



ANNUAL DEVELOPER FEE REPORT AND FIVE-YEAR FINDINGS

FISCAL YEAR ENDING JUNE 30, 2023

Background:

A school district collecting developer fees is required to make available to the public information on the status of developer fee collections and expenditures and to make periodic findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted, in accordance with Sections 66006(b)(1) and 66001(d)(1) of the Government Code. These statutory reporting requirements are referenced as the Annual Developer Fee Report and the Five-Year Findings and collectively referred to as the "Developer Fee Report" or "Report."

The Sacramento City Unified School District ("District") combined its reporting obligations into this single report.

Findings:

In adopting and approving this Developer Fee Report, the Board of Education of the Sacramento City Unified School District confirms, determines, and finds that:

1. It acknowledges receipt of, and has reviewed, the Developer Fee Report for the fiscal period ending **June 30, 2023**.
2. It reviewed the information and findings in this Report at its regularly scheduled meeting of **January 18, 2024**, and which information and findings were prepared in accordance with Government Code sections 66001(d) and 66006(b) and the requisite information and findings concerning collection and expenditure of developer fees related to school facilities for students resulting from construction and development within the District and as further justified by the following nexus study adopted by this Board ("nexus study") and which nexus study justified the applicable developer fee rates and their collection via the Board resolution ("fee resolution"):
 - *Developer Fee Justification Study, dated September 2015*, and adopted via Resolution No. 2857 A Resolution of the Governing Board of the Sacramento City Unified School District Adopting School Facilities Fees, at the regular meeting on October 15, 2015.
3. The information in this Report is being made available to the public within 180 days of the close of the 2022-2023 fiscal year, ending **June 30, 2023**, pursuant to Government Code section 66006(b)(1).
4. Notice of this meeting, including the address where the information in this Report may be reviewed, was mailed at least 15 days prior, to any interested party who filed a written request.

5. The information and findings set forth in Table 4, hereof, are with respect to that portion of Fund 25 remaining unexpended, whether committed or uncommitted, and are only made for moneys in possession of the District and not with respect to letters of credit, bonds, or other instruments taken to secure payment of the fee at a future date, and are either encumbered for projects already approved by the Board or will be needed for projects already identified in the District's budget or facilities master plan documents and as otherwise justified by the nexus study.
6. Adoption of the requisite information and findings in this Developer Fee Report maintains the District's compliance with sections 66001 and 66006 of the Government Code, to avoid any penalty under Government Code section 66023(h)(1).
7. All developer fees, collections, and expenditures have been received, deposited, invested, expended, and reported in compliance with the relevant sections of the Government Code and all other applicable laws.
8. Because all of the findings required by Government Code section 66001(d) have been made with respect to the developer fees that were collected as more specifically set forth in this Developer Fee Report, the District is not required to refund any monies in its Fund 25 as provided in Government Code section 66001(e).
9. The District is in compliance with Government Code section 66000, *et seq.*, relative to receipt, deposit, investment, expenditure, reporting, or refund of developer fees received and expended relative to school facilities for students generated from new development and as otherwise justified by the nexus study.

ANNUAL DEVELOPER FEE REPORT

As required by Government Code section 66006(b), this portion of the report provides the public with the following information:

A. A brief description of the type of fee in the account or fund:

The District’s Capital Facilities Account (“Fund 25”) contains the following types of fee noted below. District also maintains the Railyards School Facilities Escrow Account (Fund 25)¹ for collection and accounting of its mitigation fees paid in lieu of developer fees.

TABLE 1 Capital Facilities Account (Fund 25)	
TYPE OF FEE	FEE RATE(S)
Level 1 – Residential	\$3.36 / sq. ft.² (Eff. 60 days after 10/15/2015)
Level 1 – Commercial/Industrial	\$0.54 / sq. ft.¹ (Eff. 60 days after 10/15/2015)
Level 1 – Rental Self-Storage	\$0.26 / sq. ft.¹ (Eff. 60 days after 10/15/2015)

B. The amount of the fee:

See Table 1, above.

C. The beginning and ending balance of the accounts:

1. Capital Facilities Account (Fund 25)
 - i. The beginning balance on July 1, 2022, was **\$23,726,621.86**.
 - ii. The ending balance on June 30, 2023, was **\$26,791,722.23**.

