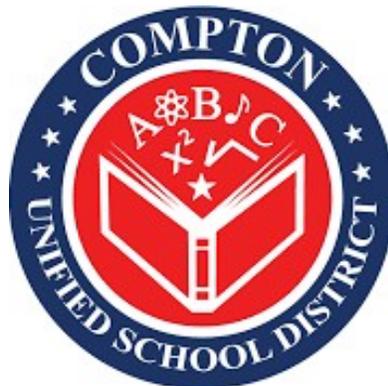


COMPTON UNIFIED SCHOOL DISTRICT

**DEVELOPER FEE
JUSTIFICATION DOCUMENT
FOR RESIDENTIAL, COMMERCIAL
AND INDUSTRIAL DEVELOPMENT
PROJECTS – LEVEL 1**



**TOTAL SCHOOL SOLUTIONS
4751 MANGELS BOULEVARD
FAIRFIELD, CA 94534**

May 2022

Compton Unified School District

BOARD OF TRUSTEES

<u>Member</u>	<u>Title</u>	<u>Area/Expires</u>
Micah Ali	President	C/2024
Satra D. Zurita	Vice-President	G/2022
Charles Davis	Clerk	D/2024
LoWanda Green	Legislative Rep.	G/2022
Sandra Moss	Member	F/2024
Mae Thomas	Member	B/2022
Alma T. Pleasant	Member	E/2022

ADMINISTRATION

Darin Brawley, Ed.D., Superintendent

Shannon Soto, Ed.D., Chief Admin. Officer, Business & Admin. Services

Table of Contents

FOREWORD.....	4
EXECUTIVE SUMMARY.....	5
INTRODUCTION.....	6
I. DISTRICT FACILITY NEEDS.....	7
II. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES.....	11
III. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/ INDUSTRIAL DEVELOPMENT.....	13
IV. FINDINGS.....	16
V. RECOMMENDATIONS.....	19
APPENDIX A. ELIGIBILITY DETERMINATION	20
APPENDIX B. RESIDENTIAL DEVELOPMENT	23

FOREWORD

This “Developer Fee Justification Document” has been prepared to support the levying of Level 1 developer fees for the Compton Unified School District. It incorporates recent data, such as changes made to California law and State Allocation Board (SAB) regulations, residential development data, State Allocation Board (SAB) construction grant allowances per student for School Facilities Program (SFP) projects and inflationary increases in construction costs.

Government code stipulates that the maximum fees that can be imposed on a development be adjusted every two years in even numbered years by the change in the Class B Construction Cost Index (CCI), as determined by the SAB at its January meeting. On January 24, 2018, the SAB increased Level 1 fees to \$3.79 per square foot on residential construction and to \$0.61 per square foot on commercial/industrial construction based on an 8.78 percent inflationary factor reported in the RS Means Construction Cost Index. On January 22, 2020, the SAB increased the legal maximum Level 1 developer fees to \$4.08 per square foot on residential construction and to \$0.66 per square foot on commercial/industrial construction based on a 7.64 percent inflationary factor reported in the RS Means Construction Cost Index for the two-year period from January 2018 to January 2020. On February 23, 2022, the SAB increased Level 1 fees to \$4.79 per square foot on residential construction and to \$0.78 per square foot on commercial/industrial construction based on a 17.45% inflationary factor reported in the RS Means Construction Cost Index.

The State School Facility Program (SFP) grant allowances are adjusted annually in accordance with SFP regulations which require the SAB to adjust new construction and modernization grants to reflect cost changes in the Class B Construction Cost Index as determined by the SAB in January of each year. On February 23, 2022, the SAB increased the SFP grants to reflect a 15.80% increase during the period January 1, 2021 through December 31, 2021 using the RS Means Class B Construction Cost Index.

Total School Solutions

Total School Solutions
April 2022

EXECUTIVE SUMMARY

The Compton Unified School District (District) currently levies developer fees in the amount of \$4.08/sf for residential development and \$0.66/sf for commercial/industrial development based on the 2020 State Allocation Board (SAB) maximum fees that can be levied. The current fees took effect on May 11, 2020. The District is now justified to collect \$4.79/sf on residential development as authorized by Government Code Section 65995 (Level 1 fees). The District is also justified to collect \$0.78/sf on development for all categories of commercial/industrial development (except rental self-storage). Fees for new rental self-storage should be established on an individual case-by-case basis.

