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.luhsd.k12.ca.us

Prepared by

ODELL Planning Research, Inc.

49346 Road 426, Suite 2 Oakhurst, California 93644 (559) 472-7167 www.odellplanning.com

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TABLE OF CONTENTS

SECTIO	ONS		PAGE
A	INTRODUC	TION AND FINDINGS	
	Introduc	etion	A-1
	Findings	s	A-1
В	RESIDENTL	AL FEE JUSTIFICATION	
	Introduc	etion	B-1
	Step 1:	Project Number of New Residential Units	B-1
	Step 2:	Project Number of Students Generated by New Residential Units	B-4
	Step 3:	Determine Available Facilities Capacity for New Development Students	B-4
	Step 4:	Determine Allowable Cost of School Facilities for New Development Students	B-5
	Step 5:	Review District Funding Availability	B-6
	Step 6:	Determine Square Footage of Projected Residential Development	B-7
	Step 7:	Calculate Level 1 Fee	B-7
C	COMMERCI	IAL/INDUSTRIAL FEE JUSTIFICATION	
	Introduc	etion	C-1
	Step 1:	Determine Square Footage Per Employee	C-1
	Step 2:	Determine Number of Students Per Employee	C-1
	Step 3:	Calculate Student Generation Rate Per 1,000 Square Feet	C-1
	Step 4:	Determine School Facilities Cost Per Student	C-3
	Step 5:	Calculate Cost Per Square Foot	C-3
	Step 6:	Calculate Residential Offset	C-3
	Step 7:	Determine Net Cost Per Square Foot (Justifiable Fee)	C-3
D	SPECIAL IS	SUES	
	Introduction	on	D-1
	Redevelop	oment Projects	D-1
	Senior Cit	izen Housing Projects	D-3
	Residentia	al Additions	D-3

APPENDICES

- 1 Student Generation Rate Methodology
- 2 Commercial/Industrial Development
- 3 Sources Consulted

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 February 2022 from a maximum of \$4.08 per square foot to \$4.79 per square foot for residential development and from \$0.66 per square foot to \$0.78 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 (\$2.87 per square foot for residential development and \$0.47 per square foot for commercial/industrial development) and the LUHSD would receive 40 percent of the fees (\$1.92 per square foot for residential development and \$0.31 per square foot for commercial/industrial development).

This study is organized into four 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;
- Section C determines the justifiable commercial/industrial development fees by category of development; and
- Section D addresses special issues, including redevelopment projects, senior citizen housing projects and residential additions.

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 760 single family residential units, 283 multiple family residential units and

- approximately 118,717 square feet of commercial/industrial development will be constructed in the Districts during the next ten years (see Section B, Step 1 and Appendix 2).
- Students will be generated by new residential and commercial/industrial development. Single family residential development generates an average of 0.525 grades TK-12 students per unit in the Districts (see Section B, Step 2). Multiple family development generates an average of 0.351 students per unit in the Districts. Commercial and industrial development generates between 0.123 and 0.829 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 ten years will generate approximately 498 students in grades TK-12, including 232 in grades TK-6, 64 in grades 7-8 and 202 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 have existing capacity to accommodate projected 38 students from new development in grades TK-6 and no students in grades 7-8 (see Section B, Table B-4). Therefore, LUESD will need school facilities to house 194 grades TK-6 students and 64 grades 7-8 students generated by residential units to be constructed during the next ten years.
- LUHSD does not have existing capacity to projected students from new development (see Section B, Table B-4). Therefore, LUHSD will need school facilities to house 202 grades 9-12 students generated by residential units to be constructed during the next ten 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 \$5.14 per square foot for LUESD and \$5.16 for LUHSD (see Section B, Step 7).
- Government Code Section 65995 allows the Districts to charge a total combined residential fee of up to \$4.79 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 \$0.78 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 Elementary School District (LUESD) and the Lemoore Union High School District (LUHSD). 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 \$4.79 per square foot. 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. LUESD receives 60 percent of the fee and, and LUHSD receives 40 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 ten years. This can be estimated by evaluating past 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, 2012, and December 31, 2021, is shown in Table B-1.²

TABLE B-1 Lemoore Union High School District RESIDENTIAL DEVELOPMENT 2012-2021

Year	Single Family Units	Multiple Family Units
2012	103	0
2013	90	0
2014	107	88
2015	55	0
2016	81	96
2017	61	0
2018	81	0
2019	140	0
2020	38	0
2021	6	0
Total	762	184
10-Year Average	76	18

Source: LUHSD Developer Fee Records for 2012-2021

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.

