 SQUARE FEET OF**  
**COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	MIDDLE SCHOOL STUDENT GENERATION	HIGH SCHOOL STUDENT GENERATION	TOTAL STUDENT GENERATION
Banks	0.0270	0.0459	0.0729
Community Shopping Center	0.0147	0.0249	0.0396
Neighborhood Shopping Center	0.0268	0.0454	0.0722
Industrial Business Parks	0.0336	0.0571	0.0907
Industrial Parks/Warehousing/Manufacturing	0.0129	0.0219	0.0348
Rental Self-Storage	0.0006	0.0010	0.0016
Research & Development	0.0291	0.0494	0.0785
Hospitality (Lodging)	0.0108	0.0184	0.0292
Commercial Offices (Standard)	0.0458	0.0777	0.1235
Commercial Offices (Large High Rise)	0.0435	0.0738	0.1173
Corporate Offices	0.0257	0.0436	0.0693
Medical Offices	0.0408	0.0692	0.1100

**C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT -- MUSD, NUSD AND RSD AREA**

**1. Cost Impact**

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost per student was determined by multiplying the school facilities costs per student determined in Table 7 by the student generation impacts for the high school level shown in Table 16. The school facilities cost impacts are shown in Table 17 by commercial/industrial development category and school level.

**TABLE 17**  
**SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET OF**  
**COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	MIDDLE SCHOOL IMPACT <sup>1</sup>	HIGH SCHOOL IMPACT	TOTAL COST IMPACT
Banks	NA	\$3,125	\$3,125
Community Shopping Center	NA	\$1,695	\$1,695
Neighborhood Shopping Center	NA	\$3,091	\$3,091
Industrial Business Parks	NA	\$3,887	\$3,887
Industrial Parks/Warehousing	NA	\$1,491	\$1,491
Rental Self-Storage	NA	\$68	\$68
Research & Development	NA	\$3,363	\$3,363
Hospitality (Lodging)	NA	\$1,253	\$1,253
Commercial Offices (Standard)	NA	\$5,290	\$5,290
Commercial Offices (Large High Rise)	NA	\$5,968	\$5,968
Corporate Offices	NA	\$2,968	\$2,968
Medical Offices	NA	\$4,711	\$4,711

<sup>1</sup> The areas with the School District served by MUSD, NUSD and RSD serve grades 9 through 12 only.

## 2. Residential Fee Offsets

New commercial/industrial development within the School District will generate new employees, thereby increasing the need for new residential development to house those employees living in the School District. 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 17.

The residential fee offsets are calculated by using the School District's proposed Level I Fee applicable to residential development within the area served by MUSD, NUSD and RSD (\$1.14 per square foot) and multiplying that amount by the weighted average square footage of a residential unit in the MUSD, NUSD and RSD area, which is 2,121 square feet. This calculation provides the average residential revenues from a residential unit of \$2,423 (\$1.14 x 2,121). The proposed Level I Fee for the MUSD, NUSD and RSD area is utilized for purposes of this analysis as a conservative approach to calculating the Net Cost Impacts. It should be noted the Applicable Com/Ind School Fees for the MUSD, NUSD and RSD area, \$0.1848 per square foot, would also be justified utilizing the current maximum Level I School Fee (\$1.06 per square foot). The average residential revenues from a residential unit multiplied by New Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 17, 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 18.

**TABLE 18  
RESIDENTIAL FEE OFFSET**

COMMERCIAL/INDUSTRIAL CATEGORY	NEW HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.	RESIDENTIAL FEE OFFSET PER 1,000 SQUARE FEET COM./IND.
Banks	0.3328	\$805
Community Shopping Center	0.1808	\$437
Neighborhood Shopping Center	0.3297	\$797
Industrial Business Parks	0.4142	\$1,002
Industrial Parks/Warehousing	0.1587	\$384
Rental Self-Storage	0.0076	\$18
Research & Development	0.3582	\$866
Hospitality (Lodging)	0.1334	\$323
Commercial Offices (Standard)	0.5642	\$1,364
Commercial Offices (Large High Rise)	0.5353	\$1,294
Corporate Offices	0.3163	\$765
Medical Offices	0.5025	\$1,215

### 3. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 18 from the total school facilities costs listed in Table 17 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 19.

