



# Chino Valley Unified School District

## Annual and Five-Year Developer Fee Report for Fiscal Year 2023/2024

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## SECTION I. EXECUTIVE SUMMARY

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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 (“SAB”) every two years. The SAB last increased the Level I Fees on January 24, 2024 and the maximum Level 1 Fees for unified school districts are currently \$5.17 per square foot for residential construction/reconstruction and \$0.84 per square foot for commercial/industrial construction. 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 section 66006(a), the Chino Valley Unified School District (“School District”) established a separate capital facilities account or fund more specifically identified as Fund 25, Capital Facilities Fund, for the deposit of collected School Fees.

With respect to Fund 25, in accordance with Government Code Sections 66001 and 66006, the 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 fees collected in connection with the approval of a development project, including School Fees and Mitigation Fees (collectively referred to hereafter as “Developer Fees”).

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

- Beginning balances.
- Ending balances.
- Amount of School Fees Collected.
- Interest earned.
- Identification of any inter-fund transfers or loans, if applicable.
- Amounts of any refunds or allocations.
- Identification of the program on which School Fees were expended, including the percentage of the cost of the project funded by School Fees in connection with school facilities to accommodate additional students from new development if funded or partially funded with School 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.

- Identification of each public improvement in the previous report and whether construction began on the approximate date noted in the previous report, and if construction did not commence by the approximate date, any reason for the delay and a revised approximate date.

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

- Identification of the purpose to which the Developer Fee is to be expended.
- Demonstration of a reasonable relationship between the Developer 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.

## SECTION II. ANNUAL REPORTING REQUIREMENTS

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This report contains certain information regarding the type, amount, collection and expenditure of School Fees for Fiscal Year (“FY”) 2023/2024.

### 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 School Fees (Level I Fees) on residential and commercial development in FY 2023/2024, 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.

The amounts and effective dates for the School Fees authorized to be levied by the School District’s Board of Education after adoption and during the FY 2023/2024 are set forth in the table below by School Fee type.

Fee Type	Development Class	Effective Dates for Fiscal Year 2023/2024	School Fee per Square Foot
Level I	Residential <sup>1</sup>	July 1, 2023 – June 30, 2024	\$4.79
	Commercial/ Industrial <sup>1</sup>	July 1, 2023 – June 30, 2024	\$0.78 <sup>2</sup>

<sup>1</sup> Adopted by the Board of Education on August 18, 2022 by Resolution Number No. 2022/2023-07, effective October 17, 2022.

<sup>2</sup> Except for Commercial/Industrial categories classified as Community Shopping Center, Hospitality (Lodging), Industrial Parks/Warehousing/Manufacturing, and Rental Self-Storage were subject to School Fees in the amounts of \$0.73, \$0.54, \$0.64 and \$0.03 per square foot of assessable space, respectively.

**B. Beginning and Ending Balance of Account, School Fees collected, Interest Earned and Disbursements (Government Code Section 66006(b) (C) and (D))**

In FY 2023/2024, School Fees were deposited and expended from Fund 25 in the amounts as follows:

Item	Amount
<b>Beginning Balance July 1, 2023</b>	<b>\$16,342,503.42</b>
<i>Revenues:</i>	
School Fees Collected <sup>1</sup>	\$7,942,457.61
Interest Earned	\$410,046.43
Other Revenues	\$49,225.43
<i>Revenues Subtotal:</i>	<i>\$8,401,729.47</i>
<i>Disbursements:</i>	
Project Expenditures (Detail found in Section II.C below)	\$10,472,129.27
<i>Disbursements Subtotal:</i>	<i>\$10,472,129.27</i>
<b>Ending Balance June 30, 2024</b>	<b>\$14,272,103.62</b>

<sup>1</sup> Includes a one-time settlement payment in the amount of \$2,400,000 and interest earned on the settlement.

**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 School Fee administration, are summarized in the following table. These public improvement projects are appropriate expenditures in accordance with Education Code section 17620 and Government Code section 65995 et seq.