² LUHSD encompasses LUESD and surrounding rural areas within its boundaries, and the vast majority of LUHSD development activity also occurs within LUESD. Therefore, no separate table for LUESD development is provided.

As indicated in Table B-1, building permits were issued for 762 new single family residences in the LUHSD during the past ten years. The number of units ranged from a high of 140 in 2019 to a low of 6 in 2021. For the past two years (2020 and 2020), the number of single family units substantially declined as compared to previous years.

Most of the single family development activity and all of the multiple family activity during the past ten 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 2012, single family residential development outside the Lemoore city limits has averaged approximately four units per year in LUHSD.

Although the 2020 and 2021 permit data indicates very limited new housing construction, substantial potential exists for future residential development activity in the City of Lemoore. The following paragraphs identify known future projects and their potential.

- In July 2021, the City of Lemoore Planning Commission granted a one year extension of Tract No. 845 Tentative Subdivision Map for the project known as Victory Village with DR Horton the home builder. Although originally approved for 279 single family lots, the project has been scaled back to 51 single family lots. The project is north of the West Hills College campus. A Readiness and Environmental Protection Integration Program arrangement with Naval Air Station Lemoore was the reason for the project scope reduction.
- In August 2018, the City of Lemoore Planning Commission approved Tentative Subdivision Map for Tract 793 for 42 lots with Daley Enterprises the developer, and the project name is Silva Estates II. The approved lots are divided between 30 single family lots and 12 multi-family lots. The multi-family lots will each have a duplex unit and a single family unit. The project is at the northeast corner of Highways 41 and 198.
- In August 2021, the City of Lemoore Planning Commission granted a one year extension of Tract No. 920 Tentative Subdivision Map for the project known as Reverie I & II with Lennar as the builder. The project includes 175 single family units with 87 in Phase I and 88 in Phase II. The project is at the northeast corner of Hanford-Armona Road at Liberty.
- In May 2020, the City of Lemoore Planning Commission approved a Tentative Subdivision Map for Tract No. 848 known as Legacy I, II, and III with Lennar as the builder. The project includes 362 single family units with 152 units in Phase I, 107 units in Phase II, and 103 units in Phase III. The project is located east of the West Hills College campus.
- In March 2022, the City of Lemoore Planning Commission approved a Tentative Subdivision Map for Tract No. 935 with Lennar as the builder. The project includes 148 single family units. The project is located on the east side of Liberty Drive and north of Hanford-Armona Road.
- The Lacey Ranch Master Planned development on 156 acres at the southeast corner of East 18th Avenue and W. Lacey Boulevard has begun the environmental review process. The project developer is the Assemi Group and is planned for approximately 547 single family and 204 multi-family units to tentatively be constructed in four phases over 16

years. The project will require a General Plan Amendment and annexation to the City of Lemoore.

• CV Housing has approval for 146 multi-family units with Fugman as the developer. The project is located at the southeast corner of Highway 41 and Hanford-Armona Road.

The City of Lemoore continues to have a need for additional housing units due to the expanding role of Lemoore Naval Air Station, which increases the number of military and civilian support personnel. The 2030 General Plan provides for up to approximately 9,000 additional dwelling units with a mix of single family, attached single family, and multiple family units.

With respect to multiple family units, Table B-1 indicates that building permits were issued for a total of 184 units during the past ten years with all of the units in two projects. (Note: In 2020 a permit was issued for 28 multi-family units in Cinnamon Village Phase II, but these are senior restricted units and not a factor in this study.) Multiple family development has been sporadic in past years, but there is a demonstrated need for additional units. The known future projects identify a potential for 385 multiple family units. However, it is possible that other multiple family projects will emerge during the ten-year projection period.

