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## Memorandum

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**To:** Rita Brandin, Senior VP/Development Director, Newland Real Estate Group, LLC  
**From:** Sunit Patel, Principal  
**Date:** March 30, 2017  
**Re:** **Newland Sierra Project – School District Analysis**

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Rita,

Per your request, we have prepared this memorandum to summarize our analysis of projected school fees and student generation in connection with development of the Newland Sierra project (“Project”).

### **A. OVERVIEW**

The Project is currently planned for a total of 2,135 residential units (1,140 single family + 995 multi-family dwelling units), 81,000 square feet of neighborhood serving commercial-retail space, and a 6-acre, Kindergarten through eighth grade (K-8) school site. The Project lies within the boundaries of three (3) school districts: San Marcos Unified School District (“SMUSD”), Escondido Union School District (“EUSD”), and Escondido Union High School District (“EUHSD”). SMUSD serves grades K-12, EUSD serves grades K-8, and EUHSD serves grades 9-12. In terms of gross residential units, the Project is split almost equally between SMUSD and EUSD/EUHSD, however, a significant portion (325 dwelling units) of the Project on the EUSD/EUHSD side will include an age-qualified neighborhood which is not anticipated to generate students and would be subject to lower school fees, as further described below.

Using the School District Exhibit prepared by Fuscoe Engineering dated 9/21/16, the Project Site Plan from the Project’s Specific Plan, and the product information provided by Newland (“Product Assumptions”), we identified the applicable Project planning areas located within each school district and the corresponding unit counts, unit types (as defined by the school districts) and home sizes by school district. Our detailed analysis is shown in Exhibit “A” attached hereto and each component is summarized in the sections below.

### **B. SCHOOL FEES**

Based on the Product Assumptions, we identified the total residential (livable) square footage and commercial square footage anticipated to be developed within each school district. The “Mesa” planning area as shown on the Project site plan is planned to be developed as a 325-lot age-qualified neighborhood (i.e., senior community), and therefore, would be subject to commercial/industrial school fees as opposed to standard residential school fees. The entirety of the “Mesa” planning area is located within the boundaries of EUSD and EUHSD, and is broken out separately in our analysis for purposes of calculating



school fees and student generation. The breakdown of total square footage by school district is shown below.

<b>PLANNED DEVELOPMENT SQUARE FOOTAGE</b>			
	<b>SMUSD</b>	<b>EUSD / EUHSD</b>	<b>Total</b>
<b><u>Residential</u></b>			
Total Non-AQ SF	2,276,821	1,432,954	3,709,775
Total Age Qualified SF	0	627,000	627,000
<b><u>Commercial</u></b>			
Total Square Feet	0	81,000	81,000

The applicable school fees per square foot for each school district were determined based on the respective district’s most recent school fee study, as listed below:

- SMUSD: School Facilities Needs Analysis (“SFNA”) dated April 14, 2016.
- EUSD: School Facilities Needs Analysis (“SFNA”) dated March 28, 2016.
- EUHSD: School Fee Justification Study for Commercial and Residential dated March 29, 2016.

Please note, EUSD and EUHSD charge the maximum commercial/industrial school fee of \$0.56 per square foot authorized by the State Allocation Board as of February 26, 2016; these districts have a fee sharing agreement in which EUSHD receives 51.05% and EUSD receives 48.95% of school fee revenues from all commercial/industrial development built (Note: this also includes senior/age-qualified development).

The school fees per square foot for each school district are shown below.

<b>SCHOOL FEES PER SQUARE FOOT</b>			
	<b>SMUSD</b>	<b>EUSD</b>	<b>EUHSD</b>
<b><u>Residential</u></b>			
Residential School Fee	\$4.68	\$2.26	\$1.78
Age Qualified Fee	\$0.56	\$0.274	\$0.286
<b><u>Commercial</u></b>			
Commercial School Fee	\$0.56	\$0.274	\$0.286

Based on the planned development square footage and school fee amounts shown in the tables above, the total school fee revenue projected for each school district is presented below.

<b>TOTAL PROJECTED SCHOOL FEES</b>				
	<b>SMUSD</b>	<b>EUSD</b>	<b>EUHSD</b>	<b>Total</b>
<b>Total Res. &amp; Comm. School Fees</b>	<b>\$10,655,524</b>	<b>\$3,432,552</b>	<b>\$2,753,060</b>	<b>\$16,841,137</b>

### C. STUDENT GENERATION

As noted in the Section B above, of the 2,135 units planned for the Project, 325 units are planned to be age-qualified units, bringing the net number of units which will generate students to 1,810. These units are classified by housing type according to the following defined terms found in the respective school fee studies identified in Section B.

#### SMUSD:

- Single Family Detached or “SFD”: units with no common walls each assigned a unique Assessor’s parcel number.
- Single Family Attached or “SFA”: units with common walls each assigned a unique Assessor’s parcel number (e.g., townhomes, condominiums, etc.).
- Multifamily or “MF”: units with common walls on an Assessor’s parcel on which other units are located.

#### EUSD

- Single Family Detached or “SFD”: units with no common walls each assigned a unique Assessor’s parcel number.
- Single Family Attached or “SFA”: units with common walls each assigned a unique Assessor’s parcel number (e.g., townhomes, condominiums, etc.).
- Multifamily or “MF”: units with common walls on an Assessor’s parcel on which other units are located.

#### EUHSD

- Single Family Detached or “SFD”: *No specific definition indicated.*
- Multi-Family Attached or “MFA”: units such as townhomes, condominiums, apartments, duplexes, etc.

The number of units in each school district broken down by the school districts’ housing type classifications is shown below.

<b>HOUSING TYPE CLASSIFICATIONS (EXCLUDES AGE-QUALIFIED)</b>			
	<b>SMUSD</b>	<b>EUSD / EUHSD</b>	<b>Total</b>
<i>Single Family Detached (SFD):</i> Units	733	220	953
<i>Townhomes/Condos (SFA/MFA):</i> Units	316	541	857
<b>Total</b>	<b>1,049</b>	<b>761</b>	<b>1,810</b>

The student generation rates per household were sourced from the school fee studies referenced in Section B above. These rates can also be found in Exhibit “A” attached hereto. Using the provided rates and the housing type breakdown in the table above we have calculated the students projected to be generated per school district. The estimated student generation totals broken down by school-level are presented in the table below.

<b>STUDENT GENERATION</b>				
	<b>SMUSD</b>	<b>EUSD</b>	<b>EUHSD</b>	<b>Total</b>
<b>Total Elementary Students (K-5)</b>	<b>317</b>	<b>132</b>	<b>-</b>	<b>449</b>
<b>Total Middle Students (6-8)</b>	<b>85</b>	<b>45</b>	<b>-</b>	<b>130</b>
<b>Total High School Students (9-12)</b>	<b>98</b>	<b>-</b>	<b>119</b>	<b>217</b>
<b>Total Students Generated</b>	<b>500</b>	<b>177</b>	<b>119</b>	<b>796</b>
<i>Total School Fees per Student*</i>	<i>\$21,311</i>	<i>\$19,393</i>	<i>\$23,135</i>	<i>\$21,157</i>

\*Represents equivalent school fees per student based on projected school fees shown in Section B.

Please do not hesitate to contact me with any questions regarding this analysis.

EXHIBIT A

Newland Sierra  
School District Analysis  
March 30, 2017

Draft

LAND USE				
	San Marcos Unified (a)	Escondido Union (b)	Escondido Union HS (c)	Total/Avg.
<b>Residential Units</b>	1,049		1,086	2,135
<b>Commercial Square Footage</b>	0		81,000	81,000

SCHOOL FEES				
<b>Residential</b>				
<b>Non Age-Qualified (AQ) Units</b>	1,049		761	1,810
Avg. Non AQ Unit SF	2,170		1,883	2,050
Total Non AQ SF	2,276,821		1,432,954	3,709,775
Residential School Fee	\$4.68	\$2.26	\$1.78	
<b>Subtotal Res. Non-AQ School Fees</b>	<b>\$10,655,524</b>	<b>\$3,238,475</b>	<b>\$2,550,657</b>	<b>\$16,444,657</b>
<b>Age-Qualified Units</b>	N/A		325	325
Avg. Age Qualified SF	N/A		1,929	1,929
Total Age Qualified SF	N/A		627,000	627,000
Age Qualified Fee	\$0.56	\$0.274	\$0.286	
<b>Subtotal Age Qualified Fees</b>	