
**SCHOOL FACILITY FEE JUSTIFICATION REPORT
FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL
DEVELOPMENT PROJECTS**

for the

SAUSALITO MARIN CITY SCHOOL DISTRICT

August 2021

Prepared by
School Facility Consultants

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Prepared for
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EXECUTIVE SUMMARY

The Sausalito Marin City School District (District) is justified to collect the fee of up to \$3.82 per square foot of residential development as authorized by Government Code Section 65995 (Level I fees), as future residential development creates a school facility cost of \$3.82 per square foot. The District is also justified to collect the legal maximum fee of \$0.66 per square foot of development on all categories of commercial/industrial development (except Rental Self-Storage), as those categories of development create school facility costs ranging from \$1.68 to \$7.11 per square foot of future development, even when fees from linked residential units are accounted for. The District is justified to collect \$0.09 per square foot on the rental self-storage category, even when fees from linked residential units are accounted for. The District currently shares fee revenue with Tamalpais Union High School District, with 70 percent of the total \$4.08 per square foot fee (\$2.86 per square foot) going to the District and the remaining 30 percent (\$1.22 per square foot) going to Tamalpais Union High School District.

The District's justification for collecting fees on future residential and commercial/industrial development is based on the following facts and projections:

1. The District's enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient capacity to house students generated by future development. These students will require the District to construct new school facilities.
2. Each square foot of future residential development creates an estimated school facilities cost of \$3.82. All categories of commercial/industrial development create an estimated school facilities cost ranging from \$1.68 to \$7.11 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
3. The District currently shares developer fee revenue with the Tamalpais Union High School District. For example, if the District were to collect a \$2.86 share of the total \$4.08 per square foot cost of new development, fee revenue will offset 74.9 percent of the school facility cost attributable to residential development. If the District continues to collect its current share of the developer fees charged on commercial/industrial development (\$0.46 District share of the total \$0.66 charged on new development), fee revenue will offset from 6.5 percent to 27.4 percent of the school facility cost attributable to commercial/industrial development, even when fees from linked residential units are accounted for. For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements), that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

End of Section

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INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Sausalito Marin City School District (District). *School Facility Consultants* has been retained by the District to conduct the analysis and prepare this Report.

A. Purpose and Scope

The purpose of this Report is to show that the District meets pertinent requirements of State law regarding the collection of developer fees.

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for additional school facilities. Government Code Section 65995 authorizes school districts to collect fees on future developments of no more than \$4.08 per square foot for residential construction and \$0.66 for commercial/industrial construction (Level I fees). Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the development on which the fees are to be charged.

This Report:

- identifies the cost of providing school facilities for students generated by future residential and commercial/industrial development in order to justify the collection of fees on those developments, and
- explains the relationship between the fees and the developments on which those fees are to be charged.

B. Brief Description of the Sausalito Marin City School District

The Sausalito Marin City School District is located in Marin County. District boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves over 455 students in grades K-8 and operates one elementary school and one junior high school.

Opportunities for new residential development exist in the District and this report estimates 121 new residential units are currently being considered for construction within the District's boundaries over the next five years.

To accommodate this future residential development, the District plans to replace portables with permanent classrooms throughout the District by constructing new additions.

C. Data Sources

The data sources for this Report are listed below and are referenced throughout the Report.

Data Sources

Data Type	Data Source
Residential development rates	County of Marin Planning Department; City of Sausalito Planning Department, County of Marin Assessor Parcel Records
Enrollment history	CBEDS
Pupil capacity of District schools	Sausalito Marin City SD
Student generation rates for housing units	United States Census, CBEDS
Employees per square foot of commercial/industrial development	San Diego Association of Governments
Number of workers per household	United States Census, American Community Survey

D. Outline of the Report

The Report is divided into six sections. The sections:

1. Identify the District's school facility needs,
2. Calculate the financial impact on the District of future residential and commercial/industrial developments,
3. Compare the projected revenues from developer fees to the costs of providing adequate facilities for students generated by future developments,
4. Show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees,
5. Summarize other potential funding sources for school facilities and
6. Present recommendations regarding the collection of developer fees.