SAB regulations require school districts to levy the maximum justified developer fee rate to be eligible for state school facility matching funds under the School Facility Program if they file applications on a hardship basis.

The District's justification for collecting fees on future residential and commercial/industrial development is based on the following facts and projections:

1. Over a five-year period, it is projected that there will be 330 new housing units and 115 new students in the District from those residential developments. These students will require the District to provide its students with adequate school facilities. Passage of Measure S in November 2015 (\$350 million), Level 1 developer fees (approximately \$3.6 million over five years) and an undetermined amount of state facilities funds would meet part of the facility need of the District but leave a shortfall for future financing.
2. Each square foot of future residential development creates estimated school facilities costs that exceed \$4.79/sf. All categories of commercial/industrial development (except rental self-storage) create estimated school facilities costs that exceed \$0.78/sf of commercial/industrial development.
3. If the District collects \$4.79/sf on residential development based on the legal maximum authorized by Government Code Section 65995 of \$4.79 per square foot, fee revenue will only partially offset school facility costs. If the District collects \$0.78/sf on commercial/industrial development based on the legal maximum authorized by Government Code Section 65995 of \$0.78/sf, fee revenue will offset a portion of the school facility cost attributable to commercial/industrial development. For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements); that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

Proposition 13 on the March 3, 2020, statewide ballot, a \$15 billion bond for school facilities, failed passage. Therefore, the current SFP remains in effect and limited state funds are available.

INTRODUCTION

This report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Compton Unified School District (District). Total School Solutions has been retained by the District to conduct the analysis and prepare this report.

A. Purpose and Scope

The purpose of this report is to show that the District meets pertinent requirements of state law regarding the collection of developer fees.

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for school facilities. Government Code Section 65995 authorizes school districts to collect fees on future development of no more than \$4.79 per square foot for residential construction and \$0.78 for commercial/industrial construction (Level 1 fees). Level 1 fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the development on which the fees are to be charged.

B. Brief Description of the Compton Unified School District

The Compton Unified School District is located in the geographical center of Los Angeles County and encompasses within its boundaries the following regional components:

- City of Compton
- City of Paramount (portion on the eastern side of the District)
- City of Carson (portion on the southwestern side of the District)
- West Compton (Unincorporated area in Los Angeles County)
- East Compton (Unincorporated area in Los Angeles County)

Two District schools are located within the City of Paramount – Clinton Elementary School and Dominguez High School.

One District school is located within the City of Carson – Bunche Elementary School.

Three District schools are located within the unincorporated areas of Los Angeles County – Lincoln Elementary School, Carver Elementary School, and Vanguard Middle School.

The District's enrollment increased in recent years, from 21,835 in 2015-16 to 23,194 in 2019-20. However, in 2020-21, it declined to 22,117, probably due to the impact of COVID. It is assumed that this decline is temporary, and enrollment will recover to its prior level. The District serves students in grades K-12 and operates 44 regular and charter schools and educational programs for various grade configurations and specialty student needs.

I. DISTRICT FACILITY NEEDS

This section describes the District’s requirements for school facilities.

A. Facilities Needs Assessment

An October 2015 Facilities Needs Assessment (FNA) documented the following facilities needs costs:

<u>Schools</u>	<u>Estimated Construction Costs</u>
Elementary Schools	\$ 540,007,000
Middle Schools	250,476,000
High Schools	349,640,000
Middle College	23,836,000
Compton Adult	<u>28,836,000</u>
Total Construction Costs (2015 Dollars)	\$1,192,795,000
Inflation adjustment to 2022 (2016 2.79%, 2017 4.42%, 2018 4.17%, 2019 5.45%, 2020 2.08%, 2021 1.42%, 2022 15.80%)	<u>285,148,200</u>
Total Construction Costs (2022 Dollars)	\$1,477,943,200

