



May 26, 2016

CS NEWSFLASH: STATE ALLOCATION BOARD APPROVES USE OF LEVEL 3 FEES

School districts for the first time have been given the authorization to charge Level 3 Fees on new residential development. This means for most school districts who currently charge Level 2 fees will now be able to charge twice the amount. This is a result from the determination made yesterday (May 25, 2016) by the State Allocation Board ("SAB") that State Funds for New Construction are unavailable ([Government Code Section 65995.7](#)). The decision will provide much needed revenues to school districts that have been unable to keep up with the impacts of new development within their boundaries, which will help to offset the current lack of funds available at the State level.

What's Next?

If a school district has already completed a School Facilities Needs Analysis ("SFNA") in which their Board approved Level 3 Fees, they may begin charging the new rate immediately. If a school district has not already approved Level 3 Fees, an SFNA justifying the increase must be completed. Dolinka Group encourages any school district experiencing increased enrollment because of heightened development or have a shortage in capacity to determine whether they qualify for Level 3 Fees. For school districts that impose the statutory Level 1 Fees only, the decision by the SAB does not impact the rates being charged unless the school district determines it is eligible to prepare an SFNA and calculates its fees.

Do you qualify?

School districts can qualify to charge Level 3 Fees if they can satisfy at least two (2) of the four (4) following Statutory Requirements:

- ? The school district has "substantial enrollment" of its students on a multi-track year-round calendar.**
- ? The school district has placed at least one (1) general obligation bond on the ballot in the last four (4) years, and the measure received at least 50% plus one (1) of the votes cast.**
- ? The school district has issued debt or incurred obligations for capital outlay in an amount equivalent to a certain percentage of its bonding capacity.**
- ? At least 20% of the teaching stations within the school district are relocatable classrooms.**

This is new territory for school districts. Since 1998, the State has not permitted Level 3 Fees, but additional requirements will now be triggered and we will provide guidance on the imposition of Level 3 Fees in the coming days.

If you have any questions regarding Level 3 Fees or would like to evaluate whether you qualify to charge these higher developer fees, please contact us at 949.250.8320 or info@coopstrategies.com.

Cooperative Strategies, LLC