

RESOLUTION NO. 24/25-11

**RESOLUTION OF THE BOARD OF TRUSTEES
OF THE LOS ALTOS SCHOOL DISTRICT
REGARDING ACCOUNTING OF DEVELOPMENT FEES
(ANNUAL DEVELOPER FEE REPORT & FIVE-YEAR FINDINGS)
FOR THE 2023-2024 FISCAL YEAR
IN THE FOLLOWING FUND OR ACCOUNT:**

Fund 25, Capital Facilities Fund
(Government Code sections 66001(d) & 66006(b))

1. Authority and Reasons for Adopting this Resolution.

- A. Pursuant to Government Code section 65995(b)(3), the State Allocation Board, at its meeting in January 2022, and subsequently at its meeting in January 2024, adjusted the maximum amount of statutory school impact fees that may be imposed on new development based on the RS Means Construction Cost Index, which is independently published and referenced in the statute establishing school impact fees.
- B. Los Altos School District (“District”) has imposed statutory school impact fees on new development (“Developer Fees”) pursuant to various resolutions for the period of time relevant to its 2023-2024 Annual Developer Fee Report and Five-Year Developer Fee Findings, including, without limitation, Resolution No. #21/22-12, dated April 4, 2022, Resolution No.#19/20-25, dated March 9, 2020, and Resolution No.#17/18-24, dated March 12, 2018, which are collectively referred to herein as the “School Facilities Fee Resolutions” and are hereby incorporated by reference into this Resolution. These resolutions were adopted under the authority of Education Code section 17620, *et seq.* and Government Code section 65995, *et seq.*
- C. Pursuant to the School Facilities Fee Resolutions, the District adopted, respectively, the: (i) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March, 2022; (ii) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March, 2020; and (iii) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March, 2018 (collectively, the “Justification Studies”, incorporated herein by reference). The Justification Studies and adopting School Facilities Fee Resolutions establish the requisite reasonable relationship (essential nexus) and rough proportionality between the purpose, need for, and use of the Developer Fees and the impact of development constructed within the District’s boundaries in accordance with applicable law.
- D. The collection of the Developer Fees is essential to provide necessary public school facilities to serve residential and commercial/industrial development projects, and

is necessary to avoid, substantially lessen, or otherwise mitigate impacts of such projects on school facilities in the District under the California Environmental Quality Act (Public Resources Code, §§21000, et seq.). As recognized in the environmental review documents for the City of Los Altos 2023-2031 Housing Element Update and General Plan, and other attendance boundary area jurisdictions, payment of school impact fees for new development serves as mitigation under CEQA to satisfy the impact of development on school facilities.

- E. The District has received and expended Developer Fees in fiscal year 2023-2024 in connection with the construction, reconstruction, rehabilitation, and refurbishment of school facilities (“School Facilities”) of the District to accommodate student population growth resulting from development, to cover costs attributable to the increased demand for School Facilities reasonably related to new development and necessary to maintain existing levels of service, to reduce overcrowding caused by the development on which fees were imposed, to cover costs of interim housing, to reimburse the District for expenditures previously made on School Facilities necessitated by development, and/or for indirect and support services and other school-related considerations relating to the District’s ability to accommodate enrollment growth generated from new development as permitted by law, including administrative costs in connection with the collection of fees, and legal fees and other costs connected with the establishment of the fee and the required reportings and findings. Such School Facilities projects (and other school-related considerations) include, without limitation, projects listed in the attached 2023-2024 Annual School Impact Fee Reports and Five-Year Findings for the District, prior Annual School Impact Fee Reports and Findings for District, the Justification Studies, the District’s Facilities Master Plan, approved September 9, 2024, and updates thereto (collectively, “Master Plan”), which are each incorporated herein by reference.
- F. In accordance with California Government Code section 66006(a), the District has established a separate capital facilities account or fund more specifically identified as **Fund 25, Capital Facilities Fund** (the “Fund”), deposited these Developer Fees in the Fund (including interest income earned thereon), maintained the Fund in a manner to avoid any commingling of the Developer Fees with other revenues and funds of District, except for temporary investments, as applicable, and expended the Developer Fees solely for the purposes for which they were collected.
- G. Government Code section 66006(b)(1) requires the District to make an annual accounting of the Fund (“Annual Developer Fee Reports”), which shall contain the following information for the fiscal year:
 - (i) A brief description of the type of Developer Fees in the Fund;
 - (ii) The amount(s) of the Developer Fees;
 - (iii) The beginning and ending balance of the Funds;
 - (iv) The amount of the Developer Fees collected and the interest earned;

