
DEVELOPMENT FEE JUSTIFICATION STUDY

Prepared for

Lemoore Union Elementary School District

100 Vine Street
Lemoore, California 93245
(559) 924-6800
www.luesd.k12.ca.us

and

Lemoore Union High School District

5 Powell Avenue
Lemoore, California 93245
(559) 924-6610
www.luhdsd.k12.ca.us

Prepared by

ODELL *Planning & Research, Inc.*

49346 Road 426, Suite 2
Oakhurst, California
(559) 472-7167
www.odellplanning.com

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SECTION A

INTRODUCTION AND FINDINGS

INTRODUCTION

School districts are authorized to collect fees on new residential and commercial/industrial development in accordance with Education Code Section 17620 and Government Code Section 65995. The traditional development fees (referred to as “Level 1” fees) were increased by the State Allocation Board in January 2018 from a maximum of \$3.48 per square foot to \$3.79 per square foot for residential development and from \$0.56 per square foot to \$0.61 per square foot for commercial/industrial development.

In non-unified school districts, such as the Lemoore Union Elementary School District (LUESD) and Lemoore Union High School District (LUHSD), the Level 1 fees must be split between the districts in a manner agreed to by the districts. In accordance with the existing agreement, LUESD would receive 60 percent of the Level 1 fees (\$2.27 per square foot for residential development and \$0.37 per square foot for commercial/industrial development) and the LUHSD would receive 40 percent of the fees (\$1.52 per square foot for residential development and \$0.24 per square foot for commercial/industrial development).

This study is organized into three sections:

- Section A sets forth the purpose of the study and the findings necessary to charge development fees;
- Section B determines the justifiable residential development fee; and
- Section C determines the justifiable commercial/industrial development fees by category of development.

FINDINGS

This study presents the information and analysis necessary to demonstrate that LUESD and LUHSD are justified in collecting school facilities fees for new residential and commercial/industrial development in accordance with Education Code Section 17620 and Government Code Sections 65995 and 66001. As required by law, this study demonstrates the following:

- a. New residential and commercial/industrial development relates directly to the need for school facilities in the Districts.**
 - Based upon past development activity and reasonable future projections, an additional 395 single family residential units, 141 multiple family residential units and approximately 51,000 square feet of commercial/industrial development will be

constructed in the Districts during the next five years (see Section B, Step 1 and Appendix 3).

- Students will be generated by new residential and commercial/industrial development. Single family residential development generates an average of 0.603 grades TK-12 students per unit in the Districts (see Section B, Step 2). Multiple family development generates an average of 0.342 students per unit in the Districts. Commercial and industrial development generates between 0.095 and 0.641 grades TK-12 students per 1,000 square feet, depending on the category of development (see Section C, Table C-1).
- Residential units constructed during the next five years will generate approximately 286 students in grades TK-12, including 144 in grades TK-6, 49 in grades 7-8 and 93 in grades 9-12 (see Section B, Table B-3).

b. The Districts need additional school facilities to accommodate students from new development.

- LUESD does not have existing capacity to accommodate projected students from new development (see Section B, Table B-4). Therefore, LUESD will need school facilities to house 144 grades TK-6 students and 49 grades 7-8 students generated by residential units to be constructed during the next five years.
- LUHSD does have existing capacity to accommodate 27 projected students from new development (see Section B, Table B-4). Therefore, LUHSD will need school facilities to house 66 grades 9-12 students generated by residential units to be constructed during the next five years.

c. The amount of fees charged is reasonably related to the amount of need attributable to new development projects.

- The residential fee per square foot justified by this report to fully fund the cost of providing school facilities to students from new development is \$6.17 per square foot for LUESD and \$2.87 for LUHSD (see Section B, Step 7).
- Government Code Section 65995 allows the Districts to charge a total residential fee of up to \$3.79 per square foot. This fee falls substantially short of funding the full cost of providing school facilities to students from new development.
- A fee on commercial and industrial development may be charged as a supplement to the residential fee if the residential fee does not cover the cost of providing school facilities to students from new development. The justifiable fees for commercial and industrial development by category are presented in Table C-1, which shows that the maximum total commercial/industrial fee of \$0.61 per square foot can be justified in all categories.

SECTION B

RESIDENTIAL FEE JUSTIFICATION

INTRODUCTION

This section presents a step-by-step calculation of the residential development fees for the Lemoore Union High School District (LUHSD) and the Lemoore Union Elementary School District (LUESD). The levying of development fees by school districts is authorized by Education Code Section 17620 and Government Code Section 65995. The maximum residential fee that can currently be charged under Section 65995(b) is \$3.79 per square foot.¹ In non-unified school districts, the fee must be split between the elementary and high school districts in a manner agreed to by the districts. LUHSD receives 40 percent of the fee and, and LUESD receives 60 percent.