To calculate total project costs, it is necessary to add soft costs, contingencies, and escalation costs. Soft costs normally include construction management, architects, engineers, consultants, inspection, tests, and planning fees. In the experience of Total School Solutions, soft costs normally are about 30% of construction costs. Contingencies for new construction are usually in the range of 10%, but reconstruction or renovation contingencies can range up to 25% or more because of issues that may arise as the project proceeds. Because construction usually takes several years, escalation costs should also be added to the total project costs. By applying TSS recommended percentages, the total project costs have been adjusted as follows:

<u>Category</u>	<u>Total Project Costs</u>
Construction Costs (2022 Dollars)	\$1,477,943,200
Soft Costs (30%)	443,382,960
Contingencies (25%)	369,485,800
Escalation Costs (6%/year for five years – 30%)	<u>443,382,960</u>
Total Project Costs	\$2,734,194,920

When planning a facilities program and the ultimate cost, it is recommended that all possible costs be anticipated.

B. Measure S

To partially meet the facilities needs of the District, the voters passed Measure S, a \$350 million Proposition 39 bond measure on November 3, 2015. The \$350 million figure was part of the construction cost estimates presented on the Facilities Needs Assessment discussed above.

Out of the total Measure S bonds of \$350 million, \$213 million was committed to the construction of New Compton High School for 1,800 students, with the remaining bond funds dedicated to resolving facilities issues with the existing school facilities. There was no specific identification of the need to provide facilities for the potential future student population from residential construction or for modernization/renovation of aging facilities other than the Measure S funds. There is, therefore, the need for additional funding to meet all financial obligations.

It is obvious that because the Measure S bond funds are insufficient to meet all the facility needs, and because of current Certificates of Participation (COP) obligations, the need to maximum developer fees becomes more critical. The District has the potential to receive state modernization funds, but it does not currently have available the necessary funds for its 40% match requirement to obtain state funds. This is discussed more fully below.

C. District Facilities Financial Needs

The financial needs of the District considered three categories, as follows:

- Needs Identified in the FNA
- Modernization/Renovation
- Outstanding COP Balance

The need and estimated costs for each category are discussed below.

Facilities needs Assessment

The total project costs calculated from the FNA and the partial funding from Measure S resulted in the following unmet need:

Total FNA Project Cost	\$2,734,194,920
Less: Measure S	<u>350,000,000</u>
Unmet Facilities Need	\$2,384,194,920

Residential construction is only responsible for a small portion of the total need. In Appendix A it was estimated that 115 new K-12 students would be generated from residential construction over the next five years, about 0.5% of total enrollment. By applying 0.5% to the above unmet facilities need, it is estimated that about \$12 million of existing need can be attributed to residential construction.

Residential Construction

It is projected that about 150,000 sf of space from new housing units and additions to existing housing units will be constructed annually (66 new housing units per year) over the coming years. In Appendix B it was calculated that 115 new grade K-12 students would be generated from this construction over the next five years. Although sufficient capacity exists, new construction may be needed to maintain current service levels and capacity to support student learning.

Modernization/Renovation

District charter and modernization applications on file at OPSC/SAB are documented in Appendix A. These applications indicate that OPSC believe modernization and renovation is required for these facilities. If the District proceeds with those applications there will be a 40% match requirement. The projects have not been processed by OPSC/SAB at this time, so exact project costs have not been calculated. It is assumed that the District match will be at least \$1,793,206, and probably considerably more, as inflation adjustments are applied and other modernization applications are filed, especially when projects funded by the state in 2000-2004 become eligible again in 2025-2029.

Certificates of Participation (COP)

Several COPs for capital needs were entered into in the past. A COP is a loan that must be repaid from developer fees or other resources. The June 30, 2021 COP unpaid balance was \$13,730,000 and may be repaid with developer fees, if available.