End of Section

I. DISTRICT FACILITY NEEDS

This Section describes the District's requirements for school facilities. Specifically, the following subsections:

- A) Identify the District's current capacity,
- B) Identify the District's enrollment history and classroom utilization,
- C) Subtract the District's enrollment from the District's capacity to calculate the District's facility needs, and
- D) Describe the District's plan to fulfill its facility needs.

A. Pupil Capacity of District Facilities

The Report calculates the pupil capacity of the District by (1) taking an inventory of the classrooms that are included in the District's site maps and (2) applying the District's desired classroom loading standards to that inventory.

1) Classroom Loading Standards

The District's classroom loading standards are listed in Table 1-1. These standards reflect the District's desired classroom loading to achieve optimal student achievement.

**Table 1-1
Loading Standards**

Grade Level	Number of Students Per Classroom
K-3	17
4-8	20

2) Classroom Capacity

Table 1-2 lists the classroom capacity of the District by grade group. The capacity is determined by multiplying the number of classrooms in the District by the appropriate District loading standard identified in Table 1-1.

The classroom count reflects an inventory of the District's school sites as outlined in the District's most current classroom utilization maps. Facilities not present in the classroom count include: (1) portable classrooms (temporary structures, intended to provide interim housing while permanent facilities are planned, designed and constructed), (2) small classrooms (rooms that are not suitable for implementing a standard curriculum), (3) pull-out type classrooms, such as computer labs, (4) spaces currently being used as classrooms not originally designed as such, and (5) classrooms not owned by the District.

Table 1-2
Classroom Count and Pupil Capacity Based on
District Loading Standards

Grade Group	Number of Classrooms	Number of Pupils Per Classroom	Pupil Capacity
K-3	14	17	238
4-8	2	20	40
	16	N/A	278

B. Five-Year Enrollment History

1) Enrollment History

Table 1-3 tracks the District's enrollment history over the past five years. The Report uses the California Basic Educational Data Systems (CBEDS) for information on the District's total enrollment from 2016/17 to 2020/21.

Table 1-3
District Enrollment History

Grade	2016/17	2017/18	2018/19	2019/20	2020/21
K-5	400	370	359	320	305
6-8	158	168	169	164	152
Total	558	538	528	484	457

2) Percent Utilization

Table 1-4 shows the percentage of classroom capacity the District is utilizing by dividing the District's current enrollment as indicated in the District's October 2020 CBEDS information, by the capacity listed above (Table 1-3).

Table 1-4
2020/21 Classroom Utilization

Grade Group	Pupil Capacity	2020/21 Enrollment	Percent Utilization
K-5	238	305	128.2%
6-8	40	152	380.0%
Total	278	457	164.4%

As Table 1-4 shows, the District is currently operating at over 100 percent of capacity.

C. District Facility Requirements

Table 1-5 calculates the District's requirements for school facilities by subtracting its capacity from its enrollment.

Table 1-5
District Facility Needs/Unhoused Students

Grade Group	2020/21 Enrollment	District Capacity (Pupils)	Unhoused Students
K-5	305	238	67
6-8	152	40	112
Total	457	278	179

As Table 1-5 shows, the District will need additional facilities for 179 students.

D. Plan for Fulfilling School Facility Needs

In order to provide facilities for the unhoused students listed in Table 1-5, the District plans to construct new classroom additions.

Table 1-6
District Facility Plan

Projects	Pupil Capacity	Time Frame
New K-5 Classroom Additions	67*	5 years
New 6-8 Classroom Additions	112**	5 years
Interim Housing	N/A	throughout next 5 years
Total	179	N/A

*Total capacity of new K-5 addition is 68 pupils.

**Total capacity of new 6-8 addition is 160 pupils.

End of Section

II. FINANCIAL IMPACT ON THE DISTRICT OF FUTURE RESIDENTIAL DEVELOPMENT

This Section quantifies how future residential development financially affects the District.

