

**SCHOOL IMPACTS AND MITIGATION
REPORT**

**for the El Toro, 100-Acre Parcel
Environmental Impact Report**



**Prepared by
Jeanette C. Justus Associates**

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SCHOOL IMPACTS AND MITIGATION REPORT

The purpose of this report is to provide an assessment of school impacts and mitigation scenarios for use as a supplement in the Public Services Schools section of the Environmental Impacts Report (“EIR”) for the El Toro, 100-Acre Parcel (“Proposed Project”).

1.0 INTRODUCTION

The following report focuses on public school impacts associated with development of the Proposed Project). The Proposed Project includes construction of 2,103 residential units, 220,000 square feet of community commercial (retail) space, 1,876,000 square feet of multi-use (office) space and a 242-room hotel. Under specified conditions, the development plan will provide for flexibility to allow a reallocation of densities and intensity of uses, without a development plan amendment. The General Plan amendment associated with the development plan will allow for density of up to 80 dwelling units per acre. The Proposed Project is located within the boundaries of the Saddleback Valley Unified School District (“SVUSD”, “District”).

2.0 EXISTING CONDITIONS

2.1 Regulatory Setting

2.1.1 School Facility Funding

The SVUSD is under the State government’s jurisdiction, is subject to *California Education Code* regulations, and is under the governance of the State Board of Education. School capital facility funds come from State funding, State bonds, local General Obligation bonds, developer fees, surplus property sale proceeds, and Special Facility Improvement Districts (“SFID”s) and Community Facilities Districts (“CFD”s).

Limited or no funding is available for school facilities from the federal government.

2.1.1.1 State Funding

The SVUSD actively participates in the State funding program obtaining over \$146 million in state funding for new construction and modernization projects districtwide. The most recent new construction project in SVUSD consisted of the expansion of the Trabuco Hills High School and was completed in 2011.¹ With the exception of 33 middle school seats within the Laguna Hills High School Attendance Area and 92 Severe Special Day Class seats, at the time of writing, SVUSD has no eligibility for funding in the State new

¹ Project Tracking. Office of Public School Construction. www.opsc.dgs.ca.gov. Web retrieved January 20, 2015.

construction program.² It should be noted that state funding eligibility varies with projected enrollment growth as compared to the number of existing seats in the district. Although limited state funding remains from the previously approved statewide bond measures, an initiative for a new statewide bond measure has been filed. Adequate signatures have been collected to place a bond measure on the November 2016 ballot. If approved by the voters it will continue the state funding program for facilities.

2.1.1.2 Local Funding

In accordance with SB 50, the construction of new schools requires a school district to match State funds. The local match is typically provided by such funds as developer fees, local General Obligation bonds, and/or Mello-Roos CFD (“Special Taxes” that can be levied on property owners of newly constructed homes within a CFD).

2.1.1.2.1 School Developer Fees

Historically, the State has been responsible for passing legislation for the funding of construction of public schools. To assist in providing school facilities to serve students generated by new development projects, the State passed Assembly Bill (“AB”) 2926 in 1986. This bill allows school districts to collect impact fees from developers of new residential and commercial/industrial building space. Development impact fees are also referenced in the 1987 Leroy Greene Lease-Purchase Act, which requires school districts to contribute a matching share of costs for construction, modernization, and reconstruction projects.

Senate Bill (“SB”) 50, which passed in 1998, provides a comprehensive school facilities financing and reform program, and enables a statewide bond issue to be placed on the ballot. The provisions of SB 50 allow the State to offer funding to school districts to acquire school sites, construct new school facilities, and modernize existing school facilities. SB 50 also establishes a process for determining the amount of fees developers may be charged to mitigate the impact of development on school facilities resulting from increased enrollment. Under this legislation, a school district could charge fees above the statutory cap only under specified conditions, and then only up to the amount of funds that the district would be eligible to receive from the State. According to Section 65996 of the *California Government Code*, development fees authorized by SB 50 are deemed to be “full and complete school facilities mitigation”.