D. Cost Summary (Five years)

The total costs of the District's facility need over the next five years are summarized as follows:

Cost Summary (Five years)	Cost
Facilities Needs Assessment (Portion)	\$12,000,000
Modernization/Renovation (District match)	1,793,206
Certificates of Participation	13,730,000
Total Cost	\$27,523,206

E. Fee per Square Foot

While residential development is not responsible for all the unmet facility needs of the District, imposing a Level 1 developer fee is justified to provide funds to partially help finance the facilities projects.

At an estimated 150,000 sf of construction annually, it is estimated that approximately 750,000 square feet of new construction would be subject to a Level 1 developer fee over the next five years. To raise \$27,523,206, a fee of \$36.70/sf would have to be levied. Based on the above costs, the fee per square foot that could be levied would exceed the SAB maximum of \$4.79/sf, and a fee of \$4.79/sf is therefore justified.

II. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES

This section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level 1 Fees at \$4.79 per square foot for the current year. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost greatly in excess of \$4.79/sf. Any given amount of future development will, therefore, generate more school facility costs than Level 1 Fee revenue.

A. Fee Revenue from Residential Development Over the Next Five Years

If the District were to collect the maximum allowable Level 1 fee of \$4.79/sf on new residential development, the District would collect approximately \$3,600,000 in residential developer fees over a five-year projection period, for an average of \$720,000 per year.

B. Fee Revenue from Additions to Existing Residences

Fees will be generated by additions to existing residences. This report does not account separately for fee revenue from additions to existing residences, as they have already been included in the estimated collection of developer fees. The fee revenue calculation for additions is the same as for new units. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be charged on residential additions “only if the resulting increase in assessable space exceeds 500 square feet.”

C. Fee Revenue from Reconstruction and Redevelopment

Fees may also be generated by residential units in redevelopment projects and single and multi-family units that replace demolished units (to the extent that the new units are larger than the demolished units). No such fee revenue is considered in this report.

D. School Facility Costs Generated by Residential Development Over the Next Five Years

The total school facilities costs over the next five years was calculated in a previous section at \$27,523,206.

E. Extent of Mitigation of School Facility Costs Provided by Level 1 Residential Fees

The total residential Level 1 fee revenue of \$3,600,000 would cover approximately 13 percent of the \$27,523,206 in total school facility cost obligations over the next five years.

F. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.78 per square foot is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

III. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/ INDUSTRIAL DEVELOPMENT

Commercial/industrial development will attract additional workers to the District, and, because some of those workers will have school-age children, will generate additional students in the District. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact on the District by generating a need for new school facilities.

The report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

- a. Employees per square foot of new commercial/industrial development,
- b. Percent of employees in the District that also live in the District,
- c. Houses per employee,
- d. Students per house, and
- e. School facility cost per student.

The report calculates each of these factors in the next sections.

A. Employees per Square Foot of Development

Education Code Section 17621 (e)(1)(B) states that “to determine the impact of the increased number of employees anticipated to result from the commercial or industrial development...shall be based upon...the January 1990 edition of the San Diego Traffic Generators, a report of the San Diego Association of Governments.” (SANDAG)

Employees Per Square Foot of Commercial/Industrial Development, by Category

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	17,096	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	208	0.00480
Large High Rise Com. Office	232	0.00432
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: SANDAG Traffic Generators report, January 1990.

B. Percentage of Employees Residing Within the District

It is estimated that approximately 25 percent of people working in the District also live in the District.

C. Number of Households per Employee

U.S. Census data indicates that there are 0.78 housing units for every one worker. The report, therefore, assumes that each new resident worker in the District will demand 0.78 housing units.

D. Number of Students per Dwelling Unit

This report assumes that 0.35 K-12 students will reside in each housing unit based on average of SF and MF and grade levels. (Note: The allowed state K-12 yield rate for School Facility Program applications is 0.70.)

E. School Facility Cost per Student

It is estimated that the school facility cost per K-12 student is \$34,327 based on averages for K-6, 7-8 and 9-12.

F. School Facility Cost per Square Foot of Commercial/Industrial Development

The following table calculates the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Section A.

School facility costs for development projects not included on this list may be estimated by using the closest employee-per-square foot ratio available for the proposed development or by following the District's administrative procedures for appeals of school facility fee imposition.