To estimate single family residential units for the next five years, some caution is appropriate. The ten-year average of 76 units for single family is the result of large number of units receiving permits in some years and few units receiving permits in recent years. The prior discussion of planned future singe family projects indicates a potential for 1,165 single family units, but needed approvals and market conditions will impact actual construction schedules. For purposes of this study, the 76 unit per year average will be used as a conservative estimate to project single family development, and this equates to 760 units over the next ten years. It is probable that during the early years of the projection period the actual units receiving permits will be less than 76 with the annual number of units increasing as projects begin to develop and ramp up unit construction.

The sporadic nature of multiple family development makes the ten-year historical average a poor indicator of future multiple family development. For the purposes of this study, half of the 204 units planned for the Lacey Ranch development and all the 181 total units in the CV Housing project and Silva Estates II will be used to estimate multi-family housing for the next ten years. Therefore, the total projected multi-family units used in this study is 283.

Table B-2 identifies the number of housing units projected to be constructed in the Districts during the next ten years.

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

Years Single Family Units		Multiple Family Units	
2022-2031	760	283	

Source: Odell Planning & Research, Inc., 2022.

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

The number of students generated by new residential units constructed during the next ten 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 498 students will be generated by new development: 232 in grades TK-6, 64 in grades 7-8 and 202 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		
Single Family Develop	oment				
TK-6	760	0.231	176		
7-8	760	0.071	54		
9-12	760	0.223	169		
Multiple Family Devel	lopment				
TK-6	283	0.198	56		
7-8	283	0.035	10		
9-12	283	0.118	33		
Total Students From New Development					
TK-6			232		
7-8	64				
9-12			202		
TK-12			498		

Source: Odell Planning & Research, Inc., 2022

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.

The existing TK-6 capacity for LUESD is based on a classroom inventory in the 2018 District Facilities Master Plan (FMP) increased by the capacity of the new Freedom Elementary School. In 2018, the FMP identified a potential of 114 total classrooms. However, 37 are portable classrooms over 20 years old and have not been previously modernized, and these are considered beyond their useful life expectancy. Freedom Elementary has 22 classrooms. Therefore, the net available TK-6 classrooms is 99 (114 – 37 + 22 = 99). Loading 99 classrooms at the state School Facilities Program standard of 25 yields an existing TK-6 capacity of 2,475.

The existing grades 7-8 capacity for LUESD is based on the capacity of Liberty Middle School from the FMP classroom inventory. The FMP identified 31 potential classrooms, but 12 of the 31 classrooms are portables over 20 years old that have not previously been modernized and are

considered beyond their useful life expectancy. Loading the net of 19 classrooms at the state School Facilities Program loading standard of 27 for grades 7-8 yields an existing grades 7-8 capacity of 513.

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 net gain of eight classrooms for the new academic building at Lemoore High School is included in the total capacity. The capacity excludes portable classrooms over 20 years old as they are considered beyond their useful life expectancy.

To determine whether there is any available capacity to house new development students, Table B-4 compares October 2021 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 2021 CBEDS Enrollment	Available Capacity (or Capacity Needed)
TK-6	2,475	2,437	38
7-8	513	788	None (275)
9-12	2,295	2,332	None (37)

Source: LUHSD and LUESD (October 2021 CALPADS); LUHSD capacity information, LUESD 2018 Facilities Master Plan; LUESD CEQA Negative Declaration Filing, January 2020; Odell Panning & Research, Inc., 2022.

As shown by Table B-4, no facilities capacity exists for grades 7-8 and 9-12 and the 64 students from new development in grades 7-8 and 202 in grades 9-12 in Table B-3 would be unhoused. However, since there is capacity for 38 TK-6 students, a net of 194 (232 - 38 = 194) grades TK-6 students from new development in Table B-3, would be unhoused.

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

School facilities costs are broken down into three categories: building construction, site acquisition and site development. Site development costs include service site, offsite, and utilities costs. 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. Table B-5 identifies the projected facilities costs by grade level grouping, and the following sections provide detailed explanations of the methodology.

