



POWAY UNIFIED SCHOOL DISTRICT
**ANNUAL AND FIVE-YEAR DEVELOPER FEE
REPORT**
FOR FISCAL YEAR 2019/2020

DECEMBER 21, 2020

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TABLE OF CONTENTS

- I. EXECUTIVE SUMMARY 1**
- II. ANNUAL REPORTING REQUIREMENTS 3**
 - A. TYPE AND AMOUNT OF FEE 3**
 - B. BEGINNING AND ENDING BALANCE OF ACCOUNT, SCHOOL FEES COLLECTED, INTEREST EARNED AND DISBURSEMENTS (GOVERNMENT CODE SECTION 66006(B) (C) AND (D)) 4**
 - C. IMPROVEMENTS ON WHICH SCHOOL FEES WERE EXPENDED 4**
 - D. ANTICIPATED DATES OF COMMENCEMENT FOR SUFFICIENTLY FUNDED AND INCOMPLETE PUBLIC IMPROVEMENT PROJECTS 5**
 - E. INTERFUND TRANSFERS OR LOANS 5**
 - F. REFUNDS OF SCHOOL FEES 5**
- III. FIVE-YEAR REPORTING REQUIREMENTS 6**
 - A. PURPOSE TO WHICH THE SCHOOL FEE IS TO BE EXPENDED 6**
 - B. REASONABLE RELATIONSHIP BETWEEN THE SCHOOL FEE AND THE PURPOSE FOR WHICH IS CHARGED 6**
 - C. IDENTIFICATION OF ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING FOR INCOMPLETE PROJECTS AND THE APPROXIMATE DATE FUNDING IS EXPECTED TO BE DEPOSITED 7**

I. EXECUTIVE SUMMARY

Under Education Code 17620 *et seq.*, school districts may levy fees (“School Fees”) in order to offset the impacts to school facilities from new residential and commercial development. Commencing January 1, 1987, statutory school fees were authorized to be levied in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space (“Level 1 Fees”), and are subject to an increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the State Allocation Board every two years. With the passage of Senate Bill 50 (the Leroy F. Greene School Facilities Act) in 1998, the State School Facility Program was established, and provides school districts with the option of adopting alternative school fees (also known as “Level II Fees” and “Level III Fees”) in excess of the Level I Fee upon meeting certain requirements, and are valid for a maximum of one (1) year.

In accordance with Government Code Sections 66001 and 66006, the Poway Unified School District (“School District”) shall, within 180 days after the last day of the fiscal year and at least 15 days prior to a public meeting of the Board of Education, make available to the public certain information regarding the collection and expenditure of School Fees collected under the authorization of Education Code Section 17620 *et seq* and Government Code Section 65995 *et seq.*

This information shall consist of the following for the prior fiscal year (the “Annual Report”):

- Beginning balances
- Ending balances
- Amount of Fees Collected
- Interest earned
- Identification of any inter-fund transfers or loans, if applicable
- Amounts of any refunds
- Identification of the program on which Fees were expended, including the percentage of the cost of the project funded by Fees in connection with school facilities to accommodate additional students from new development if funded or partially funded with fees.
- Identification of an approximate date by which the construction of the public improvement will commence if the School District determines that sufficient funds have been collected to complete financing on an incomplete public improvement.

In addition, the School District must identify the following information with respect to the portion of the School Fee account and/or subaccounts remaining unexpended, whether committed or uncommitted (the “Five-Year Report”):

- Identification of the purpose to which the School Fee is to be expended
- Demonstration of a reasonable relationship between the School Fee and the purpose for which it is charged
- Identification of all sources and amounts of funding anticipated to complete financing for incomplete projects and the approximate date funding is expected to be deposited.

For the purposes of annual and five-year reporting requirements, School Fees do not include letters of credit and bond proceeds secured by payment of School Fees at a future date; revenues from developments under special mitigation agreements; or any other financing instrument used by the School District to fund school facilities construction and improvements.

The Board of Education will review the Annual Report and Five-Year Report (collectively the “Report”) at the next regularly scheduled Board meeting, at least 15 days after the Report was made available to the public. In addition, at least 15 days prior to the meeting, the School District will post a public notice of the time and place of the meeting, including information with respect to where the Report may be reviewed, and will mail the public notice to any interested party who filed a written request with the School District for mailed notice of such meeting.

II. ANNUAL REPORTING REQUIREMENTS

This report contains certain information regarding the type, amount, collection and expenditure of School Fees for Fiscal Year (“FY”) 2019/2020.