**Facility Cost Per Square Foot of Commercial/Industrial
Development, by Category**

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-12 Students Per Dwelling Unit	Cost per K-12 Student	Cost per Square Foot
Banks	0.00283	0.25	0.78	0.35	\$34,327	\$6.63
Community Shopping Centers	0.00153	0.25	0.78	0.35	\$34,327	\$3.58
Neighborhood Shopping Centers	0.00271	0.25	0.78	0.35	\$34,327	\$6.35
Industrial Business Parks	0.00352	0.25	0.78	0.35	\$34,327	\$8.25
Industrial Parks	0.00135	0.25	0.78	0.35	\$34,327	\$3.16
Rental Self Storage	0.00006	0.25	0.78	0.35	\$34,327	\$0.14
Scientific Research & Development	0.00304	0.25	0.78	0.35	\$34,327	\$7.12
Lodging	0.00113	0.25	0.78	0.35	\$34,327	\$2.65
Standard Commercial Office	0.00480	0.25	0.78	0.35	\$34,327	\$11.24
Large High-Rise Com. Office	0.00432	0.25	0.78	0.35	\$34,327	\$10.12
Corporate Offices	0.00269	0.25	0.78	0.35	\$34,327	\$6.30
Medical Offices	0.00427	0.25	0.78	0.35	\$34,327	\$10.00

IV. FINDINGS

This section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

A. Government Code Section 66001(a)(1) – Purpose of the Fee

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

B. Government Code Section 66001(a)(2) – Use of the Fee

The District's use of the fee will involve constructing new school facilities. In addition, the fee may be used to construct additional facilities on existing school campuses and/or reconstructing school campuses. The District may also need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

- 1) Land (purchased or leased) for school facilities,
- 2) Design of school facilities,
- 3) Permit and plan checking fees,
- 4) Construction or reconstruction of school facilities,
- 5) Testing and inspection of school sites and school buildings,
- 6) Furniture for use in new school facilities,
- 7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
- 8) Legal and administrative costs associated with providing facilities to students generated by new development,
- 9) Administration of the collection of developer fees (including the costs of justifying the fees) and
- 10) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

C. Government Code Section 66001(a)(3) – Relationship Between Fee's Use and the Type of Project Upon Which Fee is Imposed.

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I of this report, adequate school facilities do not exist for these students. Future residential development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (future residential development) upon which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial will

also generate new students in the District. As shown in Section I of this report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (new commercial/industrial development) upon which it is imposed.

D. Government Code Section 66001(a)(4) – Relationship Between the Need for the Public Facility and the Type of Project Upon Which Fee is Imposed

Future residential and commercial/industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District's need to provide additional school facilities and the construction of new residential and commercial/industrial development projects.

E. Government Code Section 66001(b) – Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed

This report demonstrates that the school facilities cost exceeds \$4.79/sf. Level 1 fees of \$4.79/sf on residential development are, therefore, fully justified.

This report also demonstrates that the school facilities cost attributable to all categories of commercial/industrial development except rental self-storage range exceeds \$0.78/sf. Level 1 fees of \$0.78/sf on these types of development are, therefore, fully justified. The school facility cost attributable to rental self-storage units is \$0.14/sf. Fees for this type and other low-employee-generating types of development should be examined on a case-by-case basis.

All school facility costs and fees in this report are calculated on a per-student basis to ensure that future developments only pay for impacts they cause.

F. Other Funding Sources

The following is a review of potential other funding sources for constructing school facilities.

1) General Fund

The District's General Fund budget is typically committed to instructional and day-to-day operating expenses and not used for capital outlay uses, as funds are needed to meet the District's non-facility needs. General Fund monies may, however, be used for portable lease payments, COPs or facilities projects if other funding sources are insufficient to meet commitments.

2) State Programs

The District has filed applications for charter and modernization projects under the School Facility Program. The State match allowance of 60 percent for modernization, however, leaves a shortfall between State funding and the District's actual facility need. The School Facility Program could provide its 60 percent match if state bonds are available and local match funds of 40 percent are available. State funds for deferred maintenance cannot be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for with property taxes. The District passed a \$350 million Proposition 39 bond (Measure S) in November 2015 which has been fully committed to specific District projects as a part of the identified facilities need. The local bond measure provided funds for part of the local needs, but the bonds did not meet all financial needs or financial obligations.