**TABLE 19  
NET SCHOOL FACILITIES COSTS  
PER 1,000 SQUARE FEET COMMERCIAL/INDUSTRIAL DEVELOPMENT**

<b>COMMERCIAL/INDUSTRIAL CATEGORY</b>	<b>TOTAL SCHOOL FACILITIES COSTS</b>	<b>RESIDENTIAL FEE OFFSET</b>	<b>NET SCHOOL FACILITIES COSTS</b>
Banks	\$3,125	\$805	\$2,320
Community Shopping Center	\$1,695	\$437	\$1,258
Neighborhood Shopping Center	\$3,091	\$797	\$2,294
Industrial Business Parks	\$3,887	\$1,002	\$2,885
Industrial Parks/Warehousing	\$1,491	\$384	\$1,107
Rental Self-Storage	\$68	\$18	\$50
Research & Development	\$3,363	\$866	\$2,497
Hospitality (Lodging)	\$1,253	\$323	\$930
Commercial Offices (Standard)	\$5,290	\$1,364	\$3,926
Commercial Offices (Large High Rise)	\$5,024	\$1,294	\$3,730
Corporate Offices	\$2,968	\$765	\$2,203
Medical Offices	\$4,711	\$1,215	\$3,496

The Net School Facilities Costs determined in Table 19 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 20.

**TABLE 20  
NET COST IMPACTS  
PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

<b>COMMERCIAL/INDUSTRIAL CATEGORY</b>	<b>MUSD, NUSD AND RSD NET IMPACTS</b>
Banks	<b>\$2.32</b>
Community Shopping Center	<b>\$1.26</b>
Neighborhood Shopping Center	<b>\$2.29</b>
Industrial Business Parks	<b>\$2.89</b>
Industrial Parks/Warehousing	<b>\$1.11</b>
Rental Self-Storage	<b>\$0.05</b>
Research & Development	<b>\$2.50</b>
Hospitality (Lodging)	<b>\$0.93</b>
Commercial Offices (Standard)	<b>\$3.93</b>
Commercial Offices (Large High Rise)	<b>\$3.73</b>
Corporate Offices	<b>\$2.20</b>
Medical Offices	<b>\$3.50</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 20 are greater than the School District’s share of the current maximum authorized commercial/industrial School Fees of \$0.1848 per square foot for the area served by MUSD, NUSD and RSD, 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 School District’s share of 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 \$0.05 per square foot.

**D. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT -- PESD AREA**

**1. PESD Area Cost Impact**

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost per student was determined by multiplying the school facilities costs per student determined in Table 7 by the student generation impacts calculated in Table 16. The school facilities cost impacts for the area served by PESD are shown in Table 21 by commercial/industrial development category and school level.

**TABLE 21  
PESD AREA  
SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET OF  
COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	MIDDLE SCHOOL IMPACT	HIGH SCHOOL IMPACT	TOTAL COST IMPACT
Banks	\$1,366	\$3,125	\$4,491
Community Shopping Center	\$744	\$1,695	\$2,439
Neighborhood Shopping Center	\$1,356	\$3,091	\$4,447
Industrial Business Parks	\$1,700	\$3,887	\$5,587
Industrial Parks/Warehousing	\$653	\$1,491	\$2,144
Rental Self-Storage	\$30	\$68	\$98
Research & Development	\$1,472	\$3,363	\$4,835
Hospitality (Lodging)	\$546	\$1,253	\$1,799
Commercial Offices (Standard)	\$2,317	\$5,290	\$7,607
Commercial Offices (Large High Rise)	\$2,201	\$5,024	\$7,225
Corporate Offices	\$1,300	\$2,968	\$4,268
Medical Offices	\$2,064	\$4,711	\$6,775