STEP 1: PROJECT NUMBER OF NEW RESIDENTIAL UNITS

The first step in the analysis is to project the number of residential units to be constructed in the Districts during the next five years. This can be estimated by evaluating recent development activity and trends in the Districts, reviewing local agency land use plans, and by making reasonable assumptions about future activity. Residential development activity in the LUHSD, between January 1, 2013, and December 31, 2017, is shown in Table B-1.

TABLE B-1
Lemoore Union High School District
RESIDENTIAL DEVELOPMENT 2013-2017

Year	Single Family Units	Multiple Family Units
2013	90	0
2014	107	88
2015	55	0
2016	81	96
2017	61	0
Total	394	184
5-Year Average	79	37

Source: LUHSD Developer Fee Records for 2013-2017

As indicated in Table B-1, building permits were issued for 394 new single family residences in the LUHSD during the past five years. The number of units ranged from a high of 107 in 2014 to a low of 55 in 2015.

With respect to multiple family units, Table B-1 indicates that permits were issued for a total of 184 units during the past five years with all the units being in a project first approved by the City of Lemoore in 2012.

¹ This fee is also known as the “Level 1” fee. Higher “alternative” fees (Level 2 and 3 fees) can only be justified by meeting the requirements of Government Code Sections 65995.5, 65995.6 and 65995.7. This study is not intended to justify alternative fees.

Most of the single family development activity and all of the multiple family activity during the past five years has occurred in the City of Lemoore. Some development activity occurs on the rural fringe of Lemoore and in the case of the LUHSD, in the Stratford area. Since 2013, single family residential development outside the Lemoore City limits has averaged approximately seven units per year in LUHSD.

Substantial potential exists for future residential development activity in the City of Lemoore. The City of Lemoore has approximately 700 approved single family lots available for development. The 2030 General Plan provides for up to approximately 9,000 additional dwelling units. The single family developments with tentative or final map approval are located in all quadrants of the City.

Recently, the City of Lemoore has given preliminary approval for additional residential developments by D. R. Horton Homes, Lennar Homes, Wathen-Castanos Homes, and Granville Homes. The Lennar Homes approval is for 175 single family homes. The Granville Homes approval is for a multi-family development consisting of duplex and triplex units having a total of 141 units. Although actual construction of these projects has not started, the projects are evidence of continued interest by major developers in the Lemoore area.

Table B-2 shows the number of housing units projected to be constructed in the Districts during the next five years (through 2022). The projected number of single family units is 395 units, which is based on the five year average in Table B-1. The sporadic nature of multiple family housing development makes projecting future multiple family units difficult. For purposes of this study, it is assumed the 141 units in the Granville Homes multi-family project will be constructed during the five year time span.

TABLE B-2
Lemoore School Districts
PROJECTED RESIDENTIAL DEVELOPMENT
(Next Five Years)

Years	Single Family Units	Multiple Family Units
2018-2022	395	141

Source: Odell Planning & Research, Inc., 2018

STEP 2: PROJECT NUMBER OF STUDENTS GENERATED BY NEW RESIDENTIAL UNITS

The number of students generated by new residential units constructed during the next five years is projected in Table B-3 by multiplying the student generation rates for residential development in the Districts (see Appendix 1) by the number of units projected in Step 1. Table B-3 indicates that a total of 286 students will be generated by new development: 144 in grades TK-6, 49 in grades 7-8 and 93 in grades 9-12.

TABLE B-3
Lemoore School Districts
STUDENTS GENERATED BY RESIDENTIAL UNITS

Grade Level	Number of Units	Student Generation Rate	New Development Students
<i>Single Family Development</i>			
TK-6	395	0.284	112
7-8	395	0.110	43
9-12	395	0.209	83
<i>Multiple Family Development</i>			
TK-6	141	0.227	32
7-8	141	0.044	6
9-12	141	0.071	10
<i>Total Students From New Development</i>			
TK-6			144
7-8			49
9-12			93
TK-12			286

Source: Odell Planning & Research, Inc., 2018

STEP 3: DETERMINE AVAILABLE FACILITIES CAPACITY FOR NEW DEVELOPMENT STUDENTS

The existing school building classroom capacities of the Districts are based on information provided by the Districts. For LUHSD, the capacity is based on loading of 12 students per continuation classroom at Jamison High School and 27 students per classroom at Lemoore High School (with an 85 percent utilization factor). The LUHSD capacity includes the capacity of projects currently under construction. To determine whether there is any available capacity to house new development students, Table B-4 compares October 2017 CBEDS enrollment in each grade grouping to the facilities capacities.