Project	Amount Paid During Fiscal Year 2023/2024	Percentage of Project Total Funded by School Fees
<b><i>Rentals and Leases for Portable Classrooms:<sup>1</sup></i></b>		
Cattle Elementary School	\$49,000.00	100.00%
Chaparral Elementary School	\$12,000.00	100.00%
Rhode Elementary School	\$45,400.00	100.00%
Cal Aero Preserve K-8	\$156,484.00	100.00%
Ayala High School	\$5,014.42	100.00%
Chino Hills High School	\$8,111.09	100.00%
Don Lugo High School	\$5,014.42	100.00%
Oxford Preparatory Academy	\$6,480.00	100.00%
<b><i>Rentals and Leases for Portable Classrooms Total</i></b>	<b><i>\$287,503.93</i></b>	
<b><i>Capital Outlay:</i></b>		
Cal Aero Preserve K-8 Playground Equipment and Technology Improvements	\$206,797.28	100.00%
Chino High School Scoreboards	\$413,510.03	100.00%
District Office Building Improvements	\$9,700.00	100.00%
Don Lugo High School Remodels and Improvements	\$755,623.49	100.00%
Legacy Academy K-8 Site and New Building Construction	\$8,634,219.88	10.30%
<b><i>Capital Outlay Total</i></b>	<b><i>\$10,019,850.68</i></b>	
<b><i>Other:</i></b>		
Administrative Expenses in connection with the collection of fees (Ed. Code 17620(a)(5))	\$166,273.73	100.00%
Advertisements/Publications	\$24,648.00	100.00%
Professional, Legal and Consulting Services	\$73,006.75	100.00%
Reimbursements for Project Costs <sup>2</sup>	(\$99,153.82)	100.00%
<b><i>Other Total</i></b>	<b><i>\$164,774.66</i></b>	
<b>Total</b>	<b>\$10,472,129.27</b>	<b>N/A</b>

<sup>1</sup> Installation, rental, and lease for the portable classrooms are either to provide temporary housing during construction or reconstruction of new school facilities at a school site, or to provide additional classrooms to accommodate student growth at the site, pursuant to Ed. Code section 17620 and Gov. Code section 65995 *et seq.*

<sup>2</sup> Includes repayment of projects costs at Dickey Elementary School and Oxford Preparatory Academy.



#### 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. In addition, the School District must indicate whether construction began by the approximate date on each public improvement project identified in the previous report, and for any such public improvement project for which construction did not commence by the approximate date, any reason for delay and a revised approximate date. Ongoing public improvement expenditures that have received sufficient funding are detailed below.

Project	Anticipated Date of Commencement	Project Status
<b><i>Rentals and Leases for Portable Classrooms:</i></b>		
Cattle Elementary School	January 2019	Commenced ongoing annual lease
Chaparral Elementary School	January 2019	Commenced ongoing annual lease
Rhode Elementary School	January 2019	Commenced ongoing annual lease
Cal Aero Preserve K-8	January 2020	Commenced ongoing annual lease
Ayala High School	November 2020	Commenced ongoing annual lease
Chino Hills High School	November 2020	Commenced ongoing annual lease
Don Lugo High School	November 2020	Commenced ongoing annual lease
Oxford Preparatory Academy	July 2022	Commenced ongoing annual lease
<b><i>Capital Outlay:</i></b>		
Legacy Academy K-8 Site and New Building Construction	November 2022	Completed August 2024

Construction commenced on all public improvement expenditures included in the previous report<sup>1</sup> that have received sufficient funding.

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<sup>1</sup> Annual and Five-Year Developed Fee Report adopted by the Board of Education on November 16, 2023.



#### 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 or Allocations 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 2023/2024 fiscal year.

Likewise, Government Code Section 66006(b)(1)(H) requires the School 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 fiscal year 2023/2024.

END OF ANNUAL REPORTING REQUIREMENTS

## SECTION III. FIVE-YEAR REPORTING REQUIREMENTS

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Government Code Section 66001 requires the following information to be provided with respect to unexpended funds in the account. No portion of these funds was held for longer than five years.

### 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 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 School Fees, as necessary, to provide interim housing for children generated by new development, and for other school-related considerations relating to the School 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.

