HAND DELIVERED

April 17, 2015

Town of Los Gatos
Attn: Leslie R. White, Interim Town Manager
110 E. Main Street
Los Gatos, CA 95030

RE: Notice of Findings of Overcrowding for the Los Gatos Union School District
School Facilities Act pursuant to Government Code section 65971

Dear Mr. White:

I am writing to you on behalf of the Los Gatos Union School District ("District"). The District has evaluated proposed new development within the Town of Los Gatos ("Town") and has determined that new residential development will continue to cause overcrowding in its schools, and no other feasible mitigations are available to reduce the overcrowding.

This letter and attachments provide the District’s Notice of Findings for Overcrowding ("Notice") to you, the Town Council Members and the Planning Commissioners. This Notice sets forth the District’s findings and evidence in support of those findings pursuant to Government Code section 65971 along with the completed application to the Office of Public School Construction for preliminary determination of eligibility. To remedy the District’s concerns of overcrowding, the School Facilities Act permits the Town, by ordinance, to require the dedication of land, the payment of fees in lieu thereof, or a combination of both, for classroom and related facilities as a condition to the approval of residential development.

We request that the Town, after receipt of this notice and pursuant to Government Code sections 65970 et seq., submit to the District, the approved ordinance for additional developer fees as outlined in this Notice.

Thank you for your prompt consideration of this request. Please feel free to contact me if you have any questions.

Sincerely,

Diana G. Abbati, Ed.D.
Superintendent

cc: Board of Trustees, Los Gatos Union School District
Martin Fregoso, Assistant Superintendent-Business Services/CBO, Los Gatos Union School District
Laurel Prevetti, Assistant Town Manager, Town of Los Gatos
Mayor Marcia Jensen, Town Council, Town of Los Gatos
Kendra Burch, Chair, Planning Commission, Town of Los Gatos
Suzanne Carrig, Santa Clara County Committee on School District Organization
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EXECUTIVE SUMMARY

The Los Gatos Union School District ("District"), located within the boundaries of the Town of Los Gatos, serves over 3,300 students in transitional kindergarten through eighth grade. The District operates five schools including: Blossom Hill Elementary, Daves Avenue Elementary, Lexington Elementary, Louise Van Meter Elementary, and R. J. Fisher Middle School. Enrollment has grown annually from 2,587 students in the 2006-2007 school year to 3,345 students in the 2014-2015 school year. The most likely cause of growth was from a positive net migration of families with school age children moving into the District. While mobility rates (e.g., the gauge of net migration) continue to be positive, the known and active residential developments along with some speculative projects will likely result in an increase in overall student population and continue to overcrowd our schools.

Based on the California Department of Education ("CDE") recommended acreage for school sites, it is a fact that the district today would benefit from an additional seven acres of land to properly house our current student enrollment and right-size our K-8 campuses (see Table 1). In addition, total enrollment at our school sites exceeds the recommended acreage capacity by 324 students. In the District’s Demographic Study (2014), the demographers project enrollment to increase by another 305 students due to new development within district boundaries. Subsequently, the District will need to plan for additional facilities. More specifically, the District would need an additional six acres of land above the already mentioned seven acres to educate new students generated by development based on CDE recommended acreage.

As a remedy, the enactment of the School Facilities Act - Government Code sections 65970 et seq. permits a city or town to impose additional mitigation obligations on residential development to alleviate the impact of overcrowding in schools.

The Governing Board of the Los Gatos Union School District submits this Notice of Findings for Overcrowding (“Notice of Findings”), supported by clear and convincing evidence required by Government Code section 65971, and requests the Town to remedy the District’s concerns by imposing additional mitigation obligations on residential development to alleviate the impact of overcrowding in schools caused by new development.