4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been used in school districts, the revenues are typically used to supplement operating budgets.

5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or landowners if fewer than 12) in an election.

6) Undeveloped Land/Surplus Property

The District does not have any undeveloped land that has been declared to be surplus property.

7) Redevelopment

The District has no Redevelopment Agency funds in effect.

V. RECOMMENDATIONS

This report recommends that the District levy \$4.79/sf on residential development based on the maximum statutory fee authorized by law of \$4.79/sf. The report also recommends that the District levy \$0.78/sf on commercial/industrial development based on the maximum fee as authorized by law of \$0.78 per square foot, on all categories of commercial/industrial development except rental self-storage. Developer fees for rental self-storage and other types of low-employee-generating developments should be examined on a case-by-case basis.

These recommendations are based on the findings that residential and commercial/industrial development creates a school facility cost for the District that is larger than the revenue generated by charging these fees.

APPENDIX A. ELIGIBILITY DETERMINATION

Under the State School Facility Program, the District filed new construction and modernization applications with OPSC/SAB on a Financial Hardship Request basis. The projects were approved and funded with the District providing its match requirements as listed in the tables below. The financial data are from the OPSC/SAB website which maintains current project status for all school districts.

Project	School	Year Funded	SAB Funding	District Funding
50/03-013	Rancho Dominguez E	2000-2003	\$8,190,622	\$7,313,822
50/03-014	New #2 Elementary	2000	940,055	0
50/03-015	Emerson ES	2000	162,207	0
50/03-016	Foster ES	2000-2004	1,546,517	1,187,262
50/03-017	Kelly ES	2000-2004	2,976,294	0
50/03-018	Mayo ES	2000	117,023	0
50/03-019	Roosevelt ES	2000-2004	1,935,139	1,000,000
50/03-021	Willard ES	2000-2004	2,397,668	0
50/03-022	Roosevelt Jr. HS	2000-2004	2,386,297	397,241
50/03-023	Whaley MS	2000-2004	2,593,635	0
50/03-024	Dominguez HS	2000	1,687,334	0
50/03-025	New #1 Elementary	2000	876,800	0
Totals			\$25,809,591	\$8,898,325

Eligibility for a modernization project is based on permanent facilities that are 25 years old and portable facilities that are 20 years old and is established when Form SAB 50-03 is filed with the State and the State Allocation Board (SAB) approves it. A school district designs and submits a project to the Division of State Architect (DSA) and the California Department of Education (CDE). The district awaits both agencies' approvals before filing an application (Form SAB 50-04), which establishes funding for a project. If advantageous, a district may file a revised SAB 50-03 to reflect recent enrollment data. After a project has been bid, the district files Form SAB 50-05 to request a release of state funds for the project. Because schools are eligible for modernization after 25 years, the District's funded schools will again be eligible for modernization grants beginning in about 2025.

Project	School	Year Funded	SAB Funding	District Funding	SAB Percentage
57/01-021	Anderson ES	2000-2004	\$2,228,186	\$119,830	94.9
57/01-022	Ralph Bunche ES	2000-2004	1,798,578	149,060	92.3
57/01-023	Bursch ES	2000-2004	1,751,484	154,611	91.9
57/01-024	Caldwell Street ES	2000-2004	1,543,013	117,662	92.9
57/01-025	Carver ES	2000-2004	1,436,532	76,238	95.0
57/01-026	Dickison ES	2000-2004	3,123,327	261,987	92.3
57/01-027	Kennedy ES	2000-2004	2,918,845	232,849	92.6
57/01-028	Laurel Street ES	2000-2004	1,074,329	57,015	95.0