Future residential development will generate additional students in the District. As shown in the previous section, adequate school facilities do not exist for these students. Future residential development, therefore, financially affects the District by generating a need for adequate school facilities that the District must acquire at some cost. This section describes this cost in three ways: (1) dollars per K-8 student generated from future development, (2) dollars per housing unit and (3) dollars per square foot of future development.

In order to calculate the financial effects described above, the Report needs first to calculate the number of students that will live in a new housing unit and the per-pupil cost of providing school facilities for elementary and middle school students.

A. Number of Students per New Housing Unit

This Report estimates the number of students that each future residential housing unit will generate by analyzing the rate at which previously built housing units have generated current District pupils.

The student generation rate used in this Report is calculated by dividing the number of K-8 students enrolled in District schools in 2017/18 by the total number of occupied housing units in the District in the year 2018 according to the United States Census Bureau.

Table 1-7 identifies the K-8 student generation rate for new housing units in the District.

Table 1-7
Student Generation Rates

Grade Group	Students per Residential Housing Unit
K-5	0.061
6-8	0.029
Total	0.090

B. Cost of Providing School Facilities

The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-8. The per-pupil facility cost is based on the District's cost estimates to build new classroom additions at outlined in the District's 2020 *Facilities Master Plan* Scheme 2.

Table 1-8
Per-Pupil Facility Costs for K-8 Students

Grade Group	Project	Total Facility Cost	Project Capacity	Per-Pupil Facility Cost
K-5	Construct New K-5 Classroom Additions	\$3,745,942	51	\$73,450
6-8	Construct New 6-8 Classroom Additions	\$7,587,385	160	\$47,421

C. Cost of Providing School Facilities per New K-8 Student Generated by Future Development

The Report determines the facility cost of a K-8 student generated by future development by calculating a weighted average of the facility costs for elementary and middle school students.

The relative size of the two student generation rates for residential housing units tells us that 67.8 percent of students from new units will be elementary students and 32.2 percent will be middle school students. Multiplying the respective percentages by the appropriate Per-Pupil Facility Cost from Table 1-8, results in a weighted average facility cost for K-8 students from future residential development.

Table 1-9
Weighted Average School Facility Cost for a K-8 Student from Future Residential Development

Grade Group	Per Pupil Facility Cost	Weighting Based on Student Generation Rate	Weighted Per Pupil Facility Cost
K-6	\$73,450	67.8%	\$49,799
7-8	\$47,421	32.2%	\$15,270
K-8	N/A	N/A	\$65,069

D. Cost of Providing School Facilities per New Residential Housing Unit

Table 1-10 multiplies the total number of students per housing unit by the facility costs of K-8 students to calculate a \$5,856 facility cost attributable to future residential housing units.

Table 1-10
School Facility Cost per New Housing Unit

K-8 Student Generation Rate	K-8 Per Pupil Facility Cost	Cost Per New Housing Unit
0.090	\$65,069	\$5,856

E. Cost of Providing School Facilities per Square Foot of Future Residential Development

This Report calculates the school facility cost per square foot of future development by dividing the cost per housing unit by the average square footage of housing units.

Information from the City of Sausalito Planning Department, the County of Marin Planning Department and County of Marin Assessor Parcel records indicate that the average square footage of projected residential units built in the next five years will be 1,531 square feet. As a result, this Report estimates that new housing units subject to a Level I fee will have an average square footage of 1,531 square feet.

Table 1-11 shows the school facility cost per square foot of new residential housing units.

Table 1-11
School Facility Cost per Square Foot of Residential Development

Facility Cost Per Unit	Average Square Footage	Facility Cost Per Square Foot of Development
\$5,856	1,531	\$3.82

End of Section

III. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES

This Section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level I Fees at \$4.08 per square foot. The District currently shares developer fee revenue with Tamalpais Union High School District, with 70 percent of fee revenue going to the Sausalito Marin City School District. If the District continues to collect 70 percent of the fees charged on residential development, it will collect \$2.86 of a total \$4.08 charged on new development.