For additional information on specific projects for which School Fees are anticipated to be expended, please refer to the table found in Section II. D and 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. There is a 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 in that the students that are generated by development will be accommodated by the school facilities for which the School Fees are expended. The School Fees charged on development projects will be used (1) to fund school facilities needed to serve the students generated from development, and (2) to modernize or refurbish existing facilities to address increased demand on the facility due to development and enrollment and is necessary for the School District to maintain existing levels of service. Additionally, the School Fees do not exceed the cost of providing school facilities for the new students generated from new development. Rather, the School Fees only partially mitigate the impact caused by development and do not adequately fund the school facilities necessary to accommodate the students generated by such development. The nexus studies listed below (collectively, "Nexus Studies") adopted by the Board pursuant to the corresponding demonstrate these findings and provide justification for School Fees imposed by the School District over the previous five (5) fiscal years and are incorporated herein by reference:

Type of Nexus Study		Level of Developer Fees	Date Adopted
1)	<i>Fee Justification Study, adopted via Resolution 2017/2018-77</i>	Level I	06/14/2018
2)	<i>Fee Justification Study, adopted via Resolution 2019/2020-60</i>	Level I	06/18/2020
3)	<i>Fee Justification Study, adopted via Resolution 2022/2023-07</i>	Level I	08/18/2022

**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	Anticipated Project Dates	Expected Deposit Date	Anticipated Funding Amount	Remaining Total Estimated Project Costs
Annual Lease Payments for Portable Temporary Classrooms <sup>1</sup>	Fund 25 -School Fees	July 2024-June 2025	On Hand <sup>3</sup>	\$290,000	\$290,000
Legacy Academy K-8 (Site and New Building Construction-Remaining Costs) <sup>2</sup>	Fund 25 -School Fees	November 2022-August 2024	On Hand <sup>3</sup>	\$2,000,000	\$2,000,000
Shade Structure Installations	Fund 25 -School Fees	November 2024 - March 2025	On Hand <sup>3</sup>	\$325,000	\$325,000
Marquee Installations	Fund 25 -School Fees	November 2024 - March 2025	On Hand <sup>3</sup>	\$250,000	\$250,000
Furniture Purchase for Growth	Fund 25 -School Fees	January 2025 - June 2025	On Hand <sup>3</sup>	\$2,750,000	\$2,750,000
Shade Shelters	Fund 25 -School Fees	January 2025 - June 2025	On Hand <sup>3</sup>	\$750,000	\$750,000
Architect & Consultant Fees for Growth Projects	Fund 25 -School Fees	January 2025 - June 2025	On Hand <sup>3</sup>	\$175,000	\$175,000
Kitchen Renovations	Fund 25 -School Fees	January 2025 - June 2025	On Hand <sup>3</sup>	\$1,250,000	\$1,250,000
Construction Costs for placement of additional portable classrooms	Fund 25 -School Fees	March 2025 – July 2025	On Hand <sup>3</sup>	\$4,500,000	\$4,500,000
Don Lugo High School New Gym Lobby	Fund 25 -School Fees	March 2025 – November 2026	On Hand <sup>3</sup>	\$7,500,000	\$7,500,000
Ayala High School New Performing Arts Center	Fund 25 -School Fees Fund 21 -GO Bonds Fund 35 -State Funding	March 2025 – November 2026	On Hand <sup>3</sup>	\$38,000,000	\$38,000,000
Third Preserve K-8 Site Purchase	Fund 25 -School Fees	TBD		TBD	

- <sup>1</sup> Total funding amount for this project is being deposited into Fund 25 continually and is re-examined and earmarked each fiscal year. Deposit into Fund 25 for this project's purpose will continue until the relocatable classrooms are purchased by the School District, new construction of school/classroom facilities can properly replace the relocatable classrooms, or the relocatable classrooms are no longer needed.
- <sup>2</sup> Represents final payments to contractors for work already completed.
- <sup>3</sup> Based on Fund 25 (School Fees) balance available as of June 30, 2024 and Measure G Bond fund balance.

## END OF FIVE-YEAR REPORTING REQUIREMENTS