- (v) An identification of each District public improvement (“Project”) that Developer Fees were expended on, and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Developer Fees;
- (vi) An identification of an approximate date by which the construction of a Project will commence if the District determines that sufficient funds have been collected to complete financing on an incomplete Project, as identified in Government Code section 66001(a)(2), and the Project remains incomplete;
- (vii) An identification of each Project identified in a previous Annual Developer Fee Report, and whether construction began on the approximate date noted in the previous Report. If construction did not commence by the approximate date provided in the previous Report, the reason for the delay and a revised approximate date that construction will commence.
- (viii) A description of each interfund transfer or loan made from the Fund, including the Project on which the transferred or loaned Developer 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 Fund will receive on the loan; and
- (ix) The amount of refunds made pursuant to Government Code section 66001(e), the number of persons or entities identified to receive those refunds, and any allocations made pursuant to Government Code section 66001(f).

H. Furthermore, Government Code section 66001(d) provides that for the fifth fiscal year following the first deposit of Developer Fees into the Fund, and every five years thereafter, the District shall make all of the following “Findings” with respect to that portion of the Fund remaining unexpended, whether committed or uncommitted, if there are any funds remaining in the Fund(s) at the end of the 2023-2024 fiscal year for the Fund:¹

- (i) Identification of the purposes to which the Developer Fees are to be put;
- (ii) Demonstration of a reasonable relationship between the Developer Fees and the purposes for which they are charged;

¹ Although the Five Year Findings under Section 66001 are only required every five years, in the interest of transparency and consistency, the District strives to provide the information set forth under subpart (d) on an annual basis. The District’s legal obligation to provide the information set forth in Government Code section 66001 is only mandated every five-years from the date of first deposit into Fund 25 after it was established.

- (iii) Identification of all sources and amounts of funding anticipated to complete financing of the District's incomplete Projects ("Anticipated Funding"); and
- (iv) Designation of the approximate dates on which the Anticipated Funding is expected to be deposited into the Fund.

When the Findings are required by Government Code section 66001(d), they shall be made in connection with the Annual Developer Fee Report required by Government Code section 66006.

- I. Government Code sections 66001(d) and 66006(b)(2) further require that the Annual Developer Fee Reports and the proposed Five-Year Developer Fee Findings for the Elementary School District and the High School District be made available to the public no later than December 27, 2024, that the Annual Developer Fee Reports' information and proposed Findings be reviewed by this Board at its next regularly scheduled board meeting held no earlier than 15 days after such information becomes available to the public, and that notice of the time and place of this meeting (as well as the address and website where the Annual Developer Fee Reports and proposed Findings may be reviewed) be mailed at least 15 days prior to this meeting to anyone who has requested it. Any person may file a written request for mailed notice of the District's Board Meeting to review the Annual Developer Fee Reports pursuant to Government Code section 66006(b).
- J. The Annual Developer Fee Report for the 2023-2024 fiscal year and proposed Five-Year Developer Fee Findings for the District are attached hereto as Exhibit "A" and incorporated herein (collectively, the "Annual Developer Fee Report and Five-Year Findings" or "2023-2024 Report & Findings"). The Superintendent has informed this Board that the Annual Developer Fee Report and proposed Findings were made available to the public on December 18, 2024, and may be found on the District's website at the following link: <https://www.lasdschools.org/District/12076-Developer-Fees.html>. The Superintendent has further informed this Board that notice of the time and place of this meeting (as well as the address at which this information has been available for review) was posted on the District's website and mailed at least 15 days prior to this meeting to anyone who had requested it.
- K. The facts and findings set forth in the School Facility Fee Resolutions and the Justification Studies are incorporated herein by reference.
- L. Pursuant to Government Code section 66006(d), any person may request an audit of the District's Developer Fees pursuant to Government Code section 66023.
- M. The District has substantially complied with all of the foregoing provisions.
- N. The Superintendent has also informed this Board that there is no new information which would adversely affect the validity of any of the findings made by this Board in its applicable School Facilities Fee Resolutions.