As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$3.82. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., at \$2.86 per square foot, for every \$1.00 in fee revenue generated by future development, \$1.34 in school facility costs are generated).

A. Fee Revenue from Future Residential Development

Information from the City of Sausalito Planning Department, County of Marin Planning Department and County of Marin assessor parcel records indicate that approximately 121 residential units may be built in the District over the next five years.

Based on the average square footage from the previous section, 121 residential units will generate 185,251 square feet of residential development over the next five years.

As Table 1-12 shows, if the District collects the current level I fee of \$2.86 per square foot, the District will collect \$529,818 in residential developer fees over a five-year projection period.

Table 1-12
Revenue from Residential Developer Fees

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
121	1,531	\$2.86	\$529,818

B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions to existing residences, to the extent that these additions exceed the exclusionary threshold outlined in the Education Code. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be charged on residential additions “only if the resulting increase in assessable space exceeds 500 square feet.” The fee revenue calculation for additions is the same as for new units. For example, additions totaling 40,000 square feet would generate \$114,400 in fee revenue (40,000 multiplied by \$2.86).

C. Fee Revenue from Reconstruction and Redevelopment

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing, but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. The fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate \$143,000 in fee revenue (50,000 times \$2.86).

D. School Facility Costs Generated by Future Residential Development

The total school facility cost attributable to future development is calculated by multiplying the following two factors: (1) the number of new housing units, (2) the average square footage of new units and (3) the facility cost per square foot. Table 1-13 shows that the total school facility cost attributable to future development is \$708,576.

Table 1-13
School Facility Cost Generated by Students from Future Development

New Units	Cost per New Housing Unit	Total Cost
121	\$5,856	\$708,576

E. School Facility Costs Generated by Additions to Existing Residences

Additions to existing residences will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional two students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of \$130,138 (two students times a per-pupil facilities cost of \$65,069).

F. School Facility Costs Generated by Reconstruction and Redevelopment

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional three students when applying the student generation rate calculated in this Report and a school facilities cost to the District of \$195,207 (three students times a per-pupil facilities cost of \$65,069).

G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees

Table 1-14 shows that \$529,818 in total residential Level I fee revenue will cover only 74.8 percent of the \$708,576 in total school facility costs attributable to residential development over the next five years. Some of this shortfall may be recovered from fees on commercial development.

Table 1-14
Facility Cost of Residential Development Versus Fee Revenue

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
\$529,818	\$708,576	\$178,758

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.66 per square foot, is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

End of Section

IV. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

This Section analyzes the costs of providing school facilities for the students generated by new commercial/industrial development.

Commercial/industrial development will attract additional workers to the District, and, because some of those workers will have school-age children, will generate additional students in the District. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact to the District by generating a need for the construction and/or reconstruction of school facilities.

The Report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

- (1) Employees per square foot of new commercial/industrial development,
- (2) Percent of employees in the District that also live in the District,
- (3) Houses per employee,
- (4) Students per house, and
- (5) School facility cost per student.

The Report calculates each of these factors in the next sections.

A. Employees per Square Foot of Development

As permitted by State law, the Report uses results from a survey published by the San Diego Association of Governments (SanDAG) (see Appendix) to establish the number of employees per square foot of new commercial/industrial development projects.

Table 1-15
Employees Per Square Foot of Commercial/Industrial
Development, by Category

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Com. Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report.

B. Percentage of Employees Residing Within the District

U.S. Census data indicates that approximately 26 percent of people working in the District also live in the District.

C. Number of Households per Employee

U.S. Census data indicates that there are approximately 0.94 workers per household. Likewise, this data indicates that there are 1.07 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 1.07 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.090 K-8 pupils will reside in each housing unit.

E. School Facility Cost per Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per K-8 pupil is \$65,069.

F. School Facility Cost per Square Foot of Commercial/Industrial Development

Table 1-16 calculates the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Table 1-15.

School facility costs for development projects not included on this list may be estimated by using the closest employee-per-square foot ratio available for the proposed development.