Lemoore Union Elementary School District New Facilities Cost

It is probable that the projected 232 unhoused grades TK-6 students would be housed at an addition to the new Freedom Elementary School rather than a new site. The per student building construction cost for grades TK-6 can be estimated by using the State Allocation Board (SAB) per student grant amount, doubled, and that is \$29,770. LUESD has no recent small project cost data for an addition to an existing site cost data, so a recent project for an addition to Martin

Luther King, Jr. Elementary School in Hanford Elementary School District is used in this study to estimate site development, offsite, and utilities costs. Based on SAB approved costs, the total per student cost for site development, offsite, and utilities costs is \$3,894, and increasing this by 17.45 percent to reflect the increase in the Class B Construction Cost Index since 2020 yields a per student cost of \$4,574. Adding the per student site development cost and the construction cost results in a total per student cost for grades TK-6 students from new development of \$34,344.

It is probable that the projected 64 unhoused grades 7-8 students would be housed in an addition to Liberty Middle School. The per student building construction cost for grades 7-8 can be estimated by using the State Allocation Board (SAB) per student grant amount, doubled, and this is \$31,562. The same per student site development cost used for the TK-6 students based on the Martin Luther King, Jr. project in Hanford Elementary School District will be used, and that is \$4,574 per student. Adding the construction and site development costs results in a total per student cost for grades 7-8 students of \$36,136.

Lemoore Union High School District New Facilities Cost

The projected 202 unhoused grades 9-12 students will probably be housed at an addition to existing high school sites. To estimate the per student construction cost, the State Allocation Board (SAB) per student grant amount, doubled, can be used, and this is \$40,042. The same per student site development cost used for the TK-6 students based on the Martin Luther King, Jr. project in Hanford Elementary School District will be used as site and offsite improvements are not highly grade level dependent, and that is \$4,574 per student. Adding the construction and site development costs results in a total per student cost for grades 9-12 students of \$44,616.

TABLE B-5
Lemoore School District
ALLOWABLE COST FOR NEW DEVELOPMENT STUDENTS

Grade Level	Unhoused Students	Allowable Cost Per Student	Total Allowable Cost
TK-6	194	\$34,344	\$6,662,736
7-8	64	\$36,136	\$2,312,704
TK-8 Total	258		\$8,975,440
9-12	202	\$44,616	\$9,012,432
	\$17,987,872		

Source: Odell Planning & Research, Inc., 2022; State Allocation Board, Feb. 2022

Site acquisition costs may also be included in the cost calculation. However, since for both Districts the probable location for additional classroom facilities are on existing sites, no site acquisition costs are used in this study.

STEP 5: REVIEW DISTRICT FUNDING AVAILABILITY

The Districts have reviewed their potential funding sources for school facilities to house students from new development, and the available funds are discussed in the following paragraphs.

The LUESD has identified total capital facilities funds that are unencumbered as of March 31, 2022, of \$591,121 (Funds 2150, 2500, 3540, and 4000). Table B-4 indicates that there are currently 275 unhoused grades 7-8 students, and using the per student cost in Table B-5 indicates that the cost to provide classroom facilities for these students would be \$9,937,400. Since the cost to provide classroom facilities for the existing unhoused students far exceeds the identified available funds, there are no existing funds to house students from projected new development.

The LUHSD has identified capital facilities funds of \$331,305 that are potentially available to house students from future new developments. Table B-4 indicates that there are currently 37 unhoused grades 9-12 students, and using the per student cost in Table B-5 indicates that the cost to provide classroom facilities for these students would be \$1,650,792. Since the cost to provide classroom facilities for the existing unhoused students exceeds the identified available funds, there are no existing funds to house students from projected 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 ten years is presented in Table B-6. This was determined by multiplying the average square footage for residential units in the Districts identified in Appendix 1 by the number of units projected in Step1.