2. **What This Resolution Does.**

This Resolution makes various findings and takes various actions regarding the Fund, including the approval and adoption of the 2023-2024 Annual Developer Fee Report and Five-Year Developer Fee Findings, as required by and in accordance with Government Code sections 66001(d) and 66006(b).

NOW, THEREFORE, BASED ON ALL FINDINGS AND EVIDENCE CONTAINED IN, REFERRED TO, OR INCORPORATED INTO THIS RESOLUTION, AS WELL AS THE EVIDENCE PRESENTED TO THIS BOARD AT THIS MEETING, THE BOARD OF TRUSTEES OF LOS ALTOS SCHOOL DISTRICT HEREBY, FINDS, RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

Section 1: That the foregoing recitals are true, and together with the Exhibits hereto and above-referenced documents incorporated by reference, are collectively incorporated herein. The proposed 2023-2024 Annual School Impact Fee Report and Five-Year Findings are attached hereto at Exhibit A and incorporated herein by reference (“2023-2024 Report & Findings”).

Section 2: That the collection of the Developer Fees is essential to provide necessary public school facilities to serve residential and commercial/industrial development projects, and is necessary to avoid, substantially lessen, or otherwise mitigate impacts of such projects under the California Environmental Quality Act (Public Resources Code, §§21000, et seq.).

Section 3: That, pursuant to Government Code sections 66001(d) and 66006(b)(1) and (2), the District has made available to the public the requisite information and proposed findings concerning collection and expenditure of Developer Fees related to School Facilities for students resulting from new development within the District and other permitted expenditures. Furthermore, pursuant to Government Code sections 66001(d)(2) and 66006(b)(2), the Board has reviewed the 2023-2024 Report & Findings at a public meeting not less than 15 days after the Annual Developer Fee Report and proposed Five-Year Findings were made available to the public and notice was posted on the District’s website and mailed as required.

Section 4: That, in accordance with Government Code section 66006(b)(2), this Board has reviewed the 2023-2024 Annual Developer Fee Report as contained in Exhibit A (attached hereto and incorporated herein), and determined that the Report meets the requirements set forth in Government Code section 66006(b)(1). Together in conjunction of its review and consideration of the 2023-2024 Report & Findings, the Board has reviewed and considered the District’s Master Plan, the School Facilities Fee Resolutions, the current and past Justification Studies, the prior Annual Developer Fee Reports and Findings, including without limitation the Reports & Findings from fiscal year 2022-2023 and its adopting Resolution (“Prior Report”), and the findings set forth therein, respectively, and hereby reasserts said findings. These documents are incorporated herein by reference.

Section 5: That, in accordance with Government Code section 66001(d), the District’s proposed Five-Year Developer Fee Findings as set forth in Exhibit A (attached hereto and incorporated herein), contain the requisite findings and are made in connection with the public information set forth in Annual Developer Fee Report. The Board hereby adopts said Findings. The District’s School Facility Fee Resolutions and the District’s Justification Studies, and the facts and findings set forth therein, have been considered by the Board and are incorporated herein.

Section 6: That the Board hereby determines that 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 for District.

Section 7: The Board hereby determines that, because all of the findings required by Government Code section 66001(d) have been made with respect to the fees that were imposed as more specifically set forth in Exhibit A, the District is not required to refund any moneys in the Funds as provided in Government Code section 66001(e).

Section 8: That the unexpended amounts currently held in the Funds are either encumbered for projects already approved by the Board or will be needed for projects already identified in the District's budget, Annual Reports & Findings, and/or facilities master planning documents, and as otherwise identified or justified by the Justification Studies adopted by the School Facilities Fee Resolutions.

Section 9: That the Board hereby determines that 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.

Section 10: That the Board hereby approves and adopts the attached 2023-2024 Annual Developer Fee Report and Five-Year Developer Fee Findings (Exhibit A, hereto).

Section 11: The Board further directs and authorizes the Superintendent to take on its behalf such further action as may be necessary and appropriate to effectuate this Resolution.