2. Railyards School Facilities Escrow Account (Fund 25)
 - i. The beginning balance on July 1, 2022, was **\$1,422,024.91**.
 - ii. The ending balance on June 30, 2023, was **\$1,468,656.04**.

¹ On November 3, 2016, the District entered into a “Railyards Project School Facilities Agreement,” to mitigate the impact on school facilities resulting from the development project in downtown Sacramento called the “Railyards.” The mitigation fees for residential construction within the Railyards Project are deposited into a separate, interest-bearing Railyards School Facilities Escrow Account (Fund 25) and shall be used only for those purposes defined in the Railyards Project School Facilities Agreement. Proceeds of commercial mitigation payments are deposited into District’s Capital Facilities Account (Fund 25).

² On October 15, 2015, this Level 1 fee rate was adopted by the Board pursuant to the findings and information in the *Developer Fee Justification Study, dated September 2015*, and via Resolution No. 2857 A Resolution of the Governing Board of the Sacramento City Unified School District Adopting School Facilities Fees.

D. The amount of the fees collected and the interest earned during the annual reporting period:

TABLE 2.1 Capital Facilities Account (Fund 25)	
TYPE OF FEE / REVENUE	AMOUNT COLLECTED
Level 1 Fees Total³	\$3,428,600.47
Educational Revenue Augmentation Fund (City and County Redevelopment)	\$3,598,558.10
Interest Earnings	\$806,817.87
Fair Market Value Adjustment⁴	106,633.34
(Fee Refunds)	(\$141,385.44)
TOTAL	<u>\$7,799,224.34</u>

TABLE 2.2 Railyards School Facilities Escrow Account (Fund 25)	
TYPE OF FEE⁵ / REVENUE	AMOUNT COLLECTED
Interest Earnings	\$46,631.13
TOTAL	<u>\$46,631.13</u>

³ Fees collected were justified and authorized by the nexus study and fee resolution adopted by the Board. These amounts include payments for residential, commercial/industrial, and self-storage rental projects.

⁴ Fair Market Value adjustment at Fiscal Year-end Closing.

⁵ Payment of mitigation fees are not required until occupancy of the residential unit as set forth in the Railyards Project School Facilities Agreement. Therefore, the only revenue for the past fiscal year deposited into the Railyards School Facilities Escrow Account is interest earned from fees paid for residential units during previous fiscal years.

E. Identification of each public improvement on which fees were expended⁶ 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, during the reporting period:

TABLE 3 Capital Facilities Account (Fund 25)		
PROJECT NAME	AMOUNT OF FEES EXPENDED	% OF THE PROJECT FUNDED WITH FEES
1) Floyd Farms Construction Project at Leataata Floyd Elementary School	\$516,345.70	100%
2) Lease Revenue Bonds Debt Service ⁷	\$4,109,474.00	100%
3) Lease Revenue Bonds Bank Fees	\$3,036.00	
4) Professional, Legal, and Consulting Services performed in connection with the adoption of fees, requisite reporting, and findings and determinations required	\$20,915.75	100%
5) Administrative Services in connection with the collection of fees (Ed. Code, 17620(a)(5))	\$84,352.52	100%
TOTAL EXPENDED	\$4,734,123.97	

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 paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete:

Sufficient funds have yet to be collected for the District’s current incomplete projects that utilize, or may utilize, the funds in the Capital Facilities Account (Fund 25). However, the District intends to use the ongoing balance in Fund 25 to provide funding to expand, reconstruct, and modernize existing school facilities to address ongoing student enrollment in an attendance area and to maintain existing level of service, as noted in the nexus study and fee resolution, and as further detailed in the School District’s 2021 Facilities Master Plan. Specifically, the District plans to continue refurbishment and reconstruction projects District-wide as previously identified by the District, and unfunded by Measure Q, Measure R, and State funding. Further information on these projects are provided in the Five-Year Findings, which follow this Annual Developer Fee Report, specifically, below in [Table 4.1](#).

⁶ No funds from the Railyards School Facilities Escrow Account (Fund 25) were expended during the past fiscal year. The mitigation fees for residential construction within the Railyards Project in the Railyards School Facilities Escrow Account (Fund 25) shall be used only for those purposes defined in the Railyards Project School Facilities Agreement.