TABLE B-4
Lemoore School Districts
AVAILABLE CAPACITY IN EXISTING FACILITIES

Grade Level	Facilities Capacity	October 2017 CBEDS Enrollment	Available Capacity (or Capacity Needed)
TK-6	2,060	2,625	None (565)
7-8	698	738	None (40)
9-12	2,231	2,204	27

Source: LUHSD and LUESD (October 2017 CALPADS); LUHSD and LUESD capacity information, 2018; Odell Planning & Research, Inc., 2018.

As shown by Table B-4, no facilities capacity exists for grade level groupings TK-6 and 7-8 for LUESD. Therefore, all of the students from new development for grades K-6 and 7-8 shown in Table B-3 would be unhoused.

For LUHSD, Table B-4 indicates that there is capacity for 27 students from future new development. Therefore, of the 93 grades 9-12 students projected from new development in Table B-3, only 66 (93 – 27) will be unhoused.

STEP 4: DETERMINE COST OF SCHOOL FACILITIES FOR NEW DEVELOPMENT STUDENTS

School facilities costs are broken down into three categories: building construction, site acquisition and site development. The Level 1 fee justification methodology allows the full cost of future school facilities to be used as basis to justify the Level 1 fee.

Lemoore Union High School District New Facilities Cost

LUHSD has a plan for a future new academic building with 12 classrooms on the Lemoore High School Campus. This project includes the removal of six existing classroom facilities. However, since two of the classrooms planned for removal are portable classrooms that could be relocated to other areas in the District, the net gain of classrooms used in this study is eight (12 new minus 4 to be removed). Using the classrooms loading standards used for LUHSD in Step 3 of this study, the net capacity increase resulting from the new academic building will be 184 students. The current architect's cost estimate for the new academic building is \$7,221,748. Dividing the estimated cost by the net capacity increase results in a cost per student of \$39,249, and this amount will be used in this study as the per student cost to house students from future new development. The total cost to house the projected 66 unhoused students from new development for grades 9-12 is \$2,590,434.

Lemoore Union Elementary School District New Facilities Cost

LUESD does not have a cost estimate for future new classroom construction cost. Therefore, the allowable cost of school building construction for unhoused students from new development is calculated by multiplying the number of new development students needing facilities by twice the per student cost allowances specified in Education Code Section 17072.10(a), as annually adjusted by the State Allocation Board². The allowances used in this report include the adjusted additional grants for new fire protection/alarm and fire sprinkler systems, as authorized by the State Allocation Board. As indicated by Table B-5, the total allowable building construction cost for unhoused students generated by new development during the next five years is \$4,614,534.

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² The per student cost allowances are intended to provide the District's 50 percent share of the cost of facilities, with the remaining 50 percent provided by the state building program. Therefore, the full cost is twice the per student allowance amount.

TABLE B-5
Lemoore Union Elementary School District
BUILDING COST FOR NEW DEVELOPMENT STUDENTS

Grade Level	Unhoused Students	Allowable Cost Per Student	Total Allowable Cost
TK-6	144	\$23,550	\$3,391,200
7-8	49	\$24,966	\$1,223,334
TK-8 Total	193		\$4,614,534

Source: Odell Planning & Research, Inc., 2018; State Allocation Board, Jan. 2018

Site acquisition costs may also be included in the cost calculation. Since the LUESD owns an undeveloped elementary school site, facilities for TK-6 students from future new development would likely be constructed on land already owned by the District. Also, it is likely that any facilities for future new development students in grades 7-8 would be constructed as an addition to the existing Liberty Middle School. Therefore, no site acquisition costs have been included for LUESD.

The Level 1 fee requirements allow the inclusion of the full cost of site development. Site development costs include off-site, service site, utilities, and general site costs. The site development costs per student for LUESD are identified in Appendix 2. Table B-6 indicates the total site development costs by grade level grouping for unhoused students generated by new development, and the total for LUESD is \$942,690.

TABLE B-6
Lemoore Union Elementary School District
SITE DEVELOPMENT COST FOR NEW DEVELOPMENT STUDENTS

Grade Level	Unhoused Students	Cost Per Student	Total Allowable Cost
TK-6	144	\$5,446	\$784,224
7-8	49	\$3,234	\$158,466
TK-8 Total	161		\$942,690

Source: Appendix 2; Odell Planning & Research, Inc., 2018

The total school facilities costs to accommodate students generated by new development during the next five years are shown in Table B-7, and the total costs are \$5,557,224 for LUESD and \$2,590,434 for LUHSD.

