



REDLANDS UNIFIED SCHOOL DISTRICT

School Facility Fees Report for 2022-2023 Fiscal Year

In Compliance with Government Code Sections 66006 and 66001 and

2022-2023 Report of Mitigation Payment Activity for Community Facilities District 2001-1, 2006-1, 2016-1 and 2021-1, pursuant to Government Code Section 50075.1 and 50075.3

Government Code Sections 66006 and 66001 provide that the Redlands Unified School District shall make a report and adopt certain findings relative to Reportable School Facility Fees collected pursuant to Education Code Section 17620 et seq. and Government Code Section 65995 et seq., and further, report certain information regarding Mitigation Payments pursuant to Government Code Sections 50075.1 and 50075.3. The described information and findings relate to fees referred to as “statutory school fees” and “alternative school fees,” collectively, “Reportable School Facility Fees;” and taxes collected from one or more community facilities districts, referred to as “Mitigation Payments;” received, expended or to be expended in connection with school and support facilities to accommodate additional students from new development if funded or partially funded with Reportable School Facility Fees and/or Mitigation Payments. Reportable School Facility Fees and Mitigation Payments have not been levied, collected, or imposed for general revenue purposes. The following is the information and proposed findings the District proposes to review and adopt in accordance with Government Code Sections 66006 and 66001 and to meet the provisions of Government Code Sections 50075.1 and 50075.3.

A. Fiscal Year 2022-2023 – Reportable Fees

Pursuant to Government Code Section 66006, the following information is provided with respect to the district’s Reportable School Facility Fees, which consist of Statutory School Fees deposited in the Capital Facilities Fund 25, for the 2022-2023 fiscal year:

1. Reportable Fees

a. School Facility Fees

- 1) The Statutory School Fee (Level I) amounts at the beginning of the 2022-2023 fiscal year were \$4.08 per square foot of assessable space for residential development and \$.66 per square foot of covered and enclosed space for commercial/industrial development. These Statutory School Fee amounts were adopted by the Redlands Unified School District Board of Education on July 14, 2020, by Resolution No. 1, 2020-21, and went into effect on September 12, 2020. The increase in fees was based on the Developer Fee Justification by Key Analytics, dated July 2020.

The developer fee amounts collected partially mitigate the impacts to the school district caused by new residential and commercial/industrial development because the school facility fees do not adequately fund school facility needs resulting from additional development within the district.

b. The 2022-2023 Capital Facility Account Activity:

Beginning Balance 7/1/2022	\$	6,356,725.34
Fees Collected 2022-2023		<u>774,315.21</u>
Total	\$	<u>7,131,040.55</u>
Less Expenditures		
Site Expansion	\$	2,496,383.18
Administrative Costs*		347,141.19
Total 2022-2023 Expenditures	\$	<u>2,843,524.37</u>
Add Interest Earned		132,431.13
Other Revenue – FMV		
Adjustment		<u>7,697.00</u>
Ending Balance 6/30/2023	\$	4,427,644.31

*Administrative costs associated with the adoption, collection, and reporting of school facility fees, pursuant to Education Code Sections 17620(a)(5), and allowable indirect costs associated with school construction.

- c. Insufficiency of Funds. The district proposes to determine that for fiscal year 2022-23, reportable school fees and other sources of funding were not sufficient to complete the financing of the facility projects of the district.

The school district participates in the State School Facilities Program administered by the Office of Public School Construction (OPSC) under the direction of the State Allocation Board (SAB), as provided for in Senate Bill 50/Proposition 1A. To participate in the school facility program, the district is required to contribute matching funds towards projects based on a per-student maximum grant amount. The district currently qualifies for the 50 percent match program but the state program no longer has significant available funds. Developer fees match and supplement state funds for qualifying projects.

Identified building trends indicate the future need for one K-8 school in the City of Loma Linda. The District acquired the site for a future Loma Linda K-8 school. The trend also points to the need to expand for overflow students at a couple of our elementary school sites that are in the middle of developing areas. The District shows pockets of growth in 7 of 16 elementary schools. Another need of the district is to expand full-day kindergarten at specific elementary sites. The District is also preparing for the TK expansion that is State required. The largest issue for the facilities of the district is the need for modernization. Our aging infrastructure is stressing the district's resources as the modernization needs versus costs put the district in a severely jeopardized position if we are unable to secure state-matching funds for future projects.

2. Mitigation Payments – Community Facilities District

a. CFD No. 2001-1

On March 27, 2001, the Redlands Unified School District established Community Facilities District (CFD) No. 2001-1, in the City of Highland for mitigation of enrollment growth due to residential construction within portions of the East Highlands Ranch development. As of June 30, 2023, 835 permits have been issued within the CFD.

On May 3, 2007, the district issued CFD bonds, in the amount of \$14,999,000 on behalf of CFD 2001-1. A portion of the funds, in the amount of \$4,478,328, was used to retire the remaining Certificates of Participation which were used to forward-fund CFD projects pending the sale of the CFD bonds. The net proceeds of the CFD funds, less the prepayment of the COPS, were deposited with the district's fiscal agent and are budgeted for planning and construction costs relating to various school facility projects, including acquisition, financing, or furnishing and equipping, new campuses and additions to existing sites and district support facilities.

b. CFD No. 2006-1

On November 14, 2006, CFD No. 2006-1 was established, also in the City of Highland. As of June 30, 2023, 203 permits were issued within this CFD. The project description for CFD No. 2006-1 is similar to No. 2001-1, as is the Rate, Method, and Apportionment Addendum to the CFD Agreements. The CFD 2001-1 had reached its bonding capacity with development project annexations, so a second CFD with a larger bonding capacity was formed at the request of developers in Highland to meet the student housing needs in that community.