SB 50 establishes three levels of developer fees that may be imposed upon new development by the governing board of a school district depending upon certain conditions within a district. These three levels are as follows:

² New Construction Remaining Eligibility. Saddleback Unified School District. State Allocation Board Agenda. March 4, 2014. Office of Public School Construction.

Level 1: Level 1 fees are the base statutory fees. These amounts are the maximum that can be legally imposed upon new construction projects by a school district unless the district qualifies for a higher level of funding.

Pursuant to Section 65995 of the *California Government Code*, as of January 2016, the statutory maximum Level 1 school fees that may be levied by a school district on new development is a maximum of \$3.48 per assessable square foot of residential construction and a maximum of \$0.56 per square foot of enclosed and covered space for commercial/industrial development. These rates are established by the State Allocation Board, and may be increased to adjust for inflation based upon a statewide cost index for Class B construction. To implement Level 1 fees, the governing board of a school district must adopt a nexus study linking development impacts and the need for construction of new facilities. Although not standard, such studies are frequently referred to as Developer Fee Justification Study (“DFJS”). The most recent DFJS for SVUSD was approved by the school board in 2014. The District currently implements the Level 1 fee of \$3.36 per square foot of new residential development and \$0.54 per square foot of enclosed and covered space for commercial/industrial development. SVUSD could elect to increase the fee to the current maximum of \$3.48 and \$0.56 fees allowed by the State if an updated DFJS is approved by the School Board.

Level 2: Level 2 fees allow the school district to impose developer fees above the statutory level, up to 50 percent of new school construction costs. To implement Level 2 fees, the governing board of the school district must adopt a School Facilities Needs Analysis (“SFNA”) and meet other prerequisites in accordance with Section 65995.6 of the *California Government Code*.

The purpose of an SFNA is to determine the need for new school facilities attributable to growth from new residential development (*California Government Code* §65995.6). An SFNA documents that the district has met prerequisite eligibility tests and calculates the fee per square foot of new development. If the school district is eligible for State new construction funding, the State will match the Level 2 fees if funds are available. According to the Office of Public School Construction limited State funds for new school construction are available from existing bond measures.³

Level 3: Level 3 fees apply if the State runs out of bond funds, allowing the school district to impose 100 percent of the cost of the school facility or mitigation minus any local dedicated school monies. If the State runs out of bond funds, the SVUSD would not be eligible to charge Level 3 fees.

³ Remaining Bond Authority. Proposition 1D, 55 and 47 Bond Authority. Agenda. State Allocation Board Meeting. May 25, 2016.

2.1.1.2.1 Local General Obligation Bonds

In 2004, residents within the boundaries of the SVUSD passed a local Measure B authorizing the sale of \$180 million in General Obligation bonds.⁴ The current tax rate for the repayment of Measure B bonds is \$30.08 for every \$100,000 of assessed value.⁵ Measure G funds are used by the School District to repair, upgrade, construct and equip classrooms and facilities.⁶

2.1.2 School Size

The amount of land needed to support a school's educational program corresponds to the school's proposed programs, stated goals of the school district, and recommendations set by the California Department of Education.

2.1.3 Classroom Size

The loading factor that the State uses to calculate school building capacity is 25 students per elementary classroom (K–6) and 27 students per middle and high school classroom (grades 7–12).⁷

2.2 Site Conditions

The Proposed Project would be served by the SVUSD. SVUSD is the 7th largest school in Orange County. There are 35 schools in the SVUSD: 24 elementary schools (K–6), 4 intermediate schools (7–8), 4 comprehensive high schools (9–12), 3 alternative education facilities. District-wide enrollment for the 2015–2016 school year was 28,620 students with a total school capacity of 35,166 seats. Based on the information available from the California Department of Education Educational Demographics Unit, SVUSD had an enrollment of 14,430 students in grades K–6, 4,455 in grades 7–8 and 9,735 in grades 9–12.⁸ When enrollment is compared to school capacity aggregated by grade level, an estimated capacity surplus of approximately 6,546 seats is identified for grades K–12. Table 1 summarizes these school capacity estimates. Over the last ten years, SVUSD has experienced significant decline in enrollment of 17.3% or 5,972 students. Several elementary school campuses have been closed as a result of the decline.