A. TYPE AND AMOUNT OF FEE

School Fees are deposited into the Capital Facilities Fund, Fund 25, which is used primarily to account separately for monies received from fees levied upon development projects as a condition of approval. The School District collected Level I Fees on residential and commercial development in FY 2019/2020, which are collected pursuant to Sections 17620 et seq. of the Education Code and Sections 66001 and 65995 et seq. of the Government Code. Level I Fees are levied per square footage of assessable space for commercial/industrial construction/reconstruction and residential construction/reconstruction (primarily residential additions). Additionally, pursuant to Sections 65995.5, 65995.6, and 65995.7 of the Government Code, the School District met requirements to levy Level II Fees. In FY 2019/2020, assessable space from residential construction/reconstruction was subject to the collection of Level II Fees.

In the absence of independent agreements to otherwise mitigate the impact of nonresidential/residential development, excluding residential additions with an assessable area under 500 feet, all construction and reconstruction in the School District was subject to School Fees in the amounts set forth in the table below.

FEE TYPE	DEVELOPMENT CLASS	EFFECTIVE DATES	SCHOOL FEE PER SQUARE FOOT
Level I	Residential	July 1, 2019 – June 21, 2020	\$3.79
		June 22, 2020 – June 30, 2020	\$4.08
	Commercial	July 1, 2019 – June 21, 2020	\$0.61
		June 22, 2020 – June 30, 2020	\$0.66
Level II	Residential	July 1, 2019 – September 12, 2019	\$3.90
		September 13, 2019 – June 30, 2020	\$3.96

B. BEGINNING AND ENDING BALANCE OF ACCOUNT, SCHOOL FEES COLLECTED, INTEREST EARNED AND DISBURSEMENTS (GOVERNMENT CODE SECTION 66006(B) (C) AND (D))

In FY 2019/2020, School Fees were deposited and expended from Fund 25 in amounts as follows:

ITEM	AMOUNT
BEGINNING BALANCE JULY 1, 2019	\$4,431,505.58
<i>School Fees Collected:</i>	
Level I Fees	\$2,161,109.51
Level II Fees	81,915.20
<i>Interest Earned:</i>	
Level I Fees	\$107,247.74
Level II Fees	\$2,081.85
<i>Revenues Subtotal:</i>	<i>\$2,352,354.30</i>
Project Expenditures	(\$737,734.86)
<i>Expenditures Subtotal:</i>	<i>(\$737,734.86)</i>
ENDING BALANCE JUNE 30, 2020	\$6,046,125.02

C. IMPROVEMENTS ON WHICH SCHOOL FEES WERE EXPENDED

Government Code Section 66006 (b) (1) (E) requires an identification of public improvements upon which School Fees were expended, along with the amounts and percentage of total project expenditures that were funded by School Fees. Project costs, as well as internal and external costs associated with State School Facility Program administration are itemized below:

PROJECT	AMOUNT OF PROJECT TOTAL FUNDED	PERCENTAGE OF PROJECT TOTAL FUNDED
Relocatable Classroom Rental (Stone Ranch Elementary School, Creekside Elementary School, and Sunset Hills Elementary School)	\$28,953.84	100.0%
Bernardo Heights Middle School Improvements	\$492,078.41	100.0%
Support Costs	\$33,278.49	100.0%
Salaries and Benefits	\$63,349.68	100.0%
Professional, Legal and Consulting Services	\$119,562.48	100.0%
Advertising	\$511.96	100.0%
TOTAL	\$737,734.86	NA

D. ANTICIPATED DATES OF COMMENCEMENT FOR SUFFICIENTLY FUNDED AND INCOMPLETE PUBLIC IMPROVEMENT PROJECTS

Should the School District determine that sufficient funds are available to complete an incomplete public improvement project, pursuant to Government Code 66006 (b) (1) (F), the School District must identify an approximate date by which construction of the public improvement will commence. Ongoing public improvement expenditures that have received sufficient funding are detailed below.

PROJECT	ANNUAL BUDGETED COST	ANTICIPATED DATE OF COMMENCEMENT
Relocatable Classroom Rental (Shoal Creek Elementary School)	\$8,721.84	Ongoing – as needed
Relocatable Classroom Rental (Creekside Elementary School)	\$15,552.00	Ongoing – as needed
Relocatable Classroom Rental (Sunset Hills Elementary School)	\$4,680.00	Ongoing – as needed

E. INTERFUND TRANSFERS OR LOANS

Government Code Section 66006 (b) (1) (G) requires the description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned 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 account or fund will receive on the loan. No interfund loans or transfers were made during the reporting period.