PASSED AND ADOPTED, THIS 13th DAY OF JANUARY, 2025, BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

President, Board of Trustees

Attest:

EXHIBIT A

LOS ALTOS SCHOOL DISTRICT'S 2023-2024 ANNUAL DEVELOPER FEE REPORT AND FIVE –YEAR DEVELOPER FEE FINDINGS

(Government Code §§ 66001 & 66006)

2023-2024 FISCAL YEAR

I. Annual Developer Fee Report

The Developer Fee (aka School Impact Fee) amounts reported were authorized by the District's Board of Trustees.² The fees partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the school facilities necessary to accommodate student growth.

Each of the capitalized letters A-H below, correspond to the specific letter and portion of Government Code section 66006(b)(1):

A. FEES COLLECTED IN FUND 25 (CAPITAL FACILITIES FUND) - A brief description of the type of fee in the Fund:

Statutory School Impact Fees (aka Developer Fees) are the only type of fee collected in Fund 25. Such fees have been imposed at Level 1 rates on the following types of development.

(1) Level 1 Developer Fees

- Commercial/industrial development
 - Mini-storage category of commercial/industrial development
 - Hotel/Motel category of commercial/industrial development
 - All other categories of commercial/industrial development
- Senior Housing
- Residential
 - New residential development, including Accessory Dwelling Units (“ADU”)
 - Residential additions, remodels, expansions, reconstruction

B. AMOUNT OF FEE – The amount of the Developer Fee collected for the 2023-2024 fiscal year has been imposed at Level 1 rates:

Type of Development	Amount of Fee (\$/sf)
<i>Effective Date:</i> ³	2022
Level 1 – Mini-storage	\$

² See Resolution No., 2122-12 dated April 4, 2022, incorporated herein by reference.

³ 60-days after adoption of resolution.

Level 1 – Commercial/Industrial (all other)	\$.52
Level 1 – Senior Housing	\$
Level 1 – Residential (all other)	\$ 3.19

C. BEGINNING & ENDING FUND BALANCE FOR FISCAL YEAR 2023-2024:

July 1, 2023 Beginning Fund Balance:	\$615,488
June 30, 2024 Ending Fund Balance:	\$132,707

D. REVENUE – The amount of the Developer Fees collected and the interest earned for the 2023-2024 fiscal year:

Amount of fees collected (gross):	\$682,605.41
Interest earned:	\$ 9,258.01
TOTAL REVENUE (GROSS):	\$691,863.42

E. EXPENDITURES – Projects on which Developer Fees were expended during the 2023-2024 fiscal year and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Developer Fees:

Project	Total Cost of Project	Amount of Developer Fees Expended in 2023-2024 Fiscal Year	% Funded with Developer Fees
Bullis Charter School Portables Various District School Sites		\$1,194,443	40%
Architectural planning and support services for		\$0	0%
Professional/consulting Services – Dannis Woliver Kelley legal fees in connection with the adoption of Developer Fees and requisite reporting	N/A	\$0	0%
Professional/consulting Services – Dannis Woliver Kelley legal fees in connection with construction of developer fee funded projects	N/A	\$ _____	____%
TOTAL EXPENDITURES:		\$1,194,443	N/A

*(Ed. Code, §17620(a)(5))

F. INCOMPLETE PROJECTS FUNDED WITH DEVELOPER FEE REVENUES – Incomplete Projects for which sufficient funds have been collected (as of the end of the 2023-2024

Fiscal Year) to complete financing of the Project, and the approximate date by which construction of the Project will commence:

Incomplete Projects for Which Sufficient Funds Have Been Collected to Complete Financing of Project	Approximate Date Construction Will Commence	Anticipated Funding Amount	If Project Did Not Commence by Date Stated per Previous Report: Reason & Revised Anticipated Commencement Date
Project: _____	_____N/A_____	_____	_____

G. INTERFUND TRANSFERS & LOANS – Description of each interfund transfer or loan made to and/or from the Fund for the 2023-2024 fiscal year:

Amount of Interfund Transfer or Loan	Project that Transferred or Loaned Fees Expended on	Date Loan to be Repaid on (Loans Only)	Rate of Interest on Loan (Loans Only)
“No Interfund Transfers or Loans were made”]	N/A		

H. REFUNDS & ALLOCATIONS – The amount and number of refunds made pursuant to Government Code section 66001(e) and allocations made pursuant to Government Code section 66001(f) for the 2023-2024 fiscal year:

Refunds Made: #2	\$5,225.85
Allocations Made:	N/A

II. Five-Year Developer Fee Findings

The following findings are made in connection with the public information set forth in the District’s 2023-2024 Annual Developer Fee Report.