TABLE B-6
Lemoore School Districts
PROJECTED RESIDENTIAL SQUARE FOOTAGE
(Ten-Year Period)

Number/Type of Units	Square Footage Per Unit	Square Footage Constructed
760 Single Family	1,924	1,462,240
283 Multiple Family	1,008	285,264
Total		1,747,504

Source: LUHSD Developer Fee Records; Odell Planning & Research, Inc., 2022.

STEP 7: CALCULATE LEVEL 1 FEE

The potential Level 1 fee for each district is determined in Table B-7 by dividing the total allowable cost of school facilities for projected new development students identified in Table B-5 by the projected residential square footage to be constructed during the next ten years (Table B-6). The resulting cost per square foot, based upon the Level 1 fee methodology is \$5.14 per square foot for the LUESD and \$5.16 per square foot for LUHSD.

TABLE B-7 Lemoore School Districts RESIDENTIAL COST PER SQUARE FOOT Level 1 Fee Methodology

District	School Facilities Cost For New Development Students	Projected Residential Square Footage	Cost Per Square Foot (Level 1 Fee)
LUESD (TK-8)	\$8,975,440	1,747,504	\$5.14
LUHSD (9-12)	\$9,012,432	1,747,504	\$5.16

Source: Odell Planning & Research, Inc., 2022.

The current allowable TK-12 Level 1 fee is \$4.79 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, \$2.87 of the Level 1 fee would be allocated to LUESD and \$1.92 per square foot would be allocated to the LUHSD. The \$5.14 potential fee justified for LUESD in Table B-7 is greater than the allowable Level 1 fee portion of \$2.87. The \$5.16 potential fee justified for LUHSD is greater than the allowable Level 1 fee portion \$1.92. Therefore, both Districts are justified to charge their portion of the \$4.79 Level 1 fee.

The development fees collected by the Districts may be used for construction and/or reconstruction of school facilities, site acquisition, site development, relocatable classrooms on existing or future sites and other facilities necessitated by students generated by new development. To house the students projected from new development over the next ten years, it is probable that the Districts will add classroom facilities to existing sites in increments as needed.

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 \$0.78 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 (\$0.47) and the Lemoore Union High School District (LUHSD) collects 40 percent of the fee (\$0.31).

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 2020 U.S. Census Bureau American Community Survey (ACS) data for LUESD.² According to ACS data, there were 11,601 civilian employed persons residing the District, and 5,568 students were enrolled in public school in grades TK-12 in the 2020-21 school year. However, facilities costs are not generated for 38 TK-6 students, so this reduces the TK-12 student count that generate facilities costs to 5,530. This calculates to a ratio of 0.477 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 (36.8 percent).³ The discounted student per employee ratio, therefore, is 0.176 (36.8 percent of 0.477).

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 the 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 2020 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	0.176	0.123	\$39,104	\$4.82	\$2.08	\$2.74
Lodging	1.11	0.176	0.195	\$39,104	\$7.64	\$3.29	\$4.35
Industrial Park	1.68	0.176	0.296	\$39,104	\$11.56	\$4.98	\$6.58
Community Shopping Center	1.74	0.176	0.306	\$39,104	\$11.98	\$5.16	\$6.82
Corporate Office	2.68	0.176	0.472	\$39,104	\$18.44	\$7.95	\$10.50
Neighborhood Shopping Center	2.80	0.176	0.493	\$39,104	\$19.27	\$8.30	\$10.97
Bank	2.83	0.176	0.498	\$39,104	\$19.48	\$8.39	\$11.08
Scientific Research & Development	3.04	0.176	0.535	\$39,104	\$20.92	\$9.01	\$11.91
Business Park	3.73	0.176	0.656	\$39,104	\$25.67	\$11.06	\$14.61
Medical Office	4.27	0.176	0.752	\$39,104	\$29.39	\$12.66	\$16.73
Commercial Office	4.71	0.176	0.829	\$39,104	\$32.42	\$13.97	\$18.45

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, 2020; Odell Planning & Research, Inc., 2022

STEP 4: DETERMINE SCHOOL FACILITIES COST PER STUDENT

The average cost of school facilities per student is \$39,104. 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-5 (\$17,987,872). Dividing by the projected number of students from new development in the next ten years that will need additional classroom facilities (460) yields a cost per student of \$39,104.