The proposed development mitigation schedule (see Table 6) is based on the cost to obtain six acres of land to house 305 additional students. The schedule does not take into consideration future construction and program costs that the District will continue to plan for. The proceeds from additional developer fees would be used to expand school facilities for increased enrollment.
OVERVIEW - SCHOOL FACILITIES ACT

Through the enactment of the School Facilities Act - Government Code sections 65970 et seq., the California Legislature has declared its intent regarding overcrowding of schools caused by residential development and has clearly acknowledged that:

a) Adequate school facilities should be available for children residing in new residential developments.

b) Public and private residential developments may require the expansion of existing public schools or the construction of new school facilities.

c) Funds for the construction of new classroom facilities are not available when new development occurs, resulting in the overcrowding of existing schools.

d) New housing developments frequently cause conditions of overcrowding in existing school facilities, which cannot be alleviated under existing law within a reasonable period of time.

To remedy these concerns, Government Code sections 65970 et seq. permits a city or town to impose additional mitigation obligations on residential developers to alleviate the impact of overcrowding in schools caused by new development. However, before a developer may be required to dedicate land or pay a fee in lieu thereof pursuant to sections 65970 through 65981, the governing board of a school district which operates an elementary or high school shall make the written findings, supported by clear and convincing evidence, required by Government Code section 65971 and notify the city or town council of its findings.

The findings required by section 65791 include:

1. That conditions of overcrowding exist in one or more attendance areas within the district that will impair the normal functioning of educational programs, including the reason for the existence of those conditions (i.e., new residential development); and

2. That all reasonable methods of mitigating conditions of overcrowding have been evaluated and no feasible method for reducing those conditions exists.

The District has evaluated proposed new development within the Town of Los Gatos, and has determined that new residential development will cause additional overcrowding in its schools and no other feasible mitigations are available to reduce the overcrowding.
LOS GATOS UNION SCHOOL DISTRICT
NOTICE OF WRITTEN FINDINGS FOR OVERCROWDING
APRIL 17, 2015

FACTUAL BACKGROUND

SECTION 1: THE DISTRICT AND ITS FACILITIES

The Los Gatos Union School District, located within the boundaries of the Town of Los Gatos, serves over 3,300 students in transitional kindergarten through eighth grade. The District operates five schools, including: Blossom Hill Elementary, Daves Avenue Elementary, Lexington Elementary, Louise Van Meter Elementary, and R. J. Fisher Middle School.

1. Size and capacity of District facilities

The District has grown annually from 2,587 students in the 2006-2007 school year to 3,345 students in the 2014-2015 school year. During this timeframe there was only a minimal amount of new housing units built within the District boundaries, suggesting growth was caused by other factors rather than new development. The most likely cause of growth (see Attachment E—District’s Demographic Study, 2014) was from a positive net migration of families with school age children moving into the District. While mobility rates (e.g., the gauge of net migration) continue to be positive, the known and active residential developments along with some speculative projects are expected to result in an increase in overall student population.

Next, local control and parental prerogative, two hallmarks of the state’s new transitional kindergarten program, has also increased enrollment across the District’s elementary schools.

Transitional kindergarten was offered for the first time in the 2012-13 school year requiring the District to offer transitional kindergarten to children with fifth birthdays beginning in September. This change in the law requires a new program to educate these children for up to two years of kindergarten before moving graduating these students to first grade. In fact, as families become more familiar with the option of choosing transitional kindergarten instead of private preschools, additional classroom spaces will be needed to alleviate for overcrowding in kindergarten.

Furthermore, the Town of Los Gatos may not be aware of the recent territory transfer petition from the Union School District to the Los Gatos Union School District. The application is currently under review by the Santa Clara County Committee on School District Organization for the territory transfer of 59 parcels. While the petitioners contend that the properties would only add five public school students, the petitioner does not cite non-public school students who live within this territory and may wish to attend the District’s schools. The District predicts that the 59 properties can generate up to 23 new students based on the District’s student generation factor of 0.386. Any students generated from the approval of this territory would add to the District’s overcrowding at our elementary and middle schools.