On December 9, 2020, the district issued CFD bonds, in the amount of \$5,170,394.05 on behalf of CFD 2006-1. The net proceeds of the CFD funds were deposited with the district's fiscal agent and are budgeted for planning

and construction costs relating to various school facility projects. This includes improvements to our existing sites.

c. CFD No. 2016-1

On September 13, 2016, CFD 2016-1 was established within the boundaries of Redlands Unified School District. CFD 2016-1 is open for annexation, which will alter the total number of permits available. The project description allows Redlands Unified School District to mitigate enrollment growth within the Redlands Unified School District boundaries. As of June 30, 2023, 888 permits were issued.

d. CFD No. 2021-1

On May 11, 2021, CFD 2021-1 was established within the boundaries of Redlands Unified School District. CFD 2021-1 is open for annexation, which will alter the total number of permits available. The project description is similar to CFD 2016-1 as is the Rate, Method, and Apportionment Addendum to the CFD Agreements. As of June 30, 2023, 271 permits were issued.

e. CFD Fund Activity

During the 2022-23 fiscal year, \$1,131,974.85 in taxes were collected within CFD 2001-1, and transferred to the district's fiscal agent. Debt service payments in the amount of \$877,612.50 were made by the fiscal agent during the 2022-23 fiscal year. For CFD 2006-1, Cash in the County was \$4,664,286.48, and \$285,247.67 was collected in taxes. For CFD 2016-1, \$1,410,690.43 was collected in taxes and there was a total of 13,597.62 in administrative costs. For CFD 2021-1, no developer annexation fees were collected and there was a total of 62,761.12 in administrative costs.

3. The following is a summary of the Capital Facility Funds and Community Facility District Funds:

7/1/2022	
Beginning Balance	\$6,356,725.34
Fee Revenue	774,315.21
Other Revenue – FMV	
Adjustment	7,697.00
Interest Earned	132,431.13
Expenditures	\$-2,843,524.37
6/30/2023	
Ending Balance	\$4,427,644.31

During the 2022-23 fiscal year, expenditures were made for the administration of CFD 2001-1, CFD 2006-1, CFD 2016-1, and CFD 2021-1 as well as bond payments.

4. Five-Year Findings

Pursuant to Government Code Section 66001, the following information is provided with respect to the five-year findings on reportable school fees remaining unexpended for five years:

- a. Identification and Purpose of Fees. The purpose of the Reportable School Facility fees and Mitigation Payments imposed and collected on new residential, commercial, and industrial development within the district is to fund the additional school facilities required to serve the students in grades K-12 generated by this new development within the District. Specifically, the Reportable School Facility Fees and Mitigation Payments will be used for the construction and/or acquisition of additional school and support facilities, and the modernization of existing school facilities to add and/or rehabilitate classrooms, portable classrooms, and ancillary facilities.

i). Relationship between Fees and Purpose. There is a roughly proportional, reasonable relationship between new development upon which the reportable fees and payments are charged and the need for additional school and ancillary facilities because of the fact that additional students will be generated by additional development within the district and the district does not have sufficient student capacity in the existing school facilities to accommodate these new students. Furthermore, the reportable fees charged and payments received on new development will be used to fund school facilities to serve students generated by new development. The fees do not exceed the cost of providing such school facilities for new students.

ii.) Sources of Future Funding. The following lists the sources and estimated amounts of funding anticipated to complete school facilities in the next five years as needed for enrollment growth.

State School Building Program	\$0
Community Facilities District	\$752,000
General Obligation Bond Proceeds	\$0
Statutory and/or Alternative School Fees	\$6,000,000

The above amounts are projections based on the existing available funding sources for school facilities, at the time of this writing. Recent economic conditions have significantly increased in cost and negatively impacted the district ability to cover construction costs on modernization and new school construction. Rising construction costs throughout the state impact the school district's planning and scheduling of capital outlay expenditures. The current perception is skilled labor is not available as there is a shortage and there is a current delay in supply chain delivery. This leads contractors to submit higher bid amounts. The fact that per state Department of Labor requirements for Public Works projects, under which

school projects are categorized, the prevailing wages are much higher than the private sector when compared to the rest of the industry. Thus, schools and other public agencies still pay rates equal to the top of the most recent economic high point. This circumstance greatly limits the benefit of available funds and compounds school districts' facilities' funding challenges.

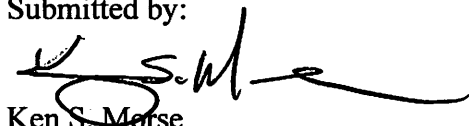
Receipt and acquisition of future funding and property, respectively, for capital facility purposes is dependent upon negotiations of agreements between public agencies and/or developers.

District matching share or contribution for future state projects will be funded with statutory and/or alternative school facility fees, general obligation bonds, community facility district funds, or a combination thereof. Residential and commercial development continues in the school district, albeit slowly. Local resources will need to stretch further to continue planning for new sites and schools needed as the economy improves and student enrollment increases.

b. Public Notice

In accordance with Government Code Section 66006(b)(2), this report will be made available to the public at least fifteen days prior to the consideration thereof by the Board of Education. The Board will review this information and findings at its next regular meeting, occurring at least fifteen days subsequent to the availability of this report.

Submitted by:



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Redlands Unified School District