F. REFUNDS OF SCHOOL FEES

Government Code Section 66001 (e) stipulates that the School District is required to refund unexpended portions of fees and interest accrued to property owners, should the School District determine that sufficient funds have become available to complete any incomplete projects (as described under Government Code 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 66001 (f). However, no such refunds were issued in the 2019/2020 fiscal year.

III. FIVE-YEAR REPORTING REQUIREMENTS

Government Code Section 66001 requires the following information to be provided with respect to unexpended funds in the account.

A. PURPOSE TO WHICH THE SCHOOL FEE IS TO BE EXPENDED

The purpose of the School 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 development within the School District. For additional information on specific projects for which School Fees are anticipated to be expended, please refer to the table found in Section III. C of this report.

B. REASONABLE RELATIONSHIP BETWEEN THE SCHOOL FEE AND THE PURPOSE FOR WHICH IS CHARGED

The purpose of the School Fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve the students generated by new development within the School District. The School Facilities Needs Analysis approved on September 12, 2019 and the Fee Justification Study approved on May 14, 2020 demonstrate the roughly proportional, reasonable relationship between the new residential, commercial and industrial development upon which School Fees are charged and the need for additional school facilities. The School Fees charged on new development will be used to fund school facilities needed to serve the students generated from new development. Additionally, the School Fees do not exceed the cost of providing school facilities for the new students generated from new development.

C. IDENTIFICATION OF ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING FOR INCOMPLETE PROJECTS AND THE APPROXIMATE DATE FUNDING IS EXPECTED TO BE DEPOSITED

The following table provides the information required by Government Code Section 66001(d)(1) (C) and (D). The information is reported as of the date of this report and is subject to change.

PROJECT NAME	SOURCE OF FUNDING	EXPECTED DEPOSIT DATE	ANTICIPATED FUNDING AMOUNT	TOTAL ESTIMATED PROJECT COSTS
Districtwide Special Education Expansion	Developer Fees	On hand	\$200,000.00	
	Fund 17 - Special Reserves Fund for Capital Outlay Projects	As Available	\$100,000.00	
	Fund 49 - Capital Project Fund for Blended Component Units (CFD)	On hand	\$100,000.00	
SUBTOTAL				\$400,000.00
Los Penasquitos Elementary School Growth and HVAC Replacement	Developer Fees	On hand	\$950,000.00	
	Fund 14 - Deferred Maintenance	On hand	\$650,000.00	
	Fund 17 - Special Reserves Fund for Capital Outlay Projects	On hand	\$50,000.00	
SUBTOTAL				\$1,650,000.00
Rolling Hills Elementary School Growth	Developer Fees	On hand	\$4,000,000.00	
SUBTOTAL				\$4,000,000.00
Shoal Creek Elementary Reconstruction Project (Portable Replacement)	Developer Fees	As Available	\$4,000,000.00	
SUBTOTAL				\$4,000,000.00
Poway High School Career Technical Education Project	Developer Fees	On hand	\$390,000.00	
	Fund 01 - General Fund (CTE Contribution)	As Available	\$310,000.00	
SUBTOTAL				\$700,000.00
Rancho Bernardo High School Reconstruction Project (Buildings E, S & W)	Developer Fees	As Available	\$1,000,000.00	
	Fund 40 - Special Reserve for Capital Outlay Projects	On hand	\$7,500,000.00	
SUBTOTAL				\$8,500,000.00

PROJECT NAME	SOURCE OF FUNDING	EXPECTED DEPOSIT DATE	ANTICIPATED FUNDING AMOUNT	TOTAL ESTIMATED PROJECT COSTS
Rancho Bernardo High School Reconstruction Project (Building N)	Developer Fees	On hand	\$1,000,000.00	
	Fund 40 - Special Reserve for Capital Outlay Projects	On hand	\$3,000,000.00	
SUBTOTAL				\$4,000,000.00
Rancho Bernardo High School PE/Weight room Project	Developer Fees	As Available	\$1,000,000.00	
	Fund 40 - Special Reserve for Capital Outlay Projects	On hand	\$1,000,000.00	
SUBTOTAL				\$2,000,000.00
Bernardo Heights Middle School Changing Programmatic Needs (PE Facility)	Developer Fees	On hand	\$1,000,000.00	
	Fund 40 - Special Reserve for Capital Outlay Projects	On hand	\$1,000,000.00	
SUBTOTAL				\$2,000,000.00
Twin Peaks Middle School Reconstruction (Relo Replacement)	Developer Fees	As Available	\$300,000.00	
	Fund 40 - Special Reserve for Capital Outlay Projects	As Available	\$7,000,000.00	
SUBTOTAL				\$7,300,000.00
TOTAL				\$34,550,000.00