2. Policies related to school bond measures and school programs

On June 5, 2001, Measure B, a $91 million local bond measure to raise local funds to finance critically needed repairs and upgrades of our five schools was approved by 84.4% of the voters to build new classrooms to relieve severe overcrowding and allow for class-size reduction. Former Town of Los Gatos Mayor Joanne Benjamin (2001) in support of Measure B stated.
LOS GATOS UNION SCHOOL DISTRICT  
NOTICE OF WRITTEN FINDINGS FOR OVERCROWDING  
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“Our schools have a well-deserved reputation for quality academic programs. But our school facilities have aged to the point that they are affecting teaching and learning.” (See Attachment F - Important Information About Measure B, 2001)  

Furthermore, in 2009 Los Gatos residents approved a $30.9 million local bond measure. This additional bond measure was needed to accommodate increasing student enrollment by creating additional classrooms and school facilities to avoid overcrowding, and at the same time, maintain class-size to the Los Gatos community standards.  

For over a decade, the District has experienced increased student enrollment all the while maintaining its reputation of excellence with limited resources. Quality schools mean quality neighborhoods. It is a fact that the resale value of homes in the Los Gatos community is directly affected by the quality of schools. Increasing enrollment at any of our five schools – even a small number – will impact the District’s facility needs and will disrupt the educational program quality for current and future students.  

The California Department of Education (“CDE”) recommended guidelines for acreage for an elementary and middle school site are noted below:  

**Table 1: LOS GATOS UNION SCHOOL DISTRICT STATE OF FACILITIES – SPRING 2015**  
*Source: Attachment B – Office of Public School Construction Application, 4/13/15*  

<table>
<thead>
<tr>
<th>School Site</th>
<th>Current Acreage</th>
<th>CDE Recommended Acreage</th>
<th>Current Enrollment</th>
<th>CDE Recommended Enrollment</th>
<th>Overcrowded Acreage +/-</th>
<th>Overcrowded Enrollment +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blossom Hill</td>
<td>10.59</td>
<td>11.85</td>
<td>675</td>
<td>616</td>
<td>1.26</td>
<td>+59 students</td>
</tr>
<tr>
<td>Daves</td>
<td>8.49</td>
<td>10.09</td>
<td>575</td>
<td>489</td>
<td>1.60</td>
<td>+86 students</td>
</tr>
<tr>
<td>Lexington</td>
<td>5.00</td>
<td>2.89</td>
<td>165</td>
<td>298</td>
<td>-2.11</td>
<td>-133 students</td>
</tr>
<tr>
<td>Van Meter</td>
<td>8.50</td>
<td>11.77</td>
<td>671</td>
<td>491</td>
<td>3.27</td>
<td>+180 students</td>
</tr>
<tr>
<td>Fisher</td>
<td>23.13</td>
<td>26.37</td>
<td>1,235</td>
<td>1,103</td>
<td>3.24</td>
<td>+132 students</td>
</tr>
</tbody>
</table>

**NET OVERCROWDING ACREAGE/ENROLLMENT**  
7.26 acres +324 students  

As depicted in Table 1, our school facilities are overcrowded to the point that they are affecting teaching and learning in the 21st century. In fact, the additional 324 students warrants additional land needed to build a new school, specifically 7.26 acres. Facilities and continued modernization are needed to ensure a quality and competitive learning environment for our students. For example, our classrooms are inadequate for today’s instruction. We have limited classroom facility space for science labs, literacy centers, music and art classrooms – and even when we adjust and make due with what we have – our cafeterias and multipurpose rooms are not right-sized for the number of students enrolled at each school. In order to provide a sustainable learning environment in which our students can continue to learn and achieve academically, socially and emotionally, we need the facilities to provide quality educational programs that support:
1. Reduced class size;

2. Flexible learning environments (e.g., STEM-Science, Technology, Engineering and Mathematics); and

3. Modernized indoor and outdoor physical education spaces.

3. Policies related to educational equity and school structure, school size and overcrowding

Over the years, the District has used its resources from surplus property and developer fees to build and modernize facilities. Schools are valued as a community asset for both the families who attend our schools as well as a priority by our community members as evidenced by the passage of local bond measures (see Attachment F – Important Information About Measure B, 2001). It is a known fact that the quality of the learning environment significantly impacts student achievement. No child should have to wait years before its school is brought up to the Los Gatos standard of excellence. The District is not only overcrowded by State standards (see Table 2), but the District is overcrowded by Los Gatos standards and will need 20 new classrooms within the next five years and 23 new classrooms in the next ten years to meet our local loading ratios (see Table 3 and Table 4).