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TABLE B-7
Lemoore School Districts
TOTAL SCHOOL FACILITIES COSTS
FOR UNHOUSED STUDENTS FROM NEW DEVELOPMENT

Type of Cost	Allowable Costs
<i>LUESD</i>	
Building Construction	\$4,614,534
Site Acquisition	\$0
Site Development	\$942,690
Total	\$5,557,224
<i>LUHSD</i>	
Total Construction Cost	\$2,590,434

Source: LUHSD and LUESD; Odell Planning & Research, Inc., 2018; State Allocation Board, 2018.

The development fees collected by the Districts may be used for construction and/or modernization of school facilities, site acquisition, site development, relocatable classrooms on existing or future sites and other facilities necessitated by students generated by new development.

STEP 5: REVIEW DISTRICT FUNDING AVAILABILITY

The Districts have reviewed their potential funding sources for school facilities to house students from new development, and those funds are identified in Table B-8.

LUHSD passed a general obligation bond for \$24 million in November 2016. In May 2017, the Series A of the bonds in the amount of \$11 million were sold. The Series B bond sale cannot take place until the LUHSD assessed valuation increases to a level sufficient to allow the maximum tax rate resulting from outstanding bonds to be in compliance with Proposition 39.

TABLE B-8
Lemoore School Districts
FUNDS POTENTIALLY AVAILABLE TO
HOUSE STUDENTS FROM NEW DEVELOPMENT

Fund Source	Amount
<i>LUESD</i>	
Fund 2500	\$400,502
Fund 4000	\$3,029,309
Total	\$3,429,811
<i>LUHSD</i>	
Fund 2100	\$8,296,211
Fund 2500	\$1,100,238
Fund 4000	\$1,213,554
Fund 4020	\$1,754,399
Total	\$12,364,402

Source: LUHSD (Mark Howard), February 2018; LUESD (Julie Fagundes), February 2018
Odell Planning & Research, Inc., 2018

However, as identified in Table B-4, LUESD has significant existing unhoused students. Table B-9 identifies by grade level the full cost to house the existing unhoused students in LUESD using the per student costs identified in Tables B-5 and B-6.

TABLE B-9
Lemoore Union Elementary School District
FACILITIES COST FOR EXISTING UNHOUSED STUDENTS

Grade Level	Full Cost Per Student	Exiting Unhoused Students	Cost to House
TK-6	\$28,996	565	\$16,382,740
7-8	\$28,200	40	\$1,128,000
TK-8 Total			\$17,510,740

Source: Odell Planning & Research, Inc., 2018

The cost to house the existing unhoused students in LUESD identified in Table B-9 substantially exceeds the available funds identified in Table B-8 for LUESD. Therefore, LUESD has no existing funds to house students from future new development.

LUHSD has a facilities improvements plan with a total cost estimate of \$30,739,668. Some of the projects in the plan have started, so the estimated cost (as January 31, 2018) to complete all the projects is \$27,974,594. LUHSD projects currently being constructed that would increase classroom capacity (Building T-5 remodel and the new athletic building) are included in the existing classroom capacity identified in Table B-4. Therefore, the remaining cost to complete these two projects, \$3,379,799, can be subtracted from the potentially available funds identified in Table B-8, leaving a potentially available balance to house students from future new development of \$8,984,603.

The facilities improvement project list and related cost estimates includes numerous projects that will not include classroom capacity. These include: swimming pool replastering and shade structure; stadium renovation; new service road; landscape improvements; tennis court expansion; ag farm classroom relocation; and stadium parking improvements. The total cost estimate for these projects is \$9,739,971. The exact timing for these projects varies from the near future to a few years away. As noted previously, only a portion of the LUHSD bond authorization has been sold, so many of the projects cannot begin until additional bond proceeds (\$13 million) are available. The future project that would increase classroom capacity, the new academic building at Lemoore High School, is one of the projects delayed until additional funds are available, and the estimated cost of this project is \$7,221,748. Since the estimated project cost for the projects that could proceed, \$9,739,971, is greater than the potentially available fund, \$8,984,603, there will be no funds available to construct facilities to house students from new development.

STEP 6: DETERMINE SQUARE FOOTAGE OF PROJECTED RESIDENTIAL DEVELOPMENT

The total square footage for residential units anticipated to be constructed in the Districts during the next five years is presented in Table B-10. This was determined by multiplying the average

square footage for residential units in the LUHSD identified in Appendix 1 by the number of units projected in Step1.

TABLE B-10
Lemoore School Districts
PROJECTED RESIDENTIAL SQUARE FOOTAGE
(Five-Year Period)

Number/Type of Units	Square Footage Per Unit	Square Footage Constructed
395 Single Family	1,922	759,190
141 Multiple Family	1,007	141,987
Total		901,177

Source: LUHSD Developer Fee Records; Odell Planning & Research, Inc., 2018.