57/01-029	Lincoln ES	2000-2004	2,083,785	113,412	94.8
57/01-030	Mckinley ES	2000-2004	1,643,078	109,768	93.7
57/01-031	Mcnair ES	2000-2004	1,458,019	77,378	95.0
57/01-032	Tibby ES	2000-2004	2,129,220	173,229	92.5
57/01-033	Washington ES	2000-2004	2,393,774	127,390	94.9
57/01-034	Bunche MS	2000-2003	2,636,723	473,619	84.8
57/01-035	Davis MS	2000-2004	4,047,016	235,707	94.5
57/01-036	Vanguard MS	2000-2004	2,495,898	135,459	94.9
57/01-037	Walton MS	2000-2004	2,461,016	206,218	92.3
57/01-038	Willowbrook MS	2000-2003	2,127,644	448,041	82.6
57/01-039	Cesar Chavez Cont. HS	2000-2004	1,050,345	86,834	92.4
57/01-040	Compton HS	2000-2004	4,867,340	299,747	94.2
57/01-041	Centennial HS	2000-2003	6,369,951	526,541	92.4
57/03-008	Emerson ES	2000-2004	354,643	29,485	92.3
57/03-009	Kelly ES	2000-2004	3,110,718	289,486	91.5
57/03-010	Mayo ES	2000-2004	1,615,692	122,842	92.9
57/03-011	Roosevelt ES	2000-2004	3,076,463	225,297	93.2
57/03-012	Roosevelt Jr. HS	2000-2003	679,454	44,664	93.8
57/03-013	Whaley MS	2000-2003	2,412,759	407,444	85.6
57/03-014	Dominguez HS	2000-2004	8,753,969	604,399	93.5
Totals			\$71,641,901	\$5,801,561	92.5%

The state SFP Modernization grant amounts for school facilities under 50 years old for grades K-6, 7-8, 9-12, SDC-Non-Severe and SDC-Severe, were adjusted by the State Allocation Board on February 23, 2022. The grant amounts, including automatic fire detection/alarm systems, are as follows:

Modernization Grants

Grades	Base Grant	Fire Detection/ Alarm	Grant per Student
K-6	\$5,568	\$181	\$5,749
7-8	\$5,888	\$181	\$6,069
9-12	\$7,710	\$181	\$7,891
SDC-Non-Severe	\$11,873	\$334	\$12,207
SDC- Severe	\$17,746	\$498	\$18,244

For school facilities over 50 years old the state grant amounts are considerably higher.

The School Facility Program Handbook, published by the Office of Public School Construction (January 2019), states the following regarding modernization eligibility:

“Establishing eligibility for modernization funding under SFP is site specific rather than district-wide, and is also more simplified than establishing new construction eligibility. Applications are submitted on a site basis, rather than district-wide or HSAA, as is the case for new construction. To be considered eligible, permanent buildings must be at

least 25 years old, and relocatable buildings must be at least 20 years old. To determine the age of the building, the 20 and 25-year period shall begin 12 months after the plans

for the building were approved by the Division of State Architect (DSA). If the facility has previously been modernized with state funding, then the 20 or 25-year period begins on the date of the last SAB approved apportionment for modernization funding...”

The District initiated the two modernization (SAB 57) applications under the State School Facility Program listed in the table below as reported on the OPSC Workload dated December 31, 2019. The modernization applications (57/008 – 57/041) that were funded in 2000-2004 will become eligible again in 2025-2029. The applications could move forward in the future and, if approved, the District would need to contribute its developer fees for the projects to obtain state funds up to the amount of the match requirement. For this study, it is assumed that the District’s 40% match requirement for the two projects on file would be at least \$1,793,206 and probably much more when additional applications are filed.

State Applications Filed

State Program	Enrollment	SAB#	State Grant Amounts	District Match
Mod. – Centennial High School		57/042	\$ 855,992	\$ 570,661
Mod. – Dominguez High School		57/043	1,833,817	1,222,545
Total Grant Amount			\$2,689,809	\$1,793,206

Additional schools eligible for modernization and inflation over the next five years would bring the state funding to substantially over \$50 M and the District’s 40% match to over \$30 M.