Furthermore, sociological theory has confirmed and identified the organizational characteristics of effective schools. Substantial evidence supports which responses to school overcrowding are appropriate, specifically reducing class size and building more schools rather than adding portable classrooms. For example, in school climate studies, connections between students and teachers are more positive when linked to smaller schools. Hence, enrollment size is an important feature for determining the program quality of any educational organization.

After a decade of construction and modernization, class size in the District has increased from 20 to 24 students in grades K-3, and from 25 to 29 students in grades 4-8 due to the lack of resources and classroom space to reduce class size. By far the most compelling evidence to reduce class size’s positive effects on academic achievement comes from hundreds of studies over several decades. Major findings to date include:

- Students in small class size (e.g., small class size between 13-17 students) performed better at all K-3 grade levels than students in larger classes;

- Teachers spent more time on direct instruction and less on classroom management in smaller classes;

- The more years students spent in small classes, the longer the benefits lasted in schooling.

As illustrated in Table 1, six to seven acres are needed in total to build another elementary school to accommodate approximately 350 students.
4. Policies related to safety and health, as well the Los Gatos Elementary Teachers Association dictating maximum classroom size/loading ratios

The District makes every effort to maintain equity across the District and purposefully does not increase enrollment at any one school as a strategy to maintain the educational integrity of programs for all students set forth in policies outlined in No Child Left Behind, School Facilities Program Regulation Section 1859.82 outlining conditions for health and safety of pupils, and more recently, recommendations outlined in the Local Control Funding Formula. In addition, increased enrollment would place a financial hardship on the District as outlined in the collective bargaining agreement between the District and the Los Gatos Elementary Teachers Association, Article 8-Class size, sections 8.3 and 8.6.

More specifically, Daves Avenue Elementary, Blossom Hill Elementary and Louise Van Meter Elementary, will exceed the class size ratios as outlined in the collective bargaining agreement at 24 for grades K-3 and 28 for grades 4-8. Concurrently, students who reside within the District boundaries wishing to attend Blossom Hill Elementary, Louise Van Meter Elementary, and Daves Avenue Elementary have been displaced to Lexington Elementary School since our three other elementary schools are over capacity by CDE recommended guidelines.

5. Ongoing construction projects intended to increase current capacity

In November 2014, the Board of Trustees approved the $14.2M Fisher Sports Complex at R.J. Fisher Middle School to address the short term growing enrollment concerns in grades 6-8. The Fisher Sports Complex will add four additional teaching spaces and new locker rooms needed to support a 1,500-student campus and address the federal mandate to provide 200 minutes per week of physical and health education to our middle school students.

After completing the Fisher Sports Complex, along with all modernization projects outlined in Measure B and Measure E, the District’s capital reserves for new construction is projected to be only $300K for planning future facilities to address the enrollment growth resulting from new development in Los Gatos.

6. Key findings and conclusions in District’s demographic study

In the fall 2014, the District contracted with Davis Demographics & Planning, Inc. (“Demographers”) to update and analyze demographic data relevant to the District’s facility planning efforts. The Demographers report explained that enrollment growth is based upon three factors that affect student population: (1) mobility which measures the migration of students in and out of the District (including move-ins, move-outs, new students from infill housing, drop outs, private school movement, etc.; (2) incoming kindergarten class (i.e., partially determined from recent birth data by zip code); and (3) new residential development and student yield factors. With the information available at this time, the Demographers are in the opinion that future student population will continue to increase as outlined in the demographic report attached. Enrollment is expected to increase by approximately 350 students over the next ten years.
The expected enrollment growth creates a need to house these students. The current facilities in the District are not sufficient to house the projected enrollment growth, and it remains a fact that the District does not have the available land needed to build a new school site.

