

**LAS LOMITAS
ELEMENTARY SCHOOL DISTRICT**

**Review and Update of the
DEVELOPMENT IMPACT FEE
JUSTIFICATION STUDY**

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INTRODUCTION

In accordance with the legislative guidelines, the State Allocation Board (SAB) has reviewed the maximum level of school facilities impact fees. As of January 2012, the new maximum fee levels in dollars per square foot that can be charged to developers per Sections 17620 and 17621 of the Education Code for calendar years 2012 and 2013 are as follows:

	Total	Las Lomitas Elementary District Share
Residential Construction	\$3.20	\$1.920
Commercial and Industrial Construction	\$0.51	\$0.306

The Las Lomitas Elementary School District (LLESD), by contract with the Sequoia Union High School Districts, is entitled to collect up to 60% of the maximum fee amounts. Its share is shown above. (The fees are apportioned to the tenth of a cent.)

Schoolhouse Services prepared a comprehensive Fee Justification Report (fee study) in June 2008 for the Las Lomitas Elementary School District documenting the District's justification for residential and commercial/industrial development impact fees. In the interest of updating its fees to the current fee levels, the District has again contracted with Schoolhouse Services to review the description of the impacts of new development in the report to determine whether any significant changes have occurred, and to adjust the calculations for changes (including inflation). This report provides information for the Board as it considers raising the fees to the 2012 and 2013 levels adopted by the State Allocation Board at its meeting January 25, 2012.

Changes that should be reflected in any fee study update include:

- Significant changes in the local long-term growth outlook, particularly through the adoption of changed land use policies;
- Preparation or revision of long term enrollment projections that differ significantly from those referenced in the fee report;
- Addition of major school district facilities or adoption of policies that would affect facility utilization, such as the addition of classrooms or transition to year-round schools;
- Changes in the funding available to the District; and
- Changes in the cost of providing additional capacity.

Local government policies and the long-term growth outlook are not significantly changed. There were no significant changes in District policies affecting facility use or in available funding. Enrollment has increased significantly and is projected to increase more in the coming years. However, classrooms have been added since the comprehensive report was prepared. Construction costs have increased. It can also be noted that the State of California has significantly reduced funding to its school districts, though the reduced funding is almost all support for annual operating costs; such costs are not related to the facility costs which can be mitigated with fees on new development.

Given that there have been limited significant changes from the existing report prepared in year 2008, and that the large majority of the information remains unchanged, the results can be effectively communicated as a review and addendum to that report. This report focuses on the increased enrollment and the additional classrooms, whether the added enrollment capacity provides adequate room for students from new development, and calculation of the effect on the fees of the increased cost of constructing future additional capacity.

REVIEW OF KEY FACTORS

This section reviews the major elements in the chain of relationships underlying the justification of development impact fees, and addresses significant changes since the preparation of the existing justification studies.

New Housing Development

The latest (November 2011) demographic report prepared for the District by Enrollment Projection Consultants (EPC) projects that about 85 new homes will be constructed in the District over the next decade. New homes replacing homes of less than half of the size of the new home are included in this number; they constitute the large majority of the new homes.

A net increase of eighteen students, about half to each of the District's schools, are projected by the construction of these homes. This is an average of 0.21 students per home.

District Enrollment

The 2008 study (based on a fall 2007 enrollment count of 1,136) projected an enrollment of 1,243 students in the fall of 2017. Enrollment in the fall of 2011 was already 1,363 students. The new EPC demographic study now projects an increase of 175 students over the next decade, bringing enrollment to 1,537 students. The rapid growth in enrollment reflects the attractiveness of the District's schools to the young families on the Peninsula.

Availability of Enrollment Capacity

The number of classrooms available and average class size (classroom loading) are the principal determinants of enrollment capacity. The 2008 report projected capacity based on 19 students per K-3 classroom at Las Lomas Elementary School and 24 students in grades four through eight at La Entrada Middle School. Increased enrollment and financial constraints due to the current recession have increased average class sizes to 23 students for grades K-3 and 28 students for grades four through eight. The District hopes that class sizes will be able to trend down towards the former levels as the economy recovers from the recession, but the current higher sizes are used in the analysis here.

The Las Lomas campus houses students in the kindergarten through third grades. It had 31 classrooms in 2008. Four classrooms were added in 2011, bringing the total to 35 classrooms. Five classrooms are used for students pulled from their homeroom for special programs, including music, speech and other academic enrichment and support. Two of the remaining 30 classrooms are for Special Day Classes (SDC), leaving 28 classrooms for homerooms with the

standard academic program. Loading the 28 non-SDC classrooms at 23 students per room and the SDC rooms at 11 students, the school's theoretical capacity is 666 students (644 standard program and 22 SDC students).

Operating at theoretical capacity is a challenge; elementary districts commonly allow a five percent margin to provide needed flexibility. The enrollment in Las Lomas at the start of the just completed school year was 675 students, meaning that the school operated slightly above its theoretical capacity. It certainly lacks capacity to accommodate additional students, whether from new homes or from existing homes, in its present facilities.