⁴ Bond and Parcel Tax Elections. Saddleback Unified School District. Education Data Partnership. www.ed-data.k12.ca.us. Web retrieved January 20, 2015.

⁵ County of Orange Tax Rate Book. 2015-2016 Index to Tax Rate by Cities/District. www.acapps.ocgov.com. Web retrieved October 12, 2016.

⁶ Bond and Parcel Tax Elections. Saddleback Unified School District. Education Data Partnership. www.ed-data.k12.ca.us. Web retrieved January 20, 2015.

⁷ Office of Public School Construction. California Code of Regulations Section 1859.35. Chapter 3. Division 2. Title 2.

⁸ Enrollment by School by Grade Level. Educational Demographics Units. California Department of Education. www.cde.ca.gov. Web retrieved October 12, 2016. Excludes Ungraded Secondary Enrollment.

Table 1
Saddleback Unified School District
Districtwide School Capacity and Enrollment for 2015–2016

School (Grade Level)	School Capacity^a	Enrollment^b	Available Capacity
Elementary (K–6)	17,614	14,430	3,184
Intermediate (7-8)	6,183	4,455	1,728
High (9–12)	11,369	9,735	1,634
District Total	35,166	28,620	6,546

^a Existing School Facilities Capacity and Student Enrollment. Residential Development School Fee Justification Study. Saddleback Unified School District. Prepared by Dolinka Group. June 24, 2014. p. 6.

^b Enrollment by Grade Level. California Department of Education. Educational Demographics Unit. www.cde.ca.gov. Web retrieved October 12, 2016. Excludes Ungraded Secondary Enrollment.

Exhibit A, Saddleback Unified School District Boundaries and Schools, depicts the district boundaries as well as location of schools that are nearest to the Project site. The existing SVUSD schools nearest to the Project site are Rancho Canada, La Madera and Santiago Elementary, Serrano Intermediate and El Toro High school. Table 2 provides the available capacity at each of these schools based on enrollment figures during the 2015–2016 school year and information provided in the 2014 Residential Development School Fee Justification Study. Based on these enrollment figures, there are 224 elementary, 554 intermediate and 468 high school seats available.

Table 2
Saddleback Unified School District
Available Capacity at Existing Schools Assigned to the Proposed Project

School Name	Current Permanent Capacity ^a	Enrollment ^b	Available Capacity	Distance to Project Site (mi) ^c
Rancho Canada Elementary	728	714	14	7.3
La Madera Elementary	688	627	61	7.5
Santiago Elementary	576	427	149	7.1
<i>Subtotal Elementary</i>	<i>1,992</i>	<i>1,768</i>	<i>224</i>	
Serrano Intermediate	1,807	1,253	554	6.5
El Toro High	2,986	2,518	468	7.1
^{a.} School Facilities Capacity Calculation. Exhibit A. Residential Development School Fee Justification Study. Saddleback Unified School District. Prepared by Dolinka Group. June 24, 2014. ^{b.} Enrollment by School and Grade Level. California Department of Education. Educational Demographics Unit. www.cde.ca.gov . Web retrieved October 12, 2016. ^{c.} Distance to the Project Site from 7453 Marine Way (intersection of C Street and Marine Way). Google Maps. Web retrieved November 12, 2014.				

3.0 IMPACT ANALYSIS

3.1 Methodology

This assessment addresses the potential impacts of the Proposed Project on the public school system only, as it is directly responsible (and mandated) to serve new student populations generated from implementation of the Project. Private institutions and higher education institutions are not evaluated since they are privately funded and/or are not mandated to provide services; therefore, these schools are not discussed herein.

