

TO: Board of Trustees
Gold Oak Union School District

FROM: Deborah Atkins, Superintendent
Cassie Gutenberger, Chief Business Officer

DATE: October 8, 2024

Re: Collection and Accounting for Developer Fees

Background:

Legislation passed in 1986 (AB2926) permitted school districts, for the first time, to assess development fees, but at a specified, limited amount. These fees were commonly referred to as “Sterling fees” or “AB2926 fees.” Since the passage of SB50 in 1998, these fees are commonly referred to as “Level I fees.” They are referred to as Level I fees because SB50 also authorized Districts to collect two other types of fees, commonly referred to as Level II and Level III fees. This Gold Oak Union School District is not eligible to collect the Level II or Level III fees.

In 1986 the Level I fee was limited to a maximum amount of \$1.50 per square foot for residential development and \$0.25 per square foot of commercial development. Every two years the State Allocation Board adjusts the maximum amount of the fees according to the construction cost index. Today the maximum amount of the fees is \$4.08 per square foot for residential development and additions, and \$0.66 per square foot of commercial/industrial development. The fee is shared on a K-12 basis. On the western slope, El Dorado Union High School District and elementary feeder districts have reached an agreement to allocate the fees 61% toward K-8 needs and 39% towards 9-12. This agreement is effective until June 30, 2024. If an elementary district has a fee justification less than 61% of the current rate, the balance may be collected by the high school if their fee justification study justifies the higher amount.

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History

- In January 2016 the SAB increased Level I fees to \$3.48 per square foot for residential and \$0.56 per square foot for commercial/industrial construction.
- In January 2018 the SAB increased Level I Fees to \$3.79 per square foot for residential and \$0.61 per square foot for commercial/industrial construction.
- In January 2020 the SAB increased Level I Fees to \$4.08 per square foot for residential and \$0.66 per square foot for commercial/industrial construction.
- In January 2022 the SAB increased Level I Fees to \$4.79 per square foot for residential and \$0.78 per square foot for commercial/industrial construction.

In December 2017, at the Boards direction, the District contracted with SchoolWorks Inc to complete another Justification Study. This study concluded the district continues to be justified in the collection of developer fees at the 2014 rate level.

December 10, 2018, a Public Hearing was agendized and conducted at its regularly scheduled board meeting to discuss the collection, and possible rate increase of Level 1 Developer Fees. Notice of Public Hearing was advertised in The Mountain Democrat, a local newspaper, on November 28, 2018, and December 5, 2018. The Board of Trustees voted on and adopted Resolution 18-12-01 to approve the 2014 Level 1 Developer Fee rates. These new rates became effective 60 days after Board approval.

Effective February 11, 2019, Gold Oak Union School District increased its Level 1 Developer Fees rates as follows:

From: 2006 rates: of \$2.63 per square foot for residential/\$0.42 per square foot commercial.

To: 2014 rates of \$3.36 per square foot for residential, and /\$0.54 per square foot commercial.

In August 2019, the Board discussed current facility needs, including modernization needed to house future students. In January 2020, to ensure the district continues to be justified in the collection of Level I Developer Fees the Board approved a contract with SchoolWorks Inc. to complete another Justification Study. The study was completed in March 2020. On April 20, 2020, the Board of Trustees approved the Justification Study, which determined Gold Oak Union School District continues to be justified in its collection of Level 1 Developer Fees. The study demonstrated the relationship between residential, commercial and industrial growth and the

need for the modernization and/or reconstruction of school facilities in the Gold Oak Union School District. However, the Board made the decision not to increase Level I developer fees rates to the 2020 levels at that time. The district will continue to collect developer fees at the 2014 rates as noted above.

January 25, 2021, a Public Hearing was agendized and conducted at its regularly scheduled board meeting to discuss the collection, and possible rate increase of Level 1 Developer Fees. Notice of Public Hearing was advertised in The Mountain Democrat, a local newspaper, on January 8, 2021, and January 20, 2021. The Board of Trustees voted on and adopted Resolution 21-01-01 to approve the 2020 Level 1 Developer Fee rates. These new rates became effective 30 days after Board approval.

Effective February 24, 2021, Gold Oak Union School District increased its Level 1 Developer Fees rates as follows:

From: 2014 rates of \$3.36 per square foot for residential, and /\$0.54 per square foot commercial.

To: 2020 rates of \$4.08 per square foot for residential, and /\$0.66 per square foot commercial.