STEP 7: CALCULATE LEVEL 1 FEE

The potential Level 1 fee for each district is calculated in Table B-11 by dividing the total cost of school facilities for projected new development students by the projected residential square footage to be constructed during the next five years. The resulting cost per square foot, based upon the Level 1 fee methodology is \$6.17 per square foot for the LUESD and \$2.87 per square foot for LUHSD.

TABLE B-11
Lemoore School Districts
RESIDENTIAL COST PER SQUARE FOOT
Level 1 Fee Methodology

District	Allowable School Facilities Cost For New Development Students	Projected Residential Square Footage	Cost Per Square Foot (Level 1 Fee)
LUESD (TK-8)	\$5,557,224	901,177	\$6.17
LUHSD (9-12)	\$2,590,434	901,177	\$2.87

Source: Odell Planning & Research, Inc., 2018

The current TK-12 Level 1 fee is \$3.79 per square foot. The Districts currently split the Level 1 fee, with 60 percent going to the LUESD and 40 percent going to the LUHSD. Therefore, \$2.27 of the Level 1 fee would be allocated to LUESD and \$1.52 per square foot would be allocated to the LUHSD. The \$6.17 potential fee justified for LUESD in Table B-12 is greater than the allowable 60 percent Level 1 fee portion of \$2.27. The \$2.87 potential fee justified for LUHSD is greater than the allowable 40 percent Level 1 fee portion of \$1.52. Therefore, both Districts are justified in charging their portion of the \$3.79 Level 1 fee.

SECTION C

COMMERCIAL/INDUSTRIAL FEE JUSTIFICATION

INTRODUCTION

This section presents a step-by-step calculation of the commercial/industrial development fees as authorized by Education Code Section 17620 and Government Code Section 65995. School districts are authorized to charge a fee of up to \$0.61 per square foot for commercial/industrial development. In non-unified districts, the fee must be split in a manner mutually agreed to by the districts. The Lemoore Union Elementary School District (LUESD) collects 60 percent of the commercial/industrial fee (\$0.37) and the Lemoore Union High School District (LUHSD) collects 40 percent of the fee (\$0.24).

STEP 1: DETERMINE SQUARE FOOTAGE PER EMPLOYEE

Commercial and industrial development generates employees, and the children of employees living in the Districts that will need to be housed in District schools. The number of employees per 1,000 square feet generated by various types of commercial and industrial development is shown in Table C-1.¹

STEP 2: DETERMINE NUMBER OF STUDENTS PER EMPLOYEE

The average number of students per employee was determined by using 2016 U.S. Census Bureau American Community Survey (ACS) data for LUESD.² According to ACS data, there were 12,205 civilian employed persons residing the District, and 4,857 students were enrolled in public school in grades K-12. This calculates to a ratio of 0.398 students per employee. This ratio, however, must be adjusted by including only the estimated percentage of employees that would move into the District as a result of employment opportunities (34.2 percent).³ The discounted student per employee ratio, therefore, is 0.136 (34.2 percent of 0.398).

STEP 3: CALCULATE STUDENT GENERATION RATE PER 1,000 SQUARE FEET

The student generation rate per 1,000 square feet of commercial/industrial development in each category was calculated by multiplying the number of employees per 1,000 square feet by the number of students per employee. (The numbers are presented per 1,000 square feet rather than per square foot for ease of presentation and data manipulation.)

¹ Employee density data from the San Diego Association of Governments (SANDAG) Traffic Generators Manual is used in Table C-1, as allowed by law.

² For the purpose of data consistency and because most commercial/industrial development will take place in the City of Lemoore, the boundaries of the Lemoore Elementary School District were used as a basis for determining the number of students per employee.

³ Based on 2016 U.S. Census Bureau American Community Survey data.