7. Key findings from District’s Imagine 2022: Facilities Master Plan

Over a period of 18 months, a full range of options was developed by community stakeholders to solve growth in the District. While the community’s priorities include schools with lower enrollment and smaller class size, some concepts ambitiously solve growth comprehensively and simultaneously reduce the sizes of the District’s existing schools. Some of these options explored would require an operational shift within the District by the creation of new school models. These range from different grade structures such as K-4, 5-8, or K-8 schools. Other solutions could offer the District opportunities for a specialized school of choice or magnet school to off load future growth. These could be structured in a wide range of different academic models as well.

The options above were presented to explore future facility needs — not endorse any specific academic structure for a new school. Academic planning was beyond the scope of this study. Although most of these ambitious scenarios could significantly transform the District and greatly expand the educational offerings of the District, they have a larger financial impact and greater effect on the operational structures of the District. Other options to solve growth limit the study to solving the present short term needs. These balance the spectrum with a more cost effective approach.

* * * * *
SECTION 2: TOWN PLANNING AND PROPOSED NEW DEVELOPMENT

The Town has been proceeding with approvals of the North 40 Specific Plan development activities. In addition, the Town has been reviewing proposed revisions to the Housing Element contained in the Town’s General Plan. Recent proposed revisions include several mid-to-high density residential development projects (“Housing Element”). Once built out, the District estimates that a minimum of 562 additional units will be added to the Town’s housing inventory. The District estimates that the actual number of housing units that will be added in the next ten years will be much higher due to infill development and conversion of existing lots to residential use. Current demographic projections only include known developments and generally exclude projects that are less than 10 units.

Given the clear constraints and limitations on the District’s existing facilities, there is no doubt that future development will put a strain on the District’s existing facilities to the detriment of the District’s existing educational program.

FINDINGS AND EVIDENCE TO SUPPORT OVERCROWDING

FINDING 1:

The District finds and determines that as a result of new development planned within the Town of Los Gatos including in-fill development of smaller parcels and additional residential development contemplated in the Town’s Housing Element, conditions of overcrowding exist in one or more attendance areas within the District that will impair the normal functioning of the District’s educational programs.

Evidence in Support of Finding 1: California Department of Education (CDE) Capacity Analysis

Government Code section 65973(a) defines "conditions of overcrowding" as meaning that “the total enrollment of a school, including enrollment from proposed development, exceeds the capacity of the school as determined by the governing body of the district and the policies related to educational equity, school structure and programs listed in Section 1 of this Notice of Findings.

Based on CDE loading standards (e.g., based on CDE acreage recommendations as shown in Table 1), the District calculated the percentage and extent of overcrowding at each of its school sites as set forth in Table 2:
Table 2: LOS GATOS UNION SCHOOL DISTRICT CAPACITY ANALYSIS

<table>
<thead>
<tr>
<th>School Site</th>
<th>Current Enrollment</th>
<th>CDE Recommended Enrollment</th>
<th>+/- Overcrowded Enrollment</th>
<th>% Overcrowded Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blossom Hill Elementary (K-5)</td>
<td>675</td>
<td>616</td>
<td>+59 students</td>
<td>9.6%</td>
</tr>
<tr>
<td>Daves Avenue Elementary (K-5)</td>
<td>575</td>
<td>489</td>
<td>+86 students</td>
<td>17.6%</td>
</tr>
<tr>
<td>Lexington Elementary (K-5)</td>
<td>165</td>
<td>298</td>
<td>-133 students</td>
<td>-44.4%</td>
</tr>
<tr>
<td>Louise Van Meter Elementary (K-5)</td>
<td>671</td>
<td>491</td>
<td>+180 students</td>
<td>36%</td>
</tr>
<tr>
<td>R. J. Fisher Middle School (6-8)</td>
<td>1,235</td>
<td>1,103</td>
<td>+132 students</td>
<td>12%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,321</strong></td>
<td><strong>2,997</strong></td>
<td><strong>+324 students</strong></td>
<td><strong>10.8%</strong></td>
</tr>
</tbody>
</table>

Evidence in Support of Finding 1: Classroom Size and Structure

As stated in Section 1: Policies related to school bond measures and school programs, 84.4% of Los Gatos voters support class size reduction and school structures with ratios of 20:1 students-to-teacher ratios for grades K-3, and 25:1 students-to-teacher ratios for grades 4-8. (See Attachment F- Important Information About Measure B, 2001). Table 3 and Table 4 show the additional classrooms needed to implement this program today as well as for future projected enrollment.