The methodology used in this analysis assumes that the number of new students generated from the Proposed Project is directly related to the type and amount of the Proposed Project’s residential construction within the boundaries of the school district. The analysis includes an evaluation of the existing school sites’ capacity to would accommodate Project-generated students.

3.1.1 Proposed Project

The Proposed Project includes construction of 2,103 residential units, 220,000 square feet of community commercial (retail) space, 1,876,000 square feet of multi-use (office) space and a 242-room hotel. Only the residential units are expected to impact school facilities within SVUSD. The General Plan amendment associated with the development plan will allow for density of up to 80 dwelling units per acre. For the

purposes of school impacts analysis, this type of development is considered high density. All units are expected to be Multifamily rental (“MF”).

3.1.2 Student Generation Rates

In order to estimate the number of students from the Project, a student generation rate (“SGR”) is used. The SGR is a ratio of students per home, which is usually based on recent construction history or districtwide data. The SGR is also usually grouped by product type as it has been recognized that different types of product i.e. Single Family Detached (“SFD”), Single Family Attached (“SFA”) and MF generate students at different rates. SFD units normally generate the highest number of students. Other factors such as proximity of schools to the development, district test scores and reputation, suburban or urban location, size of district and its location in the State all affect the SGR.

SVUSD has not experienced in the last five years, new development with densities similar to the development plan. The adjacent Irvine Unified School District (“IUSD”) has grown significantly within the North and South Irvine, where a variety of residential product types has been constructed including high density residential. Based on the data collected from IUSD, Jeanette C. Justus Associates developed the SGR for the Proposed Project. The sample consists of 3,006 dwelling units within the Village and the Park - existing residential projects in the Irvine Spectrum area that are similar to those anticipated in the Proposed Project (“Like Product”). The projects in the sample were considered similar due to the high density (55 dwelling units per acre) and amenities geared toward young professionals rather than families with children. This option of using the SGR from a neighboring district is allowed by *California Government Code Section 65995*.^{9,10} It was found that 245 K-12 students residing in the sample attend IUSD schools. The resulting rates are provided in Table 5 below.

Table 5
Like Product Student Generation Rates^a

Like Product	K-6	7-8	9-12	K-12
High Density Attached	0.052	0.008	0.022	0.082
a. Like Product High density student generation rates are based on data from the The Park and The Village - high density apartment projects located within IUSD boundaries. Data provided by Donna Jordan, IUSD Facilities Technician via e-mail January 14, 2016.				

3.2 Project Design Features

The Proposed Project does not include the development of public school facilities on the Project site. As such, no project design features are proposed by the Applicant relative to public school facilities.

⁹ California Government Code Section 65995.

¹⁰ Donna Jordan, Facilities Technician. Irvine Unified School District. Via e-mail. December 5, 2014.

3.3 Standard Conditions and Requirements

- Pursuant to Section 65995 of the *California Government Code*, the Applicant shall pay developer fees to the SVUSD at the time building permits are issued; payment of the adopted fees would provide full and complete mitigation of school impacts.
- New development within the Project site shall be subject to the same General Obligation bond tax rate as already applied to other properties within the SVUSD for Measure B (approved in 2004) based upon assessed value of the residential and commercial uses.

3.4 Thresholds of Significance

The Project would result in a significant impact related to schools if it would result in substantial adverse physical impacts associated with the provision of new or physically altered school facilities, need for new or physically altered school facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable levels of service ratios or other performance objectives for public school facilities.

3.5 Project Impacts

3.5.1 Student Projection

At project build-out, the Proposed Project may develop up to 2,103 residential units. Based on the student generation rates provided in Table 5, the Proposed Project is anticipated to yield approximately 172 K-12 students, including 109 elementary, 17 middle and 46 high school students. Table 6 provides the proposed units per product type and the approximate student yield per product type.