## 2. PESD Area Residential Fee Offsets

The residential fee offsets are first calculated by using the School District’s proposed Level I Fee applicable to residential development within the PESD area (\$1.63 per square foot) and multiplying that amount by the weighted average square footage of a residential unit in the PESD area, which is 2,084 square feet. This calculation provides the average residential revenues from a residential unit of \$3,397 (\$1.63 x 2,084). The proposed Level II Fee for the PESD area is utilized for purposes of this analysis as a conservative approach to calculating the Net Cost Impacts. It should be noted the Applicable Com/Ind School Fees for the PESD area, \$0.2440 per square foot, would also be justified utilizing the current maximum Level I School Fee (\$1.52 per square foot). The average residential revenues from a residential unit multiplied by New Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 16, results in the residential school fee revenues per 1,000 square feet of commercial/industrial development (“PESD Area Residential Fee Offset”). This computation is shown in Table 22.

**TABLE 22**  
**PESD AREA RESIDENTIAL FEE OFFSET**

COMMERCIAL/INDUSTRIAL CATEGORY	NEW HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.	PESD AREA RESIDENTIAL FEE OFFSET PER 1,000 SQUARE FEET COM./IND.
Banks	0.3328	\$1,130
Community Shopping Center	0.1808	\$614
Neighborhood Shopping Center	0.3297	\$1,120
Industrial Business Parks	0.4142	\$1,407
Industrial Parks/Warehousing	0.1587	\$539
Rental Self-Storage	0.0076	\$26
Research & Development	0.3582	\$1,217
Hospitality (Lodging)	0.1334	\$453
Commercial Offices (Standard)	0.5642	\$1,917
Commercial Offices (Large High Rise)	0.5353	\$1,818
Corporate Offices	0.3163	\$1,074
Medical Offices	0.5025	\$1,707

## 3. PESD Area Net School Facilities Costs

Subtracting the PESD Area Residential Fee Offset determined in Table 22 from the total school facilities costs listed in Table 21 results in the net school facilities costs per 1,000 square feet of commercial/industrial development (“PESD Area Net School Facilities Costs”). The PESD Area Net School Facilities Costs are listed in Table 23.

**TABLE 23**  
**PESD AREA NET SCHOOL FACILITIES COSTS**  
**PER 1,000 SQUARE FEET COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL SCHOOL FACILITIES COSTS	PESD AREA RESIDENTIAL FEE OFFSET	PESD AREA NET SCHOOL FACILITIES COSTS
Banks	\$4,491	\$1,130	\$3,361
Community Shopping Center	\$2,439	\$614	\$1,825
Neighborhood Shopping Center	\$4,447	\$1,120	\$3,327
Industrial Business Parks	\$5,587	\$1,407	\$4,180
Industrial Parks/Warehousing	\$2,144	\$539	\$1,605
Rental Self-Storage	\$98	\$26	\$72
Research & Development	\$4,835	\$1,217	\$3,618
Hospitality (Lodging)	\$1,799	\$453	\$1,346
Commercial Offices (Standard)	\$7,607	\$1,917	\$5,690
Commercial Offices (Large High Rise)	\$7,225	\$1,818	\$5,407
Corporate Offices	\$4,268	\$1,074	\$3,194
Medical Offices	\$6,775	\$1,707	\$5,068

The PESD Area Net School Facilities Costs determined in Table 23 were then divided by 1,000<sup>6</sup> to provide the cost impact on a square foot basis. These cost impacts are listed in Table 24.