⁷ Resolution No. 2764, adopted by the Board on November 21, 2013, approved issuance of lease revenue refunding bonds to refinance District’s 2001 COPs and restructure 2011 COPs for the purpose of funding various capital facilities improvements District-wide.

Funds in the Railyards School Facilities Escrow Account (Fund 25)⁸ are continuing to be collected for an incomplete and yet to be commenced new construction project as permitted by the Railyards Project School Facilities Agreement. See below in [Table 4.2](#) for more details on project commencement dates.

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 fess 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 such transfers or loans were made this past fiscal year.

H. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

Government Code section 66001(e) mandates the District to refund unexpended portions of fees and interest accrued to property owners, should the District determine that sufficient funds have become available to complete any incomplete projects (as described under Government Code section 66006(b)(1)(F)) but not identify an approximate date by which construction of the public improvements will commence within 180 days, subject to exceptions described under Government Code section 66001(f). No such refunds pursuant to these specific statutes were issued in the past fiscal year; however, **\$141,385.44** in refunds were made to certain permit applicants in the past fiscal year as reflected above in [Table 2.1](#).

Further, Government Code section 66006(b)(1)(H) requires the District to provide a description of the amount of any allocations made pursuant to Government Code section 66001(f). No such allocations were made in the past fiscal year.

END OF ANNUAL DEVELOPER FEE REPORT PORTION.

⁸ The mitigation fees for residential construction within the Railyards Project in the Railyards School Facilities Escrow Account (Fund 25) shall be used only for those purposes defined in the Railyards Project School Facilities Agreement.

FIVE-YEAR FINDINGS

As required by Government Code section 66001(d), this portion of the report makes the required five (5)-year findings with respect to developer fees in Fund 25 that remain unexpended, whether committed or uncommitted. Due to the complexities of accounting for fees, and in the interest of transparency, the District voluntarily prepares five-year findings annually.

A. Identify the purpose to which the fee is to be put:

The purpose of the fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve students generated by new construction within the District and to maintain existing levels of service related to increased demand on facilities due to development. (See Ed. Code, § 17620 et seq.) This includes, without limitation, use of fees, as necessary, to provide interim housing for children generated by new development, and for other school-related considerations relating to the District's ability to accommodate enrollment generated from new development and costs attributable to the increased demand for school facilities reasonably related to new development and necessary to maintain existing levels of service. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of school facilities necessary as a result of development, as detailed in the nexus study.

Please refer to Table 4.1, Column A, below, for more information on the projects to be funded from the Capital Facilities Account (Fund 25). The District incorporates herein the ongoing Facilities Master Plan documents, and the nexus study and fee resolution, without limitation, the facts and findings set forth therein, which are reasserted here as though fully set forth herein. Further, please refer to Table 4.2, Column A, below, for more information on the status of the projects to be funded from the Railyards School Facilities Escrow Account (Fund 25). The District incorporates herein the terms, conditions, and findings set forth in the Railyards Project School Facilities Agreement, all of which are reasserted here as though fully set forth herein.

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

Expand, reconstruct, and modernize existing school facilities to accommodate students generated by new construction, and maintain existing levels of service, as included in the District's nexus study and fee resolution. The District's school facilities are inadequate to address the ongoing student enrollment and the ongoing demands to facilities so the District has had a continuing need for renovation and reconstruction of its school facilities District-wide. Many of these reconstruction and refurbishment projects have been planned and in the works since the 2015 nexus study. The District's 2021 Facilities Master Plan documents incorporate the facilities needs from the nexus study and planning documents from 2015, and expand upon how to properly implement the projects with the appropriate funding sources, including from the Capital Facilities Account (Fund 25). See Tables below for details.

C. Identify all sources and amounts of funding anticipated to complete financing incomplete planned capital improvements identified, if any:

See Table 4.1, Columns B1 and B2, below for more information on the projects to be funded from the Capital Facilities Account (Fund 25), and Table 4.2, Columns B1 and B2, below for more information on status of the projects to be funded from Railyards School Facilities Escrow Account (Fund 25).

D. Designate the approximate dates on which the funding referred to in subparagraph (c) is expected to be deposited into the appropriate account or fund:

See approximate dates, in the Tables below.