La Entrada Middle School, which houses the students in grades four through eight, has 29 full-size classrooms. Two of these were added in 2009 and two in 2011. In addition, there are eight smaller rooms generally incapable of holding a class of 28 students. Twenty-three of the classrooms are designated for non-SDC use and four for SDC classes. Two of the classrooms and the smaller rooms are used for academic support. The maximum theoretical enrollment capacity of the 23 regular program classrooms loaded at an average of 28 students is 644 students. However, middle school teachers are allocated two of the eight scheduled periods for teacher preparation and, as described in the 2008 comprehensive report, it is the District's policy, and the policy of almost all California school districts, that the teachers stay in their room during these periods. This reduces the capacity of the regular program classrooms by 12.5%, bringing their theoretical capacity down to 564 students. The four SDC classrooms have a capacity for 44 students, bringing the total theoretical school capacity to 608 students. A reasonable adjustment of five to ten percent for flexibility makes practical capacity even less.

Enrollment at the start of the recent school year was 688 students, requiring compromises in the District's standards. In particular, some classes were held in inadequately sized rooms and academic support activities often occupied undersized spaces. Clearly there is no room for additional students in the current facilities. For that reason the District is adding four more classrooms this summer.

Facilities Cost

Using the square foot allowances in the 2008 report, the 18 students from new homes will have generated the need for 1,404 square feet of the additional school facilities the District will be adding over the next decade. The cost of school facilities in the 2008 study was based on the cost of the Phillip Brooks School built adjacent to the District offices. Adjusting the \$325 per square foot cost for inflation per the Class B cost of construction index used by the California Department of Education for the six years from the time construction of Phillip Brooks was started to the present results in a cost of \$395 per square foot. The cost of 1,404 square feet is therefore estimated at \$554,580.

RESIDENTIAL FEES

New homes have paid fees on an average of 2,608 net square feet. The 85 new homes are therefore estimated to pay fees on 221,680 square feet. The cost of \$554,450 shared among 221,680 square feet is \$2.501 per square foot. This is the cost impact of the construction of the homes and the maximum amount of fee the District can levy based on the impacts of the construction.

However, the maximum amount allowed according to California law and the District's agreement with Sequoia High School District is \$1.920 per square foot. This is the amount the District will receive from the payment of residential fees.

COMMERCIAL/INDUSTRIAL FEES

The principal factors involved in the determination of fees on commercial/industrial development that have changed over the last four years are the lower number of students resulting from each new home, partially offset by the cost of construction of school facilities. Table 7-3 from the 2008 report is shown as updated for these changes.

Table 7-3 - Updated
Cost per Square Foot with Residential Offset

<i>Category of Building</i>	<i>Employees per Sq. ft.</i>	<i>Employees in District</i>	<i>Homes per /Employee</i>	<i>Students per Home</i>	<i>Cost per Student</i>	<i>Cost per Sq. ft.</i>
<i>Parking structures</i>	0.00002	0.15	0.67	0.21	\$7,136	\$0.00
<i>Self-storage</i>	0.00006	0.15	0.67	0.21	\$7,136	\$0.01
<i>Heavy industrial</i>	0.0004	0.15	0.67	0.21	\$7,136	\$0.06
<i>Lodging</i>	0.0011	0.15	0.67	0.21	\$7,136	\$0.17
<i>Warehouses</i>	0.0013	0.15	0.67	0.21	\$7,136	\$0.20
<i>Auto repair</i>	0.0014	0.15	0.67	0.21	\$7,136	\$0.21
<i>Movie theater</i>	0.0015	0.15	0.67	0.21	\$7,136	\$0.23
<i>Major shopping centers</i>	0.0017	0.15	0.67	0.21	\$7,136	\$0.26
<i>Discount clubs</i>	0.0025	0.15	0.67	0.21	\$7,136	\$0.38
<i>Supermarket</i>	0.0026	0.15	0.67	0.21	\$7,136	\$0.39
<i>Neighborhood retail</i>	0.0028	0.15	0.67	0.21	\$7,136	\$0.42
<i>Banks</i>	0.0028	0.15	0.67	0.21	\$7,136	\$0.42
<i>Business office (all types)</i>	0.0034	0.15	0.67	0.21	\$7,136	\$0.51
<i>R&D/industrial/business parks</i>	0.0034	0.15	0.67	0.21	\$7,136	\$0.51
<i>Medical offices</i>	0.0043	0.15	0.67	0.21	\$7,136	\$0.65

Source: Schoolhouse Services

Because of the reduction in the projected number of students per home, significantly more building categories have per square foot impacts below the District's share of the maximum commercial/industrial fee, \$0.306 per square foot, as shown in the table. This review thus

concludes that the District is justified in levying its share of the maximum fee of \$0.306 on the seven more employment intensive commercial/industrial development categories, but only the fees shown on the eight less intensive categories.

SUMMARY OF FINDINGS

The District's response to changes since the Las Lomas Elementary School District fee justification report prepared in year 2008 involves accounting for (1) a large increase in enrollment in the District, (2) a smaller number of students from each new home, (3) changes in the cost of school construction, and (4) the updated maximum school impact fees. Incorporating these considerations into the analysis leads to the following conclusions:

- 1) Facilities cost inflation since the time of the earlier Schoolhouse report results in an updated facilities cost impact of \$2.501 per square foot of new residential construction. This exceeds the District's share of the 2012 and 2013 maximum fee, \$1.920 per square foot, for residential construction, thus justifying the imposition of the Education Code Section 17620 school impact fees at the \$1.920 per square foot maximum legal level.
- 2) Facilities cost inflation similarly results in updated facilities cost impacts of commercial/industrial construction depending on the category of development. The seven more employment intensive the categories exceed the District's share of the 2012 and 2013 maximum fee, \$0.306 per square foot, thus justifying the imposition of the Education Code Section 17621 school impact fees at this maximum legal level. However, the eight less intensive categories structure categories can only be assessed at the levels shown in the above table.