**TABLE 24**  
**PESD AREA NET COST IMPACTS**  
**PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	PESD AREA NET IMPACTS
Banks	<b>\$3.36</b>
Community Shopping Center	<b>\$1.82</b>
Neighborhood Shopping Center	<b>\$3.33</b>
Industrial Business Parks	<b>\$4.18</b>
Industrial Parks/Warehousing	<b>\$1.60</b>
Rental Self-Storage	<b>\$0.07</b>
Research & Development	<b>\$3.62</b>
Hospitality (Lodging)	<b>\$1.35</b>
Commercial Offices (Standard)	<b>\$5.69</b>
Commercial Offices (Large High Rise)	<b>\$5.41</b>
Corporate Offices	<b>\$3.19</b>
Medical Offices	<b>\$5.07</b>

<sup>6</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 24 are greater than the School District's share of the current maximum authorized commercial/industrial School Fees of \$0.2640 per square foot for the area served by PESD, 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 School District's share of 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 \$0.07 per square foot.

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

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 14, 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.

**F. 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 V. 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”). The School District is aware of Redevelopment projects completed within the School District boundaries and anticipates similar Redevelopment projects may be completed in the next ten (10) years and beyond. School fees authorized pursuant to Education Code section 17620 and Government Code sections 65995 et seq. school fees 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 construction 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 Appendix “C” 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 VI. 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 School Fees described herein, these Government Code sections require the public agency to satisfy the following requirements:

1. Determine the purpose of the fee; (Government Code section 66001(a)(1).)
2. Identify the use to which the fee is to be put; (Government Code section 66001(a)(2).)
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; (Government Code section 66001(a)(3).)
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; (Government Code section 66001(a)(4).)
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 (Government Code section 66001(b)(1).)
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. (Government Code section 66001(d)(1).)

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– Government Code section 66001(a)(1)**

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– Government Code section 66001(a)(2)**

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments shall 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 schools, or portions of schools, and other educational facilities as necessary, including not only instructional spaces, but also other supplementary and supportive facilities including, but not limited to, science labs, gyms, libraries, study halls, bathrooms, offices and other administrative spaces required in response to new student growth from the 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.
- (viii). Legal and administrative costs associated with providing facilities to students generated by new development;
- (ix). Administration of the collection of developer fees (including the costs of justifying the fees);
- (x). Miscellaneous purposes resulting from student enrollment growth caused by new residential development; and
- (xi). Any other use permitted by law.

The School District finalized its 2017 FMP outlining 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 2017 FMP, inclusive of those school facilities described in this Study.

**Reasonable Relationship between the Use of the Fee, the Need for School Facilities and the Type of Development on which the Fee is Imposed– Government Code sections 66001(a)(3) and (a)(4)**

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.

Specifically, there is a reasonable relationship between the expected use of the fee (i.e., construction or reconstruction of school facilities) and the development on which the fee is imposed (i.e., new residential, commercial and industrial development) because the new residential construction will result in new homes expected to be occupied by families with additional children that will likely attend school within the School District, and new commercial/industrial development is expected to produce employment for students and students' parents who may also choose to live within School District boundaries.

Further, there is a reasonable relationship between the number of new dwelling units constructed and the number of students expected to be generated from the construction of such units, because the new residential construction will likely house new families moving into the School District's boundaries, who will likely send their children to local School District schools. There is also a reasonable relationship between the construction of new commercial/industrial development and the number of students expected to be generated from the construction of such commercial/industrial development, since students and the parents of students will be employed by new businesses occupying the new commercial or industrial development and a portion of the students and/or the students' parents will also choose to live within the boundaries of the School District.

**Determination of the Reasonable Relationship between the Fee Amount and the School Facilities Costs Attributable to Type of Development on which the Fee is Imposed – Government Code section 66001(b)(1)**

The Study shows there is a reasonable relationship between the amount of the fee identified in this Study and the cost of the school facilities to be constructed, attributable to the development on which the fee is imposed, because the amount of the fee is calculated based on a cost per pupil calculation and deemed necessary to serve new residential and commercial/industrial developments.