TABLE 4.1 Capital Facilities Account (Fund 25)			
COLUMN A:	COLUMN B1:	COLUMN B2:	COLUMN C:
PROJECTS	SOURCES OF FUNDING	AMOUNTS OF FUNDING	DATE(S) FUNDS WILL BE DEPOSITED
<p>School reconstruction and refurbishment projects District-wide as specified in the 2015 nexus study and unfunded from Measure Q, Measure R, or State funding.</p> <p><i>Commencement of the planning, design and engineering for these projects began in 2015, and are being constructed in phases; Ongoing planning and implementation of final phases of projects are being finalized via District’s latest Facilities Master Plan documents, and construction is slated to begin Summer 2025.</i></p>	<p>15% Developer Fees 25% Measure H 30% Measure Q 25% Measure R 5% State Reimbursements</p>	<p>Total Project cost to be funded with developer fees: \$790,000,000 approx.</p>	<p>Portion of funds have been received for some of the projects, and continuing collection of fees will be appropriated to these projects; Appropriation of Fund 25 for this project will be re-examined as the Measure H balance is expended and the Facilities Master Plan continues to be updated and developed.</p> <p><i>Collection of funding for these projects from developer fees is ongoing, and expected to be fully deposited within approximately the next five (5) years to ten (10) years.</i></p>
<p>Reconstruction Projects to address the anticipated increase in student enrollment resulting from the Delta Shores and Stone Beetland developments, commencing with the following sites:</p> <ol style="list-style-type: none"> 1. John Still K-8 School 2. Susan B. Anthony Elementary School <p><i>Commencement of the design and engineering for these projects is projected to begin in Summer of 2024.</i></p>	<p>90% Developer Fees 7% Measure H Bond 3% State Reimbursements</p>	<p>Total project cost: \$30,000,000 approx.</p>	<p>Portion of funds have been received, and continuing collection of fees will be appropriated to this project; Appropriation of Fund 25 for this project will be re-examined as the Measure H balance is expended, and as the Delta Shores and Stone Beetland developments build out.</p> <p><i>Collection of funding for this project from developer fees is ongoing, and expected to be fully deposited within approximately the next three (3) to ten (10) years.</i></p>

TABLE 4.1 Capital Facilities Account (Fund 25)

COLUMN A:	COLUMN B1:	COLUMN B2:	COLUMN C:
PROJECTS	SOURCES OF FUNDING	AMOUNTS OF FUNDING	DATE(S) FUNDS WILL BE DEPOSITED
Lease Revenue Bonds Debt Service for various capital facilities improvements ⁹	75% Developer Fees 25% Mello-Roos CFD (Fund 49)	Total project cost: \$77,000,000	Portion of funds have been received, and continuing collection of fees will be appropriated to repay these various capital facilities improvements as required by the agreements. <i>Deposits of fees appropriated for this project into Fund 25 are expected to be used toward semi-annual debt service payments due on the COPs (supplemented accordingly), and the cumulative deposits are expected to complete total funding for this project within approximately the next fifteen (15) to twenty (20) years.</i>

TABLE 4.2 Railyards School Facilities Escrow Account (Fund 25)

COLUMN A:	COLUMN B1:	COLUMN B2:	COLUMN C:
PROJECTS	SOURCES OF FUNDING	AMOUNTS OF FUNDING	DATE(S) FUNDS WILL BE DEPOSITED
New K-6 School (300 student generation from project) <i>Commencement of this project is reliant upon the students projected to be generated from the Railyards development. District and Developer will be meeting in early 2024 to review Need Determination for the new school per Sec. 2.3 of the Railyards Project School Facilities Agreement.</i>	50% Railyards Fees 50% State Reimbursements	Total project cost: \$50,000,000 approx.	Portion of funds have been received, and continuing collection of mitigation fees will be deposited into the Railyards School Facilities Escrow Account (Fund 25). <i>Funding for this project from fees is ongoing and dependent on when fees for each residential unit are collected at the time a certificate of occupancy is issued. District and Developer will be meeting in early 2024 by which time Developer will provide Development Projections per Sec. 2.6(b) of the Railyards Project School Facilities Agreement.</i>

END OF FIVE-YEAR FINDINGS PORTION.

⁹ Resolution No. 2764, adopted by the Board on November 21, 2013, approved issuance of lease revenue refunding bonds to refinance District’s 2001 COPs and restructure 2011 COPs for the purpose of funding various capital facilities improvements District-wide.