Table 3: LOS GATOS UNION SCHOOL DISTRICT 5-YEAR ENROLLMENT PROJECTIONS
CLASSROOMS NEEDED TO REDUCE CLASS SIZE
(Source: Attachment E: District’s Demographic Study, 2014)

<table>
<thead>
<tr>
<th>Davis Demographics’ Projections Fall 2014</th>
<th>5-Year Projections 2014-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grades K-5 Additional Classrooms 20:1 Ratio</td>
</tr>
<tr>
<td>Projection A No future development</td>
<td>6</td>
</tr>
<tr>
<td>Projection B Known and approved development</td>
<td>8</td>
</tr>
<tr>
<td>Projection C All known future development, moderate density</td>
<td>12</td>
</tr>
</tbody>
</table>
Table 4: LOS GATOS UNION SCHOOL DISTRICT 10-YEAR ENROLLMENT PROJECTIONS CLASSROOMS NEEDED TO REDUCE CLASS SIZE
(Source: Attachment E: District’s Demographic Study, 2014)

<table>
<thead>
<tr>
<th>Davis Demographics’ Projections Fall 2014</th>
<th>10-Year Projections 2014-2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grades K-5 Additional Classrooms 20:1 Ratio</td>
</tr>
<tr>
<td>Projection A No future development</td>
<td>3</td>
</tr>
<tr>
<td>Projection B Known and approved Development</td>
<td>7</td>
</tr>
<tr>
<td>Projection C All known future development, moderate density</td>
<td>14</td>
</tr>
</tbody>
</table>

Evidence in Support of Finding 1: Development Growth

The District’s demographic report (2014) projects enrollment to peak at 3,359 students in the 2016-2017 school year if no additional housing is developed in the Town (e.g., Projection A). In contrast, the same report is projecting a peak of 3,663 students (e.g., Projection C) taking into account all known future development, with moderate density. The District anticipates that development may be higher than predicted once small developments (e.g., single family homes, lot conversions, and subdivisions) are added.

The student enrollment growth strictly correlated to known additional development is expected to generate 304 students as stated in the demographic report. In order to house these students the District will need to purchase land at a minimum six acres in total using a density of 50 students per acre. Preliminary discussions with real estate consultants to identify the purchase of land and potential costs indicate that commercial acreage, if available, costs between $3-4 million per acre. Subsequently, industry standards and consultants anticipate the cost of land will continue to increase in the near future.

If commercial parcels were available today, the District’s approximate cost to obtain such acreage would be between $18-24 million for land acquisition. Any funds received by the imposition of additional mitigation obligations on residential developers would be used strictly for the expansion of school facilities.
FINDING 2:

The District finds and determines that all reasonable methods of mitigating conditions of overcrowding have been evaluated and no feasible method for reducing those conditions exists.

Evidence in Support of Finding 2:

Government Code section 65973(a) defines "reasonable methods for mitigating conditions of overcrowding" as including, but not limited to, agreements between a sub-divider or builder and the affected school district whereby temporary-use buildings will be leased to the school district or temporary-use buildings owned by the school district will be used and agreements between the affected school district and other school districts whereby the affected school district agrees to lease or purchase surplus or underutilized school facilities from other school districts. In addition to these criteria, the District also evaluated several other mitigation options, all of which are discussed in detail.