TABLE C-1
Lemoore School Districts
COMMERCIAL/INDUSTRIAL FEE CALCULATION

Category	Employees Per 1,000 Square Feet	Students Per Employee	Students Per 1,000 Square Feet	Facilities Cost Per Student	Cost Per Square Foot	Residential Offset	Net Cost Per Square Foot (Justifiable Fee)
Warehouse	0.70	0.136	0.095	\$31,458	\$2.99	\$1.13	\$1.86
Lodging	1.11	0.136	0.151	\$31,458	\$4.75	\$1.80	\$2.95
Industrial Park	1.68	0.136	0.228	\$31,458	\$7.19	\$2.72	\$4.47
Community Shopping Center	1.74	0.136	0.237	\$31,458	\$7.44	\$2.82	\$4.62
Corporate Office	2.68	0.136	0.364	\$31,458	\$11.47	\$4.34	\$7.12
Neighborhood Shopping Center	2.80	0.136	0.381	\$31,458	\$11.98	\$4.54	\$7.44
Bank	2.83	0.136	0.385	\$31,458	\$12.11	\$4.59	\$7.52
Scientific Research & Development	3.04	0.136	0.413	\$31,458	\$13.01	\$4.93	\$8.08
Business Park	3.73	0.136	0.507	\$31,458	\$15.96	\$6.04	\$9.91
Medical Office	4.27	0.136	0.581	\$31,458	\$18.27	\$6.92	\$11.35
Commercial Office	4.71	0.136	0.641	\$31,458	\$20.15	\$7.63	\$12.52

Note: Distribution of cost per square foot between the residential offset and the net cost per square foot may not sum precisely due to rounding.
Source: SANDAG Traffic Generators Manual, 1990; U.S. Census Bureau American Community Survey, 2016; Odell Planning & Research, Inc., 2018

STEP 4: DETERMINE SCHOOL FACILITIES COST PER STUDENT

The average cost of school facilities per student is \$31,458. The total cost of facilities for students from new development is the sum of the allowable cost for elementary and high school students in Table B-7 (\$8,147,658). Dividing by the projected number of students from new development in the next five years that will need additional classroom facilities (259) yields a cost per student of \$31,458.

STEP 5: CALCULATE COST PER SQUARE FOOT

The school facilities cost per square foot for each commercial/industrial category was calculated by multiplying the student generation rate per 1,000 square feet by the average school facilities cost per student, and then dividing the product by 1,000.

STEP 6: CALCULATE RESIDENTIAL OFFSET

When employees are generated in a district as a result of new commercial/industrial development, fees will also be charged on the new residential units occupied by the employees and students generated by commercial/industrial development. To prevent a commercial or industrial development from paying for the portion of the impact that will be covered by the residential fee, this amount has been calculated and deducted from each category. This is referred to as the “residential offset” and is intended to avoid any possibility of overpayment for the same student impact. The residential offset amount is calculated by multiplying the following factors together and dividing the total by 1,000 (to convert from cost per 1,000 square feet to cost per square foot):

- The student generation per 1,000 square feet of commercial/industrial development.
- The average number of dwelling units constructed for each student. This is 1.87, which is derived by taking the weighted average student generation rate for projected single and multiple family residential development (0.534) and dividing it into one.
- The average square feet per dwelling unit (1,681). This is the weighted average square footage of projected single and multiple family units, assuming that 73.3 percent of future units will be single family and that 26.3 percent of future units will be multiple family (see Table B-10).
- The maximum combined residential fee that could be charged by the Districts (\$3.79).

STEP 7: DETERMINE NET COST PER SQUARE FOOT (JUSTIFIABLE FEE)

After subtracting the residential offset, the net justifiable fee for all categories of commercial/industrial development in Table C-1 exceeds the maximum statutory fee of \$0.61 per square foot. Therefore, the Districts can justify charging their portion of the maximum fee for all categories.

SECTION D

SPECIAL ISSUES

INTRODUCTION

This section presents a discussion of special issues related to charging development fees, including redevelopment projects, senior citizen housing projects and residential additions.

REDEVELOPMENT PROJECTS

a. Introduction

Some land development projects take place on developed or partially developed land and include the demolition and removal of existing buildings and construction of new buildings on the land. The way that this type of project is handled with respect to school facilities fees will depend upon whether (1) residential development is replacing residential development; (2) residential development is replacing commercial/industrial development; or (3) commercial/industrial development is replacing commercial/industrial or residential development.

b. Residential Development Replacing Residential Development (Student Generation Cost Comparison)

For projects that would replace residential development with residential development, we recommend that such projects be handled in the following manner to reasonably estimate the actual net impact it would have on school facilities. For example, if 20 single family units were to be replaced with 50 multiple family units, the net impact/facilities cost would be calculated as shown in the following table:

Number & Type of Unit	TK-12 Student Generation Rate	Number of Students	Average Cost Per Student*	Facilities Cost
50 MF Units	0.342	17.1	\$31,458	\$537,932
20 SF Units	0.603	12.1	\$31,458	\$380,642
Net Cost				\$157,290

*Determined by dividing the cost of school facilities for new development students (\$8,147,658) (the total cost shown in Table B-7) by the number of students needing facilities (259).