A. PURPOSE TO WHICH DEVELOPER FEE IS TO BE PUT (Gov. Code, §66001(d)(1)(A)): With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-2024 fiscal year, the purpose of the Developer Fees is to finance the construction or reconstruction, including refurbishment, of School Facilities necessary to accommodate student population growth resulting from development, cover costs attributable to

the increased demand for School Facilities reasonably related to new development and necessary to maintain existing levels of service, and reduce overcrowding caused by the development on which the fees were imposed. As necessary, the fees will be used 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 growth generated from new development as permitted by law. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of School Facilities necessitated by growth resulting from new development. Projects (and other school-related considerations) include, without limitation, the following:

<u>Project</u>	<u>Estimated Cost</u>
1. Justification Study	\$ 3,600.00
2. Portable Leases for Enrollment Increase	1,194,443

Note: The District has commissioned site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District's long-term facility needs. These documents will include lists of recommended projects, in order of need and priority.

The District further incorporates the facts and findings set forth in Resolution No. #21/22-12#, dated April 4, 2022, Resolution No.#19/20-25 dated March 9, 2020, and Resolution No.#17/18-24, dated March 12, 2018, which are collectively referred to as the "School Facilities Fee Resolutions", and are incorporated herein by reference. The District further incorporates the facts and findings set forth in (i) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March 2022; (ii) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March 2020; and (iii) Los Altos School District Developer Fee Justification Study for Residential and Commercial/Industrial Development, dated March 2018, which are collectively referred to as the "Justification Studies", and are incorporated herein by reference.

B. REASONABLE RELATIONSHIP BETWEEN DEVELOPER FEE & PURPOSE (Gov. Code, §66001(d)(1)(B)): There is a reasonable relationship between the Developer Fees charged for residential and commercial/industrial development and the purposes for which they will be expended, as described in Paragraph A, in that the students that are generated by residential and commercial/industrial development will be accommodated by the School Facilities for which the Developer Fees are expended. The District is currently over capacity and does not have any excess capacity to house students in its current facilities, does not have adequate facilities to accommodate students from new development, and thus there is a reasonable relationship between the Developer Fees charged and the need for construction and reconstruction, including refurbishment, of School Facilities. The Developer Fees collected do not exceed the cost of accommodating students generated by development. Rather, the Developer Fees only partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the School Facilities necessary to accommodate student growth.

The District further incorporates herein the facts and findings set forth in the School Facilities Fee Resolutions and Justification Studies.

C. ANTICIPATED SOURCES & AMOUNTS OF FUNDING TO COMPLETE FINANCING OF INCOMPLETE PROJECTS (Gov. Code, §66001(d)(1)(C)): With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-2024 fiscal year, the sources and amounts of Anticipated Funding to complete financing of any incomplete improvements identified in Paragraph A are as follows:

<u>Anticipated Source of Funding</u>	<u>Anticipated Amount of Funding</u>
1. State Funding Program Funds	\$0
2. Measure N General Obligation Bond Proceeds (\$ in Possession of District)	\$0
3. State Eligibility Funding Received	\$0
4. Developer Fees	\$0
5. Special Reserve for Capital Outlay	\$0
Total Anticipated Funding:	\$0

Note: The District has commissioned site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District's long-term facility needs. These documents will include lists of recommended projects, in order of need and priority. Developer Fees will be included in the funding model, to address construction/renovation (refurbishment) needs resulting from increased student enrollment due to development.

D. APPROXIMATE DATE THAT ANTICIPATED FUNDING IS EXPECTED (Gov. Code, §66001(d)(1)(D)): With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-2024 fiscal year, the following are the approximate dates on which the Anticipated Funding referred to in Paragraph C above is expected to be deposited into the Fund:

<u>Anticipated Source of Funding</u>	<u>Approximate Dates Funding Expected</u>
1. State Funding Program Funds	0
2. Measure N General Obligation Bond Proceeds (\$ in Possession of District)	0
3. State Eligibility Funding Received	0
4. Developer Fees	0
5. Special Reserve for Capital Outlay	0