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 2.10, which is derived by taking the weighted average student generation rate for projected single and multiple family residential development (0.477) and dividing it into one.
- The average square feet per dwelling unit (1,675). This is the weighted average square footage of projected single and multiple family units, assuming that 72.9 percent of future units will be single family and that 27.1 percent of future units will be multiple family (see Table B-6).
- The maximum combined residential fee that could be charged by the Districts (\$4.79).

STEP 7: DETERMINE NET COST PER SQUARE FOOT (JUSTIFABLE 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 \$0.78 per square foot. Therefore, the LUESD and LUHSD 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	0.351	17.6	\$39,104	\$688,230
20 SF Units	0.525	10.5	\$39,104	\$410,592
	\$277,638			

^{*}Determined by dividing the total (100%) cost of school facilities for new development students (\$17,987,872) (the total cost shown in Table B-5) by the number of students needing facilities (460). Source: Odell Planning & Research, Inc., 2022

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 \$277,638. However, to be sure that the new apartment development is not paying more than the maximum allowable combined fee Level 1 fee of \$4.79 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

50,400 square feet (an average of 1,008 square feet per unit). The net facilities cost of \$277,638 divided by 50,400 square feet equals \$5.51 per square foot, which is more than the maximum allowable fee of \$4.79 per square foot. Since the calculated fee is greater than \$4.79 per square foot, it would have to be reduced to \$4.79 per square foot, and that is \$241,416 (\$4.79 x 1,008 x 50 = \$241,416).

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 \$0.78 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 \$4.79 = \$718,500) minus (100,000 square feet x \$0.78 = \$78,000) equals a net fee of \$640,500.

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 \$0.78 per square foot (or a prior amount that would have been equal in value to \$0.78 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 (\$4.79 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 1,924 square feet each, which equals a total of 61,568 square feet. Therefore, 200,000 square feet minus 61,568 square feet = 138,432 x \$0.78 per square foot = \$107,977 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 \$0.78 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 \$4.79 per square foot.

APPENDICES

APPENDIX 1

STUDENT GENERATION RATE METHODOLGY

The residential student generation rates were determined using an address-match methodology in which address lists for all single family units for which fees were paid in the Districts from January 1, 2018, through June 2020 were matched with the addresses of all currently enrolled students. To provide a sufficient sample size, the multiple family unit match was based on units receiving building permits from 2008 through 2017. 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 School District and Lemoore Union High School District the single family match set included 282 single family units. For both Districts, the multi-family match set included 314 units. The student generation rates for the Districts are shown in the following table.

The average single family unit size in the match set is 1,924 square feet, and the average multiple family unit size for the match set is 1,008 square feet.

Lemoore School Districts RESIDENTIAL STUDENT GENERATION RATES

Grade Level	Single Family Units	Multiple Family Units
Elementary School (TK-6)	0.231	0.198
Middle School (7-8)	0.071	0.035
TK-8 Total	0.302	0.233
High School (9-12)	0.223	0.118
TK-12 Total	0.525	0.351

Source: Odell Planning & Research, Inc., 2022

APPENDIX 2

Commercial/Industrial Development

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

COMMERCIAL/INDUSTRIAL DEVELOPMENT 2012-2021

Year	Building Square Feet
2012	5,797
2013	5,502
2014	38,187
2015	7,265
2016	0
2017	0
2018	0
2019	0
2020	2,622
2021	59,344
Total	118,717

Source: LUHSD and LUESD Developer Fee Records, 2012-2021; Odell Planning & Research, Inc., 2022

Kings County 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.

The table above indicates that commercial/industrial development has been inconsistent during the past ten years with a few years having larger square footages and several years with no development activity. The years with larger square footages are the result of a few large projects and not the cumulative impact of many smaller projects.

A specific estimate of future commercial/industrial development is not required for the purposes of this study. However, an estimate based on the total of past ten years is a total of 118,717 square feet for the next ten years.

APPENDIX 3

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