The reasonable methods of mitigating conditions of overcrowding which have been considered by the District and the determination made concerning them are as follows:

1. Agreements with Developers

The District has been working diligently with the developers within the North 40 Development on potential mitigations and voluntary contributions to reduce the impact on schools resulting from new development, including overcrowding for Blossom Hill Elementary, Louise Van Meter Elementary, Daves Avenue Elementary, and R.J. Fisher Middle School within the District. These mitigations include dedication of land and/or payment of voluntary fees on a per-dwelling unit basis for market rate housing elements that are predicted to generate increased student enrollment based on the District's recent demographic study.

2. Availability of Funding

Restricted Funds: Currently, there are typically two types of restricted funds from which a school district can draw to purchase property and/or construct capital projects. They are developer fees and surplus property sale proceeds. The District currently collects developer fees at a rate of $2.29 for residential projects and $3.34 for commercial projects. Today, this is the maximum fee amount that the District is entitled to collect under the current law.

Currently, the District has no additional funding that can be used to offset the impact of new growth in the District since it has utilized developer fees collected to date for the cost of the new and modernized R.J. Fisher Sports Complex in the amount of $14.2M. In addition, the District can only utilize developer fees generated by new development as those proceeds trickle into the District's coffers. It has long been established and accepted that developer fees fall short of what is needed to adequately mitigate the impact of growth induced by new residential development.
Based on current student generation rates and construction costs, developer fees pay approximately one-third of the cost to build a classroom. This excludes land and other ancillary space that is needed to house students. On a per student basis, current developer fees generate approximately $12,000 - $15,000 per student. Taking into account the purchase of land, the cost to build a new school is approximately $121,000 per student.

In addition, the District does not have surplus funds for capital projects nor does the District currently hold title to surplus property that can be sold to generate funds to mitigate the impact of growth in the District.

**General Fund Revenues:** The District is not in a position to utilize proceeds from the General Fund to mitigate the impact of development through the purchase of land or construction of facilities. General Fund Revenues are dedicated to support educational programs (e.g., books, supplies, and teacher/staff salaries). Any reduction in General Funds for construction or land would impair the normal functioning of educational programs within the District. Simply stated, there are no excess General Funds that can be dedicated for future facility projects. In fact, few people know that the Federal government provides almost no funding to our five public schools. In 2013-2014 California ranked 49th overall in how much it spends per student. California remains near the bottom nationwide in per student spending (source: Quality Counts 2012). For the District, adjusted for inflation, spending per pupil has actually fallen from $9,242 in 2010 to $9,099 in the 2014-2015 school year, about $2,500 below the national average of $11,665.

**State Bond Proceeds:** As required by Government Code section 65971(b)(1), the District has attached a completed application to the Office of Public School Construction ("OPSC") for preliminary determination of eligibility under the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Education Code section 17000 et seq.). It is a fact that the state’s construction bond funding system has been tapped for years. As it stands, according to OPSC, the state has already approved over $2 billion dollars in projects for which there is no state funding. If the District’s application were approved, it would fall in line behind an already insurmountable list of projects for which there is no state funding.

**Proceeds for Local Bond Measures:** All Measure E and Measure B funds have been allocated for the modernization and construction of all existing District schools. Hence, there are no bond proceeds available today for new construction. The District would need to plan for a new local facilities bond measure and the ballot initiative would need to be passed by at least 55% of the voters to cover the cost of new construction.

3. **Use of Existing District Property**

As noted in the Factual Background section above, the District’s facilities cannot accommodate additional growth without modernization and the addition of new classroom space. Current enrollment at each school site is already overcrowded by CDE recommended guidelines for elementary and middle schools (see Table 2). Multi-purpose buildings and other ancillary facilities are already far too small for the current enrollment. Additional classrooms will
deteriorate the quality of education due to excessive overcrowding conditions. For more specific information, reference the Imagine 2022: Los Gatos Union School District Facilities Master Plan, dated December 14, 2012.

