

RESOLUTION NO. 13, 2023-2024

RESOLUTION OF THE BOARD OF EDUCATION OF THE REDLANDS UNIFIED SCHOOL DISTRICT APPROVING THE ANNUAL AND FIVE YEAR REPORTABLE FEES REPORT FOR FISCAL YEAR 2022-2023, IN COMPLIANCE WITH GOVERNMENT CODE SECTIONS 66006 AND 66001

WHEREAS, the Redlands Unified School District (“District”) has received and expended statutory and/or alternative school facilities fees (“Reportable Fees”) for the construction and/or modernization of the District’s school facilities in order to accommodate students from new development (“School Facilities”); and

WHEREAS, pursuant to Government Code Section 66006(a), the District has established and maintained a separate capital facilities account for the Reportable Fees (“Reportable Fees Account”); and

WHEREAS, pursuant to Government Code Section 66006(a), the Reportable Fees have been deposited into the Reportable Fees Account in order to avoid any commingling of the Reportable Fees with other revenues and funds of the District, except for temporary investments, and has expended the Reportable Fees, along with any interest income earned, solely for the purpose(s) for which the Reportable Fees were originally collected; and

WHEREAS, Government Code Section 66006(b)(1) provides that the District shall make a written report containing certain required information available to the public within one hundred eighty (180) days after the last day of each fiscal year; and

WHEREAS, Government Code Section 66006(b)(2) requires that the Board of Education of the District (“Board”) review the information made available to the public, including the report entitled, “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,” (“Report”) at the next regularly scheduled public meeting, at least fifteen (15) days after the Report was made available to the public; and

WHEREAS, the Report contains the requisite information and proposed findings concerning the collection and expenditure of Reportable Fees pursuant to Government Code Sections 66006 and 66001; and

WHEREAS, pursuant to Government Code Section 66006(b)(2), notice of the time and place of the Board meeting, where the Report would be considered for adoption (“Notice”), was mailed at least fifteen (15) days prior to the Board meeting, to any interested party who filed a written request with the District for mailed Notice of the Board meeting; and

WHEREAS, the District published Notice in a newspaper of general circulation within the District’s boundaries; and

WHEREAS, Government Code Section 66001(d) provides that for the fifth fiscal year following the first deposit into the Reportable Fees Account, and every five years thereafter, the District shall make findings with respect to the portion of the Reportable Fees Account that remains unexpended; and

WHEREAS, when Government Code Section 66001(d) requires certain findings, these findings will be made at the same time as that information required by Government Code Section 66006(b); and

WHEREAS, pursuant to Government Code Section 66001(e) and (f), the District shall make certain findings when sufficient Reportable Fees have been collected to complete the financing of incomplete Projects, and the Projects remain incomplete; and

WHEREAS, the District has complied with all of the foregoing provisions.

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE REDLANDS UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Board finds and determines that the foregoing recitals and determinations are correct.

Section 2. Pursuant to Government Code Section 66006(a), the District has established and maintained a Reportable Fees Account during Fiscal Year 2022-2023.

Section 3. Pursuant to Government Code Section 66006(a), the Reportable Fees collected during Fiscal Year 2022-2023 have been deposited into the Reportable Fees Account in order to avoid any commingling of the Reportable Fees with other revenues and funds of the District, except for temporary investments, and has expended the Reportable Fees, along with any interest income earned, solely for the purpose(s) for which the Reportable Fees were originally collected.

Section 4. Pursuant to Government Code Section 66006(b)(1), the District made the Report available to the public within one hundred eighty (180) days after the last day of Fiscal Year 2022-2023.

Section 5. Pursuant to Government Code Section 66006(b)(1), the Board reviewed the Report at the next regularly scheduled public meeting, at least fifteen (15) days, after the Report was made available to the public.

Section 6. Pursuant to Government Code Sections 66006(b)(1) and (2), the Board reviewed the Report which is incorporated by this reference and contains the following information:

- (A) A brief description of the type of Reportable Fees in the Reportable Fees Account;
- (B) The amount of the Reportable Fees;

- (C) The beginning and ending balance of the Reportable Fees Account;
- (D) The amount of Reportable Fees collected and the interest earned;
- (E) An identification of each School Facilities Project (“Project”) on which Reportable Fees were expended and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Reportable Fees;
- (F) An identification of an approximate date by which the construction of the Project will commence if the District determines that sufficient funds have been collected to complete financing on an incomplete Project, as identified in Section 66001(a)(2), and the Project remains incomplete;
- (G) A description of each interfund transfer or loan made from the Reportable Fees Account, including the Project on which the transferred or loaned Reportable 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 Reportable Fees Account will receive on the loan; and
- (H) The amount of refunds made pursuant to Section 66001(e) and any allocations pursuant to Section 66001(f).

Section 7. Pursuant to Government Code Section 66006(b)(2), Notice was mailed at least fifteen (15) days prior to the Board meeting, to any interested party who filed a written request with the District for mailed Notice of the Board meeting.

Section 8. The District posted Notice in the District’s regular posting locations and published Notice in a newspaper of general circulation within the District’s boundaries; and

Section 9. Pursuant to Government Code Section 66001(d), the Board reviewed the Report which is incorporated by this reference and contains the following proposed findings:

- (1) Identification of the purposes to which the Reportable Fees are to be put;
- (2) Demonstration of a reasonable relationship between the Reportable Fees and the purpose for which they are charged;
- (3) Identification of all sources and amounts of funding anticipated to complete incomplete Projects of the District; and
- (4) Designation of the approximate dates on which the funding referred to in paragraph (3) is expected to be deposited into the respective District account(s).

Section 10. When findings are required by Government Code Section 66001(d), these findings shall be made at the same time as the findings as that information required by Government Code Section 66006(b).

Section 11. Pursuant to Government Code Section 66001(e) and (f), the District shall make certain findings when sufficient Reportable Fees have been collected to complete the financing of incomplete Projects, and the Projects remain incomplete; and

Section 12. The Board determines that the District is in compliance with Government Code Section 66000, *et seq.*, regarding the receipt, deposit, investment, expenditure and/or refund of Reportable Fees received and expended relative to Projects for Fiscal Year 2022-2023.

Section 13. The Board determines that no refunds and allocations of Reportable Fees, as required by Government Code Sections 66001(e) and 66006(b)(1)(H) are deemed payable at this time for Fiscal Year 2022-2023.

The foregoing resolution was adopted and approved this 12th day of December, 2023.

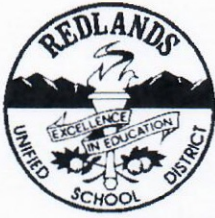
BOARD OF EDUCATION OF THE
REDLANDS UNIFIED SCHOOL DISTRICT

Ayes:	_____	_____
Noes:	_____	_____
Absent:	_____	_____
Abstain:	_____	_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, _____, Clerk of the Board of Education of the Redlands Unified School District, do hereby certify that the foregoing is a true and correct copy of Resolution No. 19, 2022-23 which was duly adopted by Board of Education of the Redlands Unified School District at a meeting thereof on the 12th day of December, 2023.

Clerk, Board of Education of the
Redlands Unified School District



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

School Facility Fee Report
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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

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.

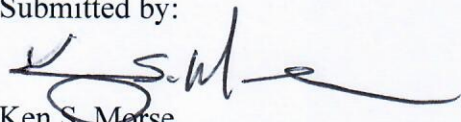
Receipt and acquisition of future funding and property, respectively, for capital facility purposes is dependent upon negotiations of agreements between public agencies and/or developers.

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:



Ken S. Morse
Coordinator, Operations and Facilities Planning
Redlands Unified School District