The applications could move forward in the future and, if approved, the District would need to contribute its developer fees for the projects to obtain state funds up to the amount of the match requirement. This study assumes that the District’s 40% match requirement would be at least \$30 million and probably much more when applications are filed and inflation adjustments are made. If the District becomes eligible to file applications on a hardship basis the match requirement would be reduced accordingly, but that cannot be assured at this time.

APPENDIX B. RESIDENTIAL DEVELOPMENT

The developer fee collection records of the Compton USD are presented in the following table for 2014-15 through 2020-21.

Capital Facilities Fund (Fund 25)					
<u>Category</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance	682,659	775,936	1,423,462	0	491,187
Revenue	256,518	838,469	208,092	487,016	1,537,022
Expenditures	163,241	190,943	1,631,654	(4,171)	0
Ending Balance	775,936	1,423,462	0	491,187	2,028,208
<u>Category</u>	<u>Unaudited Actuals 2019-20</u>	<u>Unaudited Actuals 2020-21</u>			
Beginning Balance	2,028,208	2,519,906			
Revenue	491,698	601,197			
Expenditures	0	417,017			
Ending Balance	2,519,906	2,704,086			

Developer fee revenue is based on new residential units, 500+ square feet additions to existing homes, and commercial/industrial developments. The District's Level 1 collections consisted of a fee of \$2.97/sf for residential construction and \$0.47/sf for commercial/industrial construction for the period up to May 11, 2020, when new fees of \$4.08/sf and \$0.66/sf took effect.

Based on the revenue of \$601,197 revenue in 2020-21 based on a \$4.08/sf fee, the total square footage subject to the fee would be about 150,000 sf per year from new housing units, additions to existing housing units, and commercial/industrial construction. Estimating that 100,000 sf was from new housing units and an estimated average 1,500/sf per unit (SF and MF average), 100,000 sf would translate into approximately 66 new housing units. Over five years, it is estimated that 330 new residential units would be constructed. Assuming a K-12 yield rate of 0.35 (half the state allowed rate of 0.70), 330 units would generate about 115 grade K-12 students over the next five years from residential construction, which would have a minimal impact on enrollment.

Based on the developer fee revenues over the past several years, there was a variance from a low of \$208,092 to a high of \$1,537,022, so it is difficult to establish a clear trend of developments.

Nonetheless, the average of the past five years is probably a reasonable indicator of the revenues to be received over the coming five years.

The City of Compton is responsible for processing most of the planning projects in the District. While the District includes small sections of Paramount, Carson, and unincorporated Los Angeles County, only a small number of planned residential developments outside of Compton fall within District boundaries, and the number of planned residential units is minimal; e.g., the total 2014-2021 Regional Housing Needs Allocation for all of Paramount was only 105 units.

More recent actions of the Southern California Association of Governments (SCAG) and the City of Compton are discussed below.

September 3, 2020

SCAG issued the 6th Cycle (2021-2029) Draft Regional Housing Needs Allocation (RHNA) that included the following housing units for the City of Compton:

2021-2029 RHNA	Very Low	Low	Moderate	Above Moderate	Total
City of Compton	235	121	131	517	1,004

An allocation of 1,004 housing units over eight years would be an average of 126 units per year. This is higher than the average of the past five years, so it is unlikely that the RHNA allocation would be achieved,

January 1, 2022

California’s SB 9 took effect with provision that allow for up to four housing units to be placed on parcels where only one unit was allowed before. The impact of this law is unknown, but the potential exists for the City of Compton to experience additional housing units above what otherwise would have occurred.

Residential Housing Summary

While a final 6th Cycle RHNA for the City of Compton has not been made, it is most likely that it will not be more than the 1,004 units proposed by SCAG in its draft report. Whatever the final allocation, that will probably not significantly impact the actual level of residential housing that will occur in the next five years. The greatest impact on housing construction activity will probably be a result of the economy and SB 9 (assuming it remains in effect).

Conclusion

For this Level 1 Justification Document for Compton, about 150,000 sf of space per year subject to the Level 1 fee will be used. Assuming a total fee of \$4.79/sf, the annual collection for new housing units and additions to existing housing units would be about \$718,500. Assuming no increase in the Level 1 fee in the future, the five-year total fee would be about \$3,6