**Table 6
Dwelling Units and Students Yield**

Dwelling Unit Type	Units	K-6	7-8	9-12	Total
High Density Attached SGR		0.052	0.008	0.022	0.082
Number of Units in Proposed Project	2,103	109	17	46	172
Source: Donna Jordan, Facilities Technician. Irvine Unified School District. January 14, 2016. SGR calculated by Jeanette C. Justus Associates. Totals may not add up due to rounding					

3.5.2 School Need

The Proposed Project would generate 172 students from grades K-12 that would need to be accommodated at existing or new schools, as discussed below:

3.5.2.1 Elementary School

The Proposed Project would generate 109 elementary students. Based on current enrollment figures and available capacity, any of the three elementary schools located nearest to the Project site can accommodate Project students (Table 2). Addition of new classrooms is not required at Santiago Elementary School, located nearest to the Project. Therefore, no significant impacts on existing facilities are anticipated. In addition, payment of mandated school fees as required by Government Code Section 65995 serves to fully mitigate Project impacts on schools.

3.5.2.2 Middle School

At buildout, the Project would generate 17 middle school students. Students from the Project would attend Serrano Intermediate School (Table 2), which currently has 554 seats to accommodate new students. Therefore, no significant impacts on existing facilities are anticipated. Payment of mandated school fees as required by Government Code Section 65995 serves to fully mitigate Project impacts on schools.

3.5.2.3 High School

At buildout, the Project would generate 46 high school students. Students from the Project would attend El Toro High School, which currently has 468 available seats (Table 2). No significant impacts are anticipated.

3.5.3 School Finance

Based on data about available capacity, the SVUSD would not require funds to construct additional capacity to serve the estimated 172 Project-generated students. However, the SVUSD has a Level 1 fee program in place and the Project would be subject to payment of applicable developer fees. Payment of the adopted developer fees by the Applicant would, in accordance with Section 65995(h) of the *California Government Code*, fully and completely mitigate all school impacts.

Additionally, new development on the Project site would be subject to taxes from both General Obligation bond measures approved by the SVUSD. The Project would be required to comply with Standard Conditions 1 and 2. Standard Condition 1 requires the payment of State-mandated school fees. Standard Condition 2 identifies that the Project would be subject to Measure B General Obligation taxes as applied to other properties within the SVUSD.

4.0 MITIGATION MEASURES

Pursuant to Government Code Section 65995, the Applicant shall pay the developer fees at the time building permits are issued; payment of the adopted fees would provide full and complete mitigation of school impacts.

5.0 CUMULATIVE IMPACTS

All projects contribute incrementally to increases in student populations, either through the direct construction of new housing, which is then occupied by school-age children or through the creation of new employment opportunities that may induce in-migration into a school district or allow young adults to leave home and form their own households. As school districts' enrollment expands, school administrators must seek both short-term and long-term remedies to accommodate those added students to schools that, in most instances, are already at or in excess of their design capacities. Due to the development's high density and location away from existing schools, it is unlikely that the Project would generate more students than could be accommodated in existing school facilities.

However, the State Legislature provided authority for school districts to assess impact fees for both residential and nonresidential development projects. Those fees, as authorized under Education Code Section 17620(a) and Government Code Section 65995(b), are collected by municipalities at the time building permits are issued and conveyed to the affected school district in accordance with a defined fee structure. The Legislature has declared that the payment of those fees constitutes full mitigation for the impacts generated by new development.

Since all non-exempt projects must pay their appropriate impact fees, each project will mitigate the impacts associated with those activities. As a result, no cumulative impact upon local school districts is anticipated as a result of the implementation of the Proposed Project and other area-wide development activities.

Level of Significance Prior to Mitigation

Less than Significant.

Mitigation Measures

See Mitigation Measure 4.0

Level of Significance After Mitigation

Less than Significant.