Source: Odell Planning & Research, Inc., 2018

From the above example, it is evident that the development of 50 new multiple family units would have a greater impact on school facilities than the 20 single family units being replaced. The net cost to the Districts would be \$157,290. However, to be sure that the new apartment development is not paying more than the maximum allowable combined fee Level 1 fee of \$3.79 per square foot, the net cost must be divided by the square footage of the new multiple family development. In this example, the total square footage of the multiple family development is

50,000 square feet (an average of 1,000 square feet per unit). The net facilities cost of \$157,290 divided by 50,000 square feet equals \$3.15 per square foot, which is less than the maximum allowable fee of \$3.79 per square foot. Therefore, the total fee that could be charged would be \$157,290. If the calculated fee is greater than \$3.79 per square foot, it would have to be reduced to \$3.79 per square foot.

In situations where the new units would generate a lesser number of students than the units replaced, no fee would be charged.

c. Residential Development Replacing Commercial/Industrial Development (Per Square Foot Fee Credit)

When new residential development is replacing commercial/industrial development, the existing square footage of commercial/industrial development should be credited against the new residential development fee at \$0.61 per square foot. For example, if 150 apartment units totaling 150,000 square feet was replacing 100,000 square feet of commercial/industrial development, the fee would be calculated as follows: (150,000 square feet x \$3.79 = \$568,500) minus (100,000 square feet x \$0.61 = \$61,000) equals a net fee of \$507,500.

The rationale for this methodology is that while various types of commercial/industrial development have different school facilities impacts, the most a commercial/industrial development would have contributed toward school facilities impacts is \$0.61 per square foot (or a prior amount that would have been equal in value to \$0.61 per square foot based upon the construction cost index at the time). Therefore, a straight square foot credit would be inappropriate, since residential development is charged a much greater amount (\$3.79 per square foot) due to its direct impact on student generation.

d. Commercial/Industrial Development Replacing Commercial/Industrial or Residential Development (Building Square Footage Credit)

In accordance with Education Code Section 17620(a)(1)(A), when commercial/industrial development replaces any other development, whether commercial/industrial or residential, a square footage credit for the existing development is to be given. For example, if a 200,000 square foot office development was going to replace 32 single family homes, the fee would be calculated as follows: In this case, the 32 homes average 2,000 square feet each, which equals a total of 64,000 square feet. Therefore, 200,000 square feet minus 64,000 square feet = 136,000 x \$0.61 per square foot = \$82,960 fee.

While it would appear that the replaced residential square footage should be given a higher weight, based on its higher allowable fee (the reverse of the case in the example under subsection 2,c above), the language of Education Code Section 17620(a)(1)(A) does not allow for this.

SENIOR CITIZEN HOUSING PROJECTS

Senior citizen housing projects are a special case in that the residential units themselves rarely generate school age children. Therefore, it is not appropriate to charge the residential fee for senior housing. Senior housing projects do, however, generate employees, especially in cases where meals or other assisted living functions are provided. Accordingly, senior housing projects more closely resemble commercial/industrial projects when it comes to school impacts, as compared to residential projects that directly generate children. In fact, Government Code Section 65995.1(a) indicates that any fee charged to senior housing is subject to the limits and conditions applicable to commercial/industrial development. Therefore, the most a district can charge for senior housing, should it choose to do so, is the maximum commercial/industrial fee of \$0.61 per square foot.

RESIDENTIAL ADDITIONS

The law allows fees to be charged for residential additions exceeding 500 square feet. The presumption in the law is that additions of greater than 500 square feet are likely to provide sufficient space to accommodate additional school age children in a dwelling unit. Even if a particular residential addition does not happen to accommodate additional school age children when it is built, it would allow space for future family expansion and when sold would make the unit more attractive for larger families. Fees for residential additions are limited to Level 1 amounts. Therefore, the fee that can be charged is \$3.79 per square foot.

APPENDICES

APPENDIX 1

STUDENT GENERATION RATE METHODOLOGY

The residential student generation rates were determined using an address-match methodology in which an address list for all single family units for which fees were paid in the Districts from 2012 through the end of 2016¹ was matched with the addresses of all enrolled students. To provide a sufficient sample size, the multiple family unit match was based on units receiving building permits from 2008 through 2016. The unit addresses were then sorted with the student addresses using the Excel spreadsheet program to determine the number of students in each grade level grouping residing in the units. The number of matched students was divided by the number of units to determine the student generation rates for each grade grouping. For Lemoore Union Elementary District the single family match set included 419 units, and for Lemoore Union High School District it included 426 units. The match set for the multi-family SGR determination included 322 units for both districts. The student generation rates for the Districts are shown on the following table.

The average single family unit size in the match set is 1,922 square feet, and the average multiple family unit size in the match set is 1,007 square feet.