(Continued on next page)

Table 1-16
Facility Cost per Square Foot of Commercial/Industrial
Development, by Category

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-8 Students per Dwelling Unit	Cost per K-8 Student	Cost per Square Foot
Banks	0.00283	0.26	1.07	0.090	\$65,069	\$4.61
Community Shopping Centers	0.00153	0.26	1.07	0.090	\$65,069	\$2.49
Neighborhood Shopping Centers	0.00271	0.26	1.07	0.090	\$65,069	\$4.42
Industrial/business Parks	0.00352	0.26	1.07	0.090	\$65,069	\$5.73
Industrial Parks	0.00135	0.26	1.07	0.090	\$65,069	\$2.20
Rental Self-Storage	0.00006	0.26	1.07	0.090	\$65,069	\$0.10
Scientific R&D	0.00304	0.26	1.07	0.090	\$65,069	\$4.95
Lodging	0.00113	0.26	1.07	0.090	\$65,069	\$1.84
Standard Commercial Offices	0.00480	0.26	1.07	0.090	\$65,069	\$7.82
Large High Rise Com. Offices	0.00432	0.26	1.07	0.090	\$65,069	\$7.04
Corporate Offices	0.00269	0.26	1.07	0.090	\$65,069	\$4.38
Medical Offices	0.00427	0.26	1.07	0.090	\$65,069	\$6.96

The District is justified in collecting the Government Code maximum of \$0.66 per square foot for all categories (except rental self-storage) of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of \$0.66. The fee amount for the rental self-storage category is less than the Government Code maximum and is calculated to be \$0.10 per square foot.

G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset

A “residential fee offset” is calculated by (1) determining the number of homes that are associated with the employees generated by new commercial/industrial development and (2) calculating the residential fee revenues the District will collect from those homes based on the average vacancy rate from the previous two US Census and projected new development rates, this report assumes that even if all new homes are available to house new workers, these units would only represent 9.1 percent of available housing. Therefore, this report estimates that only 9.1 percent of employees generated by new commercial/industrial development will reside in new homes. However, even if 65% of available homes were new homes, the District would still be fully justified to collect commercial/industrial fees on all types of development (except rental self-storage).

For purposes of calculating the residential fee offset, this Report estimates that the District will collect \$3.82 per square foot of future residential development (the maximum amount the District is justified to collect).

Subtracting the residential fee offset from the total school facility cost generated by commercial/industrial development produces a discounted school facility cost that takes into account revenues from “linked” residential units.

The number of Dwelling Units Per Square Foot of Commercial/Industrial Development is determined by multiplying the following factors from Table 1-16 (above): (1) the Number of Employees Per Square Foot of Commercial/Industrial Development; by (2) the Percentage of Employees that Reside within the District; by (3) the Number of Dwelling Units Per Employee. To illustrate, 0.00153 employees are generated for each Square Foot of Community Shopping Center constructed, 26 percent of these employees are anticipated to live within the District and each of these employees living in the District will require 1.07 dwelling units. Multiplying these factors demonstrates that 0.00043 dwelling units are required for each square foot of Community Shopping Center constructed within the District.

Table 1-17 calculates the facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

Table 1-17
School Facility Cost of New Commercial/Industrial Development
Discounted By Residential Fee Offset

