

Newark Unified School District

Developer Fees (Fund 25) - Combined Annual and Five Year Report

Background:

In 1986, the California Legislature authorized school districts and other agencies to levy “developer fees” (a.k.a. “school impact fees”) to fund school facilities.

Developer fees are subject to an inflationary increase, authorized by the State Allocation Board (SAB) in January of every even-numbered year.

A justification study is required whenever a district wants to charge or increase developer fees. NUSD’s most recent developer fee justification study is from February 2018; it is attached.

Annual Accounting:

Government Code § 66006 requires that school districts that collect statutory school facilities fees (developer fees) make an annual accounting of those fees available to the public within 180 days of the end of the fiscal year.

This report covers:

- FY 2019 (July 1, 2018 to June 30, 2019)

Five Year Accounting:

Government Code § 66001 requires that school districts make an additional findings every five years for any fund in which those fees remained unexpended at the end of the fiscal year. The report must be publicly available 15 days prior to Board action to adopt a resolution affirming the reported information and making necessary findings. Many school districts issue a Five Year Report annually.

This report covers:

- FY 2015 (July 1, 2014 to June 30, 2015)
- FY 2016 (July 1, 2015 to June 30, 2016)
- FY 2017 (July 1, 2016 to June 30, 2017)
- FY 2018 (July 1, 2017 to June 30, 2018)
- FY 2019 (July 1, 2018 to June 30, 2019)

Fund 25 Capital Facilities Fund:

Proceeds from developer fees must be maintained in a separate account. Fund 25 has been established for this purpose. The fees provide for the construction of school facilities necessitated by the growth in enrollment generated by new construction.

Fund 25 contains proceeds of all developer fees and interest received by the District.

Government Code § 65995 states: “The amount of the limits set forth in paragraphs (1) and (2) shall be increased in 2000, and every two years thereafter, according to the adjustment for inflation set forth in

the statewide cost index for class B construction, as determined by the State Allocation Board (SAB) at its January meeting, which increase shall be effective as of the date of that meeting.”

NUSD is currently collecting the fees set by the SAB in January of 2018. (NUSD is a “Level 1” school district.) The NUSD Board of Education, at its meeting held on March 20, 2018, approved these fees (per Resolution No. 2096). These fees went effective May 19, 2018:

- \$3.79 per square foot for new residential habitable space.
- \$0.61 per square foot for new commercial and industrial.
- \$0.14 per square foot for mini storage.

The maximum fee that can be charged to a developer is the amount contained in the relevant justification studies for the school district in which the development is located.

The Beginning and Ending Balances in the Account:

	2014-15	2015-16	2016-17	2017-18	2018-19
Beginning Balance	\$ 597,520	\$ 1,265,103	\$ 3,878,447	\$ 7,764,333	\$ 10,762,853
Ending Balance	\$ 1,265,103	\$ 3,878,447	\$ 7,764,333	\$ 10,762,853	\$ 14,170,977

The Amount of Fees Collected and Interest Earned:

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue					
Interest	\$ 2,468	\$ 9,038	\$ 37,119	\$ 124,655	\$ 214,270
Developer Fees	\$ 705,035	\$ 2,728,581	\$ 3,885,735	\$ 2,964,981	\$ 3,320,365
Refund				\$ 2,025	
	\$ 707,503	\$ 2,737,619	\$ 3,922,854	\$ 3,089,636	\$ 3,536,660

Identification of each public improvement on which fees were expended, including the percentage of the cost of the improvement that was funded with fees:

The District is using developer fees to pay for demographic and developer fee studies and software, bank fees, legal expenses, advertisements and direct costs.

Description of each inter-fund transfer of loan:

No inter-fund transfers or loans have been made from Fund 25.

Amount of any refunds made for fees unexpended and uncommitted after five years:

There were no refunds and no uncommitted funds.

Purpose to which the fee is to be put:

The fee is collected to finance the construction or reconstruction of school facilities necessary to reduce overcrowding caused by the development on which the fees were levied, which facilities are more specifically identified as follows:

- Portable facilities
- Additional facilities at existing District sites
- Modernization and modification of facilities at existing District sites as needed to add programs and/or students or to maintain levels of service pursuant to subdivision (g) of section 66001
- Potential school site in the part of Newark known as Area 3

Demonstration of a reasonable relationship between the fee charged and the purpose for which it is charged:

The fee is used as described above.

Identification of all sources and amounts of funding anticipated to complete incomplete improvements:

There are no improvements in progress at this time.

Approximate dates on which the funding for incomplete improvements is expected to be deposited into the appropriate account or fund:

There are no improvements in progress at this time.

**Newark Unified School District
Fund 250 - Developer Fees Account Reconciliation
Fiscal Year 2018-19**

Beginning Balance - July 1, 2018				<u><u>\$10,762,853.18</u></u>
Income:				
	Industrial	Commercial	Residential	Total
Commercial Developers (non residential buildings)		\$368,925.56		
Residential Developers (communities of many units)			\$2,907,597.04	
Residential Individuals (single family home additions/remodels)			\$43,842.72	
Total Fees Collected in FY 2018-19	\$0.00	\$368,925.56	\$2,951,439.76	<u><u>\$3,320,365.32</u></u>
Interest				<u><u>\$214,269.86</u></u>
Refund				<u><u>\$2,025.00</u></u>
Total Income				<u><u>\$3,536,660.18</u></u>
 Expenses:				
<i>District Wide:</i>				
Direct Cost at 3%			\$99,611.00	
Advertisement - Notice of Developer Fees, Public Hearing			\$0.00	
Bank Charges Related to Interest Revenue ***			\$2,555.68	
Demographic Software			\$1,395.00	
Demographic Study			\$22,100.00	
Developer Fee Study			\$2,875.00	
Legal Expenses			\$0.00	
Total Expenses				<u><u>\$128,536.68</u></u>
 Ending Balance - June 30, 2019				<u><u>\$14,170,976.68</u></u>