4. Use of Property of Neighboring School Districts

There are approximately six elementary school districts that are immediately adjacent to and/or overlap the District’s boundaries. These school districts include: Cambrian, Union, Saratoga, Lakeside, Loma Prieta and the Campbell School districts. These six elementary districts are located outside of the boundaries of the District and therefore would require the District to obtain a waiver form CDE to operate an educational program for students in grades K-8. Thus, it is not feasible for the District to seek space from neighboring districts without the need for a state waiver.

Notwithstanding the practical and legal limitations associated with operating a program in the facilities of another school district, District staff contacted each of the neighboring and overlapping school districts to determine if any classroom space and/or property is available to help the District mitigate the impact of planned development. The responses from the districts were as follows:

<table>
<thead>
<tr>
<th>NEIGHBORING SCHOOL DISTRICT</th>
<th>RESPONSE TO REQUEST FOR SPACE/LAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loma Prieta Elementary</td>
<td>No space available</td>
</tr>
<tr>
<td>Lakeside Elementary</td>
<td>No space available</td>
</tr>
</tbody>
</table>

As illustrated in the Table 5 above, there is no classroom space or land available to the District from neighboring and overlapping school districts.

5. Acquisition of Property

The District seeks to acquire six acres of land to address elementary and middle school growth. Commercial property is currently valued at approximately $3 to 4 million per acre. Residential property has a much higher value and therefore the District would not pursue land that is zoned for residential use.

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DEVELOPMENT MITIGATION SCHEDULE TO REDUCE OVERCROWDING

At this time, on a per student basis, statutory developer fees generate approximately $12,000 - $15,000 per student. Today the cost to purchase land for a small school site within the District’s boundaries is approximately $18-$24 million. Construction of a school is approximately $18-$20 million. Hence, the total cost to build a small school with a capacity of 305 students is approximately $36-$44 million.

The rationale for determining the increase in developer fees to mitigate student growth is as follows:

- The cost to purchase new land equates to a cost of approximately $62,000 per new student for the District.

- The average square footage for all new residential development in the Town of Los Gatos is estimated at 2,500 square feet.

- Applying the student generation rate of 0.386 (see Attachment E – District’s Demographic Study, 2014) the District requests an increase in developer fees based on the cost of land and average square footage for all new residential development. This equates to an additional $9.57 per square foot for each new residential unit as outlined in Table 6.

The District requests that the Town of Los Gatos pass an ordinance imposing the following fee structure on all new residential development based on known costs to date. The additional mitigation fees are expected to only cover the cost to expand school facilities to educate the additional 305 students.
## TABLE 6: DEVELOPMENT MITIGATION SCHEDULE TO REDUCE OVERCROWDING

<table>
<thead>
<tr>
<th>HOUSING ELEMENT</th>
<th>FEE STRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition to Existing Single Family Residential over 500 sq. ft.</td>
<td>1. <strong>Statutory Developer Fees</strong>: At the current rate mandated by Senate Bill 50 (e.g., currently $2.29 per sq. ft. for the District and does not include the high school district’s portion).</td>
</tr>
<tr>
<td>New Single Family Residential Construction</td>
<td>1. <strong>Statutory Developer Fees</strong>: At the current rate mandated by Senate Bill 50 (e.g., currently $2.29 per sq. ft. for the District and does not include the high school district’s portion).</td>
</tr>
<tr>
<td></td>
<td>2. <strong>Additional Developer Mitigation</strong>: $9.57 per sq. ft.</td>
</tr>
<tr>
<td>New Multiple Family Residential Construction</td>
<td>1. <strong>Statutory Developer Fees</strong>: At the current rate mandated by Senate Bill 50 (e.g., currently $2.29 per square footage for the District and does not include the high school district’s portion).</td>
</tr>
<tr>
<td></td>
<td>2. <strong>Additional Developer Mitigation</strong>: $9.57 per sq. ft.</td>
</tr>
<tr>
<td>New Commercial Construction</td>
<td>1. <strong>Statutory Developer Fees</strong>: At the current rate mandated by Senate Bill 50 (e.g., currently $0.34 per sq. ft. for the District and does not include the high school district’s portion).</td>
</tr>
</tbody>
</table>

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