Category	Dwelling Unit per Square Foot Com/Ind	Average Square Foot per Unit	District's Revenue per Square Foot Res. Dev.	Percentage of Employees Living in New Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Comm/Ind Development	Cost per Square Foot Less Offset
Banks	0.00079	1,531	\$3.82	9.1%	\$0.42	\$4.61	\$4.19
Community Shopping Centers	0.00043	1,531	\$3.82	9.1%	\$0.23	\$2.49	\$2.26
Neighborhood Shopping Centers	0.00075	1,531	\$3.82	9.1%	\$0.40	\$4.42	\$4.02
Industrial Business Parks	0.00098	1,531	\$3.82	9.1%	\$0.52	\$5.73	\$5.21
Industrial Parks	0.00038	1,531	\$3.82	9.1%	\$0.20	\$2.20	\$2.00
Rental Self-storage	0.00002	1,531	\$3.82	9.1%	\$0.01	\$0.10	\$0.09
Scientific R&D	0.00085	1,531	\$3.82	9.1%	\$0.45	\$4.95	\$4.50
Lodging	0.00031	1,531	\$3.82	9.1%	\$0.16	\$1.84	\$1.68
Standard Com.Offices	0.00134	1,531	\$3.82	9.1%	\$0.71	\$7.82	\$7.11
Large High Rise Commercial Offices	0.00120	1,531	\$3.82	9.1%	\$0.64	\$7.04	\$6.40
Corporate Offices	0.00075	1,531	\$3.82	9.1%	\$0.40	\$4.38	\$3.98
Medical Offices	0.00119	1,531	\$3.82	9.1%	\$0.63	\$6.96	\$6.33

As the table shows, the school facility cost of all categories, except for Rental Self-Storage, is greater than the Government Code maximum of \$0.66 per square foot even when that cost is discounted by revenues from linked residential units. Therefore, the District is justified in collecting the Government Code maximum of \$0.66 per square foot for all categories of commercial/industrial development (except Rental Self-Storage).

For illustrative purposes, the Report will compare the school facility cost generated by 140,000 square feet of new community shopping center development to the fee revenue it will provide to the District. This analysis is valid, however, for all types of commercial/industrial development.

If the District collects \$0.46 (District's 70 percent share of the \$0.66 fee) per square foot of commercial/industrial development, it will collect \$64,400 from the 140,000 square feet of community shopping center development. Assuming that all of the employees of the community shopping center development live in new homes, the District will also collect \$31,714 in revenue from residential developer fees (140,000 square feet x 0.00153 employees per square foot x 26 percent employees that live in District x 1.07 housing units per employee x 1,531 square feet per housing unit x \$3.82 revenue from developer fees x 9.1% available new housing). The 140,000 square feet of community shopping center development will create a school facilities cost of \$348,600 (140,000 square feet x \$2.49 school facility cost per square foot of community shopping center).

Table 1-18 compares the school facility costs generated by 140,000 square feet of community shopping center development to the fee revenues it provides to the District.

Table 1-18
Comparison of Facility Cost and Fee Revenue Generated by
New Community Shopping Center Development

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	\$64,400	\$348,600	(\$284,200)
New housing units associated with the development	\$23,744	N/A	\$23,744
Total	\$88,144	\$348,600	(\$260,456)

As the table shows, fee revenue from community shopping center development will cover only 27.6 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development, except Rental Self-Storage, will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.66 per square foot even when fees from linked residential units are considered. After accounting for linked residential units, the facility cost per square foot of the rental self-storage category is \$0.09 per square foot.

End of Section

V. FINDINGS

This Section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

A. Government Code Section 66001(a)(1)—Purpose of the Fee

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

B. Government Code Section 66001(a)(2)—Use of the Fee

The District's use of the fee will involve constructing new school facilities. In addition, the fee may be used to construct additional permanent facilities on existing school campuses, and/or constructing and/or reconstructing school campuses. The District may also need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

- (1) Land (purchased or leased) for school facilities,
- (2) Design of school facilities,
- (3) Permit and plan checking fees,
- (4) Construction or reconstruction of school facilities,
- (5) Testing and inspection of school sites and school buildings,
- (6) Legal and administrative costs associated with providing facilities to students generated by new development,
- (7) Administration of the collection of developer fees (including the costs of justifying the fees), and
- (8) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

C. Government Code Section 66001(a)(3)—Relationship Between the Fee's Use and the Type of Project Upon Which the Fee is Imposed

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. Future residential development, therefore, creates a need for additional school facilities. The fee's use (constructing school facilities) is, therefore, reasonably related to the type of project (future residential development) on which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial development will also generate new students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (new commercial/industrial development) on which it is imposed.