Lemoore School Districts
RESIDENTIAL STUDENT GENERATION RATES

Grade Level	Single Family Units	Multiple Family Units
Elementary School (TK-6)	0.284	0.227
Middle School (7-8)	0.110	0.044
TK-8 Total	0.394	0.271
High School (9-12)	0.209	0.071
TK-12 Total	0.603	0.342

Source: Odell Planning & Research, Inc., 2018

¹ The cutoff point for building permits was December 31, 2016 in order to be sure that all units in the address-match were constructed and available for occupancy.

APPENDIX 2

SITE DEVELOPMENT COSTS

Site development costs for the development of a school include costs for service site, off-site, utilities, and general site development.

Because the Lemoore Union High School District (LUHSD) per student facilities cost for students from future development are based on a total cost estimate, no specific site development costs for LUHSD are needed for this study

For Lemoore Union Elementary School District (LUESD), the service site, off-site, and utility costs for grades TK-6 are based on the District's estimates for a new school at Cinnamon and 19th Avenue, increased by 62.3 percent to reflect the increase in the Class B Construction Cost Index between December 2002 and January 2018. This adjusted amount is \$2,855,222. The allowable (full) cost per student is calculated by dividing \$2,855,222 by the 650 student capacity of the school, which equals a cost of \$4,393 per student.

Allowable general site costs for grades TK-6 are based on a SAB approved grant amounts per student (6 percent of \$11,567 or \$694 per student), plus an acreage grant of \$18,827 per acre. The School Site Analysis and Development Handbook (1998 edition) provides that a site serving up to 650 K-6 students requires a usable size of 12.4 acres. The total allowable acreage grant amount is \$233,455 (12.4 x \$18,827). Dividing by 650 yields a per student amount of \$359. Therefore, the total general site allowable amount is \$1,053 per student (\$694 + \$359).

The total allowable site development cost per student for grades TK-6 is the sum of \$4,393 for the service site, off-site, and utility costs and \$1,053 for the general site costs, or \$5,446 per student.

It is probable that the future new development students and existing unhoused students for grades 7-8 will be housed at an addition to the existing Liberty Middle School. Since the LUESD has no specific cost estimates for this project, a similar classroom addition project to Liberty Intermediate School in Kerman Unified School District will be used to estimate site development costs. The Liberty Intermediate addition was for four classrooms to house 100 students and was approved by the SAB in August of 2006. The total service site and utilities costs grant was for \$112,462, or \$1,125 per student. (Note: the Liberty Intermediate addition project included no off-site grant.) Between August 2006 and January 2016 the Class B Construction Cost Index has increased by 43.7 percent, so the adjusted per student cost estimate for the Liberty Intermediate addition service site improvements is \$1,617. However, the state School Facilities Program allowable cost is half the estimated actual cost. Therefore, the allowable full cost for site improvements for grades 7-8 is twice \$1,617 or \$3,234.

Since there would be no additional general site grant for a classroom addition to an existing school, no general site costs will be used for grades 7-8 in this study.

APPENDIX 3

Commercial/Industrial Development

The table below indicates the amount of commercial and industrial development activity in the Districts during the past five years. The majority of the development has been in the City of Lemoore.

COMMERCIAL/INDUSTRIAL DEVELOPMENT 2013-2017

Year	Building Square Feet
2013	5,502
2014	38,187
2015	7,265
2016	0
2017	0
Total	50,954

Source: Lemoore Union High School District Developer Fee Records, 2013-2017; Odell Planning & Research, Inc., 2018

The Lemoore/Hanford area is a large milk producing area, and it is expected that dairy and other agricultural-related industries will continue to locate in the Lemoore area. Industries will also be attracted to the area due to inexpensive labor and housing, central location and good transportation access.

The City of Lemoore has substantial land available for industrial development. The two main industrial areas are located (1) west of State Route 41 and north of the Southern Pacific Railroad and (2) southeast of the intersection of State Routes 41 and 198.

Substantial land designated for commercial development also exists in the City of Lemoore, primarily on both sides of State Route 41 between the Southern Pacific tracks and the Silverado Drive alignment and along the south side of State Route 198, east of State Route 41. Shopping center commercial designations can be found at several major intersections. As the residential population of Lemoore continues to grow, continued commercial development can be expected to provide the goods and services necessary to a growing population and highway travelers on State Routes 41 and 198.

Although no commercial/industrial projects have received building permits in the past two years, it is reasonable to assume that additional commercial/industrial building square footage will be constructed during the next five years. For purposes of this study, it is assumed that approximately 51,000 square feet of commercial/industrial construction will take place during the next five years, which is a continuation of the amount of commercial/industrial development during the past five years.

APPENDIX 4

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