The imposition of the Applicable Residential School Fees of \$1.14 and \$1.63 per square foot of residential development for the area served by MUSD, NUSD and RSD and the area served by PESD, respectively, are justified as these fees are below the per square foot cost impacts 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 \$0.1848 and \$0.2640 per square foot of commercial/industrial development or the area served by MUSD, NUSD and RSD and the area served by PESD, respectively 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.

**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 - Commercial/Industrial Category Descriptions

Banks	Include small branch offices to regional offices used for banking. Properties under this category allow customers to conduct banking on-site.
Shopping Center	Broadly include regional, community and neighborhood shopping centers which sell merchandise and services to consumers. Include grocery stores, restaurants, retail centers, automotive sales.
Industrial Business Parks	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with 15% or more of the total area designated for commercial use.
Industrial Parks/Warehousing/Manufacturing	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with limited or no commercial use (less than 15% of the total area designated for commercial use).
Rental Self-Storage	Include warehouse developments which rent small storage vaults and often termed “mini-storage”.
Research & Development	Include scientific research and development laboratories, office and/or their supporting facilities.
Hospitality (Lodging)	Include establishments which provide lodging to the general public. Lodging types include hotels, motels, resort hotels and inns. The maximum term of occupancy for establishment within this category shall not exceed 30 days.
Commercial Offices (Standard) <sup>1</sup>	Include general office space occupying less than 100,000 square feet with multiple tenants.
Commercial Offices (Large High Rise) <sup>1</sup>	Include general office space occupying 100,000 square feet and greater with multiple tenants.
Corporate Offices	An office or office building with a single tenant.
Medical Offices	Include medical offices that serve a wide range of medical needs and may include a pharmacy. Medical offices are generally operated by one or more physicians.

<sup>1</sup> Office space used for activities described under banks, research and development, or medical offices should be classified under those categories.

## Appendix B – Enrollment Summary

**PERRIS UNION HIGH SCHOOL DISTRICT  
2019/2020 ENROLLMENT  
APPENDIX B**

School/Program	Total		Total
	Middle	High	
California Military Institute (CMI)[1]	0	854	<b>854</b>
Heritage High School	0	2,865	<b>2,865</b>
Independent Study	0	33	<b>33</b>
Paloma Valley High School	0	3,165	<b>3,165</b>
Pathways for Adult Life Skills	0	83	<b>83</b>
Perris High School	0	2,176	<b>2,176</b>
Perris Lake High School	0	225	<b>225</b>
Pinacate Middle School	1,095	0	<b>1,095</b>
Scholar Plus Online Learning Program	0	62	<b>62</b>
<b>Total</b>	<b>1,095</b>	<b>9,463</b>	<b>10,558</b>
<b>Eligible[2]</b>	<b>1,095</b>	<b>9,285</b>	<b>10,380</b>

[1] Does not include 165 grades 5 and 6 students attending CMI. CMI students assigned to High School level since this school serves students throughout the District.

[2] Does not include Independent Study students, Pathways for Adult Life Skills and Scholar Plus Online Learning Program students.

## Appendix C – Student Generation Rates

Student Generation Rates (SGRs) used in this Study are based on information obtained from the Riverside County Assessor’s Office, student enrollment data from the School District and housing information from the U.S. Census Bureau.

A property characteristic data file was obtained from the County Assessor’s Office in June 2020 and parcels in the file were classified by unit type (SFD and MF). Due to the County data missing unit counts in certain instances, residential unit counts were compiled based on information from the U.S. Census Bureau<sup>7</sup>, resulting in a total of 42,094 SFDs, and 5,604 MFs within the School District boundaries with 7,388 SFDs, and 2,024 MFs of those units within the PESD area of the School District

A student enrollment database was obtained from the School District and was reflective of student enrollment information as of October 2019. The student enrollment address information was matched to the address (situs address) information of parcels in the County property characteristic databases. Students could not be matched if they were inter-district or they did not have a valid physical address (e.g. only P.O. Box was listed). Mobile homes are not considered in the SGR determination, including the students matched to the mobile home land use, and therefore have been omitted<sup>8</sup>. The number of students matched to units built was then queried by school level and residential category. The determination of the SGRs is summarized in Tables C-1 and C-2.