Accounting for Developer Fees Collected in Prior Years:

Pursuant to Government Code § 66006 all fees and charges, along with any interest income earned thereon, are deposited in a separate Capital Facilities Fund in a manner to avoid any commingling of the fees and charges with other revenues and funds of the District. Every year the District must account for the fees. Pursuant to Government Code § 66001 every five years the District must make certain findings regarding the funds as described below. The expenditure of the fees is described in the “Developer Fee Accounting and Expenditure Report.”

Any interest income earned by the money in the capital facilities account or fund was also deposited into that account or fund and expended only for the purpose for which the fee was originally collected.

Pursuant to Government Code § 66006, the District shall, within 180 days after the last day of each fiscal year, make available to the public an accounting for the fees in the capital facilities account or fund.

Not less than 15 days after it is made available to the public, the District shall review the accounting at the next regularly scheduled public meeting.

The District shall provide notice of the time and place of the meeting, including the address where this information may be reviewed, and the notice shall be mailed at least 15 days prior to the meeting, to any interested party who files a written request with the District for mailed notice of the meeting.

During the previous five years the District collected Level I fees in 2019-20 through 2023-24. The District has prepared an accounting for developer fees collected in fiscal year 2023-24, as well as the previous four years.

Under Government Code § 66006 the annual accounting must contain the following information:

a. A brief description of the type of fee in the account.

In the Gold Oak Union School District all fees in the account are Level I fees collected from developers under Government Code Section 65995 and Education Code Section 17620.

b. The amount of the fee.

The maximum Level 1 Developer Fee rate structure, as of January 2020, is currently \$4.08 per square foot for residential development, and \$0.66 per square foot of commercial/industrial development.

The Gold Oak Union School District, based on the latest resolution adopted by the Board of Trustees on January 25, 2021, will begin collecting fees based on the 2020 Level I rate structure. Gold Oak receives 61% of the 2020 rates or \$2.49 per square foot for residential and \$0.40 per square foot for commercial/industrial development.

c. The beginning and ending balance of the account.

The beginning balance of the account as of July 1, 2023 was \$332,308. The ending balance as of June 30, 2024 was \$374,033.

d. The amount of the fees collected and the interest earned.

The amount of fees collected from July 1, 2023 through June 30, 2024 was \$31,327. The interest earned on the entire fund was \$11,338.

e. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

1.) 2016-17 - Master Plan & 1-A Drawings \$20,086 (100%)

2.) 2017-18 - Developer Fee Study \$2,000 (100%)

- 3.) 2019-20 - Developer Fee Study \$2,000 (100%)
- 4.) 2019-20 - Master Plan/Construction Cost Estimates \$1,804 (100%)
- 5.) 2020-21 – Pleasant Valley Student Restroom \$98,943 (100%)

- f. An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in the facility plan of the District, and that the public improvement remains incomplete.**

A Facility Master Plan, including I-A drawings, was completed in 2017-18. In 2019-20, based upon review of this plan, as well as a complete review of district facilities, the Administration and the Board of Trustees obtained cost estimates to start addressing facility needs. These cost estimates will enable the district to determine future projects to address adequate housing for new students. In 2020-21 the district replaced the student restroom portable building on the Pleasant Valley Middle School campus. Sufficient funds were available in the Capital Facilities Fund to complete this project. The project was completed in October 2020.

- g. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.**

No interfund transfers were made into or out of this fund.

- h. The amount of any developer fee refunds.**

*2023/24 – One refund (for a fee previously paid and building was not built)
2022/23 – One refund (for a fee previously paid and after calculation of square footage, no fee was due)
2021/22 – One refund (for a fee previously paid and building was not built)
2020/21 – No refunds
2019/20 – No refunds
2018/19 – No refunds
2017/18 – One refund (for a fee previously paid and building was not built)
2016/17 – No refunds
2015/16 – No refunds*

Under Government Code Section 66001, the Board must make the following findings for the five-year accounting with respect to the portion of the account or fund remaining unexpended, whether committed or uncommitted:

a. Identify the purpose to which the fee is to be put.

These funds will provide for the construction/reconstruction/modernization of the Gold Oak Union School District, which will enable the district to adequately house new students entering the facilities. Future projects are outlined in the Gold Oak Union School District Facilities Master Plan.

b. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

The fees were charged for the purpose of constructing, reconstructing, modernizing, and master planning of the identified school facilities, which are necessary to adequately serve the new students generated by the new development.

c. Identify all sources and amounts of funding anticipated to complete the financing of incomplete improvements.