D. Government Code Section 66001(a)(4)—Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed

The District's current and projected enrollment over the next five years is larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house all students generated by future development. Future residential and commercial/industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and the construction of new residential and commercial/industrial development projects.

E. Government Code Section 66001(b)—Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed

This Report demonstrates that the school facility cost attributable to future residential development is \$3.82 per square foot. Fees on residential development of up to \$3.82 are, therefore, fully justified. The District currently shares developer fee revenue with Tamalpais Union High School District, with 70 percent of fee revenue going to the Sausalito Marin City School District. If the District continues to collect 70 percent of the fees charged on residential development, it will collect \$2.86 of a total \$4.08 charged on new development.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development except rental self-storage range from \$1.68 per square foot to \$7.11 per square foot, even when fees from linked residential units are accounted for. Level I fees of \$0.66 on these types of development are, therefore, fully justified. The school facility cost attributable to rental self-storage units is \$0.09 per square foot when fees from linked residential units are accounted for.

All school facility costs and fees in this Report are calculated on a per-pupil basis to ensure that future developments only pay for impacts they cause.

Table 1-19
Projected Five-Year District Revenue

	Revenues
1. Capital Assets:	
Measure P	\$41,600,000
Current Fund 40 Capital Facility Fund Balance	\$838,061
Additional Future Insurance Funds to Fund 40	\$796,814
Total Capital Assets	\$43,234,875
2. Projected Revenue from Developer Fees:	
Residential Development*	\$529,818
Commercial/Industrial Development**	\$28,766
Total Projected Revenue from New Development	\$558,584
Total Projected Five-Year District Revenue	\$43,793,459

* Estimate based on 121 homes averaging 1,531 square feet times the District's anticipated revenue of \$2.86 per square foot.

** Estimate based City of Sausalito and County of Marin current commercial and industrial project lists totaling 62,534 square feet of commercial and industrial development times the District's anticipated revenue of \$0.46 per square foot.

Information in Table 1-12 outlines the District's projected revenue for capital outlay for the next five years and includes the current balance of the District's Capital Facility Funds, the projected revenue from new residential and commercial/industrial development. After accounting for these current and estimated amounts, the District has projected capital facility revenue of \$43,793,459 over the next five years.

The District's 2020 Facilities Master Plan identifies projects necessary to provide adequate student facilities, with construction costs totaling an estimated \$127,118,162. Comparing the District's projected revenue over the next five years, to the estimated cost of implementing the District's facility needs, indicates that projected facility costs will exceed revenues by \$83,324,703.

F. Other Funding Sources

The following is a review of potential other funding sources for constructing school facilities.

1) General Fund

The district's General Fund budget is typically committed to instructional and day to day operating expenses and not used for capital outlay uses, as funds are needed solely to meet the district's non-facility needs.

2) State Programs

The 1998 Leroy F. Greene School Facility Program provides funding for school districts that can demonstrate eligibility. Even projects funded at 100 percent of the State allowance, however, often experience a shortfall between State funding and the district's actual facility needs. State funds for deferred maintenance may not be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes. On November 3, 2020, the District's voters approved Measure P, a \$41.6 million bond for school facilities.

4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been occasionally used in school districts, the revenues are typically minor and are used to supplement operating budgets.

5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or land owners if fewer than 12) in an election.

6) Surplus Property

The district does not own any surplus property that could be used to finance adequate school facilities.

End of Section

VI. RECOMMENDATIONS

As described in Section II.E, the District's cost per square foot of residential development is \$3.82. Therefore, this Report recommends that the District levy a fee, as authorized by Government Code Section 65995, not to exceed \$3.82 per square foot of residential development.

The District currently shares developer fee revenue with Tamalpais Union High School District, with 70 percent of fee revenue going to the Sausalito Marin City School District. If the District continues to collect 70 percent of the fees charged on residential development, it will collect \$2.86 of a total \$4.08 charged on new development.

As described in Section IV.G, the District's cost per square foot of commercial/industrial development ranges from \$1.68 to \$7.11. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, currently \$0.66 per square foot on all categories of commercial/industrial development (except Rental Self-Storage). The District is justified to collect a lower fee on the rental self-storage category of \$0.09 per square foot.

These recommendations are based on the findings that residential and commercial/industrial development creates a school facility cost for the District that is larger than the revenue generated by charging these fees.

End of Report

Appendix

Employee Statistics From
The San Diego Association of Governments
by Various Categories of Commercial/Industrial Development

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Appendix

Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Banks				
Calif. First	57	13,400	354	0.00283
Southwest	11	3,128		
Mitsubishi	14	6,032		
Security Pacific	22	14,250		
Total	104	36,810		
Average	26	9,203		
Community Shopping Centers				
Rancho Bernardo Towne Center	273	139,545	652	0.00153
Plaza De Las Cuatro Banderas	227	186,222		
Rancho San Diego Village	N/A	N/A		
Total	500	325,767		
Average	250	162,884		
Neighborhood Shopping Centers				
Town and Country	217	70,390	369	0.00271
Tierrasanta II	87	49,080		
Palm Plaza	143	47,850		
Westwood Center	173	61,285		
Total	620	228,605		
Average	155	57,151		
Industrial Business Parks				
Convoy Ct / St. Parks	955	224,363	284	0.00352
Sorrento Valley Blvd. / Ct. Complexes	2,220	610,994		
Ronson Court	848	206,688		
Pioneer Industrial Project	N/A	N/A		
Sorrento Valley	N/A	N/A		
Torrey Business & Research	739	243,829		
Ridgehaven Court	823	213,449		
Ponderosa Avenue Industrial	245	158,983		
Total	5,830	1,658,306		
Average	972	276,384		

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	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Industrial Parks				
Sorrento West	725	614,922	742	0.00135
Roselle Street	761	500,346		
Stromesa Street	200	136,124		
Total	1,686	1,251,392		
Average	562	417,131		
Rental Self-Storage				
Poway Storage	2	32,000	17,096	0.00006
Lively Center	2	20,000		
Brandon Street Mini-Storage	2	31,348		
Melrose Mini-Storage	2	28,280		
Lock-It Lockers Storage	3	59,325		
Total	11	170,953		
Average	2	34,191		
Scientific Research and Development				
Johnson & Johnson Biotechnology Center	39	22,031	329	0.00304
IVAC Corporation	1,300	315,906		
TRW/LSI Products	350	145,192		
Nissan Design International	26	40,184		
Salk Institute	500	318,473		
S-Cubed Corporation	160	56,866		
Torrey Pines Science Park	2,333	649,614		
Total	4,708	1,548,266		
Average	673	221,181		
Lodging				
San Diego Hilton	139	223,689	882	0.00113
Hyatt Islandia	320	250,000		
La Jolla Village Inn	180	129,300		
Hanalei Hotel	310	267,000		
Vagabond Inn	12	22,548		
Fabulous Inn & E-Z8 Motel	92	92,731		
Vacation Village	234	151,134		
Total	1,287	1,136,402		
Average	184	162,343		

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	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Standard Commercial Office				
Industrial Indemnity Bldg.	170	34,300	208	0.00480
Beta Bldg.	110	29,400		
Park Camino Bldg.	299	55,500		
2181 E.C.R. Bldg.	47	10,000		
Camino Real Financial Center	23	6,300		
Total	649	135,500		
Average	130	27,100		
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600	232	0.00432
Lion Plaza Building	462	109,900		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	434,400		
Average	625	144,800		
Corporate Offices				
Equitable Life	200	53,900	372	0.00269
Bank of America Processing Center	300	110,000		
Home Federal Processing Center	1,150	450,000		
Trade Services Publications	270	82,000		
IRT Corporation	210	89,500		
Earl Walls & Assoc.	43	15,000		
Four Winds International Headquarters	220	90,914		
Total	2,393	891,314		
Average	342	127,331		
Medical Offices				
Chula Vista Doctors' Park	108	24,000	234	0.00427
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507		

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