**TABLE C-1  
SINGLE FAMILY DETACHED (SFD)  
STUDENT GENERATION RATES**

SCHOOL LEVEL	STUDENTS MATCHED	SFD UNITS	SGR BY SCHOOL LEVEL
Middle School (7-8) <sup>1</sup>	629	7,388	0.0851
High School (9-12)	6,523	42,094	0.1550
<b>TOTAL</b>	<b>7,152</b>	<b>NA</b>	<b>0.2401</b>

<sup>1</sup> Includes area within PESD only.

**TABLE C-2  
MULTI FAMILY (MF)  
STUDENT GENERATION RATES**

SCHOOL LEVEL	STUDENTS MATCHED	MF UNITS	SGR BY SCHOOL LEVEL
Middle School (7-8) <sup>1</sup>	135	2,024	0.0667
High School (9-12)	421	5,604	0.0751
<b>TOTAL</b>	<b>556</b>	<b>NA</b>	<b>0.1418</b>

<sup>1</sup> Includes area within PESD only.

<sup>7</sup> 2013-2018 American Community Survey 5-Year Estimate: DP04-Selected Housing.

<sup>8</sup> Education Code Section 17625 sets forth the prerequisites that must be met before school districts may levy school fees on mobile homes. Since it is often difficult to determine and make projections relating to mobile homes that meet those requirements, the mobile home category is omitted from this analysis.

In order to evaluate students generated from future households by school level, the student generation rates determined in Table C-1 and C-2 above (also summarized in Table 5 of this Study) were used. These student generation rates are listed by residential category and by school level.

**TABLE C-3  
STUDENT GENERATION RATES**

SCHOOL LEVEL	SFD UNITS	MF UNITS
Middle School (7-8)	0.0851	0.0667
High School (9-12)	0.1550	0.0751
<b>TOTAL</b>	<b>0.2401</b>	<b>0.1418</b>

The student generation rates for each residential category listed in Table C-4 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-4.

**TABLE C-4  
ALLOCATION OF UNMITIGATED PROJECTED UNITS BY RESIDENTIAL CATEGORY**

RESIDENTIAL CATEGORY	UNMITIGATED PROJECTED UNITS	PERCENTAGE ALLOCATION
SFD	12,883	78.5%
MF	3,521	21.5%
<b>TOTAL</b>	<b>16,404</b>	<b>100.0%</b>

The Blended Student Generation Rates were determined by applying the percentage allocations, the results of which are shown in Table C-5.

**TABLE C-5  
BLENDED STUDENT GENERATION RATES**

SCHOOL LEVEL	BLENDED STUDENT GENERATION RATE <sup>1</sup>
Middle School (7-8)	0.0812
High School (9-12)	0.1378
<b>TOTAL</b>	<b>0.2190</b>

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

## Appendix D – Facilities Capacity Update

**PERRIS UNION HIGH SCHOOL DISTRICT  
FACILITIES CAPACITY UPDATE  
APPENDIX D**

<b>Item</b>	<b>School</b>	<b>Middle School</b>	<b>High School</b>
SAB Form 50-02 (as of 2001)	NA	972	2,349
Non-Severe/Severe	NA	0	0
*002	Paloma Valley High	0	1,796
*003	Perris High	0	40
*004	Pinacate Middle	53	0
*005	Perris Valley Academy	0	297
*006	Perris High	0	702
*007	Heritage High	0	2,673
*008	Paloma Valley High	0	567
*009	Pinacate Middle	81	0
*010[1]	High School #4	0	0
<b>Total</b>		<b>1,106</b>	<b>8,424</b>

\*Based on information provided on SAB 50-04 Applications for New Construction Funding

[1] High School #4 has yet to be constructed, therefore additional seats have not been added.