Currently the district is researching additional funding sources that can be utilized in conjunction with developer fees to assist with financing for future projects. The district finalized a Facilities Master Plan in 2018-19. Cost estimates were obtained in 2019-20. Additional projects will be determined after careful consideration of current district facility needs and cost estimates.

d. Designate the approximate dates on which the funding anticipated to complete financing of the incomplete improvements is expected to be deposited into the appropriate account or fund.

The district contracted with consultants to develop and present the Facilities Master Plan to the Board of Trustees in June 2018. The district will continue to accumulate funds, and work with a facility consultant, to develop timelines to address the Facility Construction Needs as outlined in Section VI of the Gold Oak Union School District Facilities Master Plan.

When sufficient funds have been collected to complete financing on incomplete public improvements identified in the District's facilities plan, and the improvements remain incomplete, the District shall identify, within 180 days of the determination that sufficient funds have been collected, an approximate date by which the construction of the public improvement will be commenced, or shall refund to the then current record owner or owners of the lots or units, as identified on the last equalized assessment roll, of the development project or projects on a prorated basis, the unexpended portion of the fee, and any interest accrued thereon.

If the administrative costs of refunding unexpended revenues exceed the amount to be refunded, the District, after a public hearing, notice of which has been published once in a newspaper of general circulation, and posted in three prominent places within the area of the development project, may determine that the revenues shall be allocated for some other purpose for which development fees are collected pursuant to Government Code §§ 66000 et seq., and which serves the project on which the fee was originally imposed.

Based on the five-year review of income and expenditures (2019-20 through 2023-24), the District has spent or encumbered by the close of 2023-24, all funds collected from prior years through 2017-18, and 9% of the funds collected in 2018-19. As of June 30, 2024, all funds through 2017-18 have been exhausted, leaving a balance of \$374,033 in the fund.

Funds will remain and accumulate in this fund until there are sufficient funds to address projects outlined in the Facilities Master Plan.

Recommendation:

Staff recommends that the Board of Trustees approve this report, approve the information provided for the annual accounting and make the findings set forth above for the five-year accounting.

Historical Data For Capital Facility Fund

1995-96 Beginning Balance \$ (115,660)

Income	Interest	Level I Fees	Expenditures	Contribution	Total
1995-96	\$ 938.00	\$ 56,257.00	\$ (4,346.00)	\$	(62,811)
1996-97	\$ 877.00	\$ 63,212.00	\$ (1,023.00)	\$	255
1997-98	\$ 1,977.00	\$ 72,224.00	\$ (49,025.00)	\$	25,431
1998-99	\$ 3,362.00	\$ 73,808.00	\$ (3,399.00)	\$	99,202
1999-00	\$ 8,186.00	\$ 93,408.00	\$ (31,067.00)	\$	169,729
2000-01	\$ 8,493.39	\$ 115,040.29	\$ (104,470.54)	\$	188,792
2001-02	\$ 7,198.08	\$ 113,412.00	\$ (141,975.23)	\$	167,427
2002-03	\$ 2,161.06	\$ (1,291.00)	\$ (23,655.76)	\$	144,641
2003-04	\$ 741.70	\$ (1,923.00)	\$ (131,968.76)	\$	11,491
2004-05	\$ 206.13		\$ (1,340.00)	\$	10,357
2005-06	\$ 275.75	\$ 9,448.00	\$ (8,546.30)	\$	11,535
2006-07	\$ 3,021.58	\$ 106,966.00	\$ (78,062.16)	\$	43,460
2007-08	\$ 2,679.17	\$ 74,157.00	\$ (65,873.33)	\$	54,423
2008-09	\$ 848.37	\$ 21,343.00	\$ (31,078.91)	\$	45,535
2009-10	\$ 164.79	\$ 21,889.00	\$ -	\$	67,589
2010-11	\$ 210.55	\$ 11,479.00	\$ (1,044.81)	\$	78,234
2011-12	\$ 228.38	\$ 20,390.00	\$ (5,611.70)	\$	93,241
2012-13	\$ 193.73	\$ 10,432.00	\$ (3,833.00)	\$	100,033
2013-14	\$ 226.34	\$ 11,343.00	\$ (19,368.62)	\$	92,234
2014-15	\$ 77.12	\$ 13,697.00	\$ (74,419.91)	\$	31,588
2015-16	\$ 138.76	\$ 10,935.00	\$ (328.05)	\$	42,334
2016-17	\$ 319.32	\$ 33,222.00	\$ (9,930.66)	\$	65,945
2017-18	\$ 1,131.24	\$ 56,226.00	\$ (14,838.78)	\$	108,463
2018-19	\$ 2,843.78	\$ 53,923.00	\$ (1,801.69)	\$	163,428
2019-20	\$ 3,578.58	\$ 64,658.00	\$ (5,743.74)	\$	225,921
2020-21	\$ 1,083.98	\$ 86,739.00	\$ (101,545.22)	\$	212,199
2021-22	\$ 1,006.29	\$ 54,678.00	\$ (1,640.34)	\$	266,243
2022-23	\$ 5,062.54	\$ 62,889.00	\$ (1,886.67)	\$	332,308
2023-24	\$ 11,338.23	\$ 31,327.00	\$ (939.81)	\$	374,033

Gold Oak Union School Distict
Developer Fee Accounting and Expenditure Report 2023-24

2023/24		
Gold Oak collects: \$2.49/\$0.40 (Based on 2021 Rate of \$4.08/\$0.66 x 61%)		
Beginning Balance July 1, 2023		\$ 332,307.70
Income		
Developer Fee Income		\$ 31,327.00
Interest		\$ 11,338.23
Total Income		\$ 42,665.23
Expenditures		
Developer Fee Collection fee-COE	\$ 939.81	
Total Expenditures	\$ 939.81	\$ 939.81
Ending Balance June 30, 2024		\$ 374,033.12

Gold Oak Union School Distict
Developer Fee Accounting and Expenditure Report 2022-23

2022/23		
Gold Oak collects: \$2.49/\$0.40 (Based on 2021 Rate of \$4.08/\$0.66 x 61%)		
Beginning Balance July 1, 2022		\$ 266,242.83
Income		
Developer Fee Income		\$ 62,889.00
Interest		\$ 5,062.54
Total Income		\$ 67,951.54
Expenditures		
Developer Fee Collection fee-COE	\$ 1,886.67	
Total Expenditures	\$ 1,886.67	\$ 1,886.67
Ending Balance June 30, 2023		\$ 332,307.70

Gold Oak Union School Distict
Developer Fee Accounting and Expenditure Report 2021-22

2021/22		
Gold Oak collects: \$2.49/\$0.40 (Based on 2021 Rate of \$4.08/\$0.66 x 61%)		
Beginning Balance July 1, 2021		\$ 212,198.88
Income		
Developer Fee Income		\$ 54,678.00
Interest		\$ 1,006.29
Total Income		\$ 55,684.29
Expenditures		
Developer Fee Collection fee-COE	\$ 1,640.34	
Total Expenditures	\$ 1,640.34	\$ 1,640.34
Ending Balance June 30, 2022		\$ 266,242.83

Gold Oak Union School Distict
Developer Fee Accounting and Expenditure Report 2020-21

2020/21		
Gold Oak collects: \$2.49/\$0.40 (Based on 2020 Rate of \$4.08/\$0.66 x 61%)		
Beginning Balance July 1, 2020		\$ 225,921.12
Income		
Developer Fee Income		\$ 86,739.00
Interest		\$ 1,083.98
Total Income		\$ 87,822.98
Expenditures		
Developer Fee Collection fee-COE	\$ 2,602.17	
Pleasant Valley Student Restrooms	\$ 98,943.05	
Total Expenditures	\$ 101,545.22	\$ 101,545.22
Ending Balance June 30, 2021		\$ 212,198.88

Gold Oak Union School Distict
Developer Fee Accounting and Expenditure Report 2019-20

2019/20		
Gold Oak collects: \$2.05/\$0.33 (Based on 2014 Rate of \$3.36/\$0.54 x 61%)		
Beginning Balance July 1, 2019		\$ 163,428.28
Income		
Developer Fee Income		\$ 64,658.00
Interest		\$ 3,578.58
Total Income		\$ 68,236.58
Expenditures		
Developer Fee Collection fee-COE	\$ 1,939.74	
Developer Fee Study - SchoolWorks Inc.	\$ 2,000.00	
Williams & Associates - Master Plan/Construct.Cost Est.	\$ 1,804.00	
Total Expenditures	\$ 5,743.74	\$ 5,743.74
Ending Balance June 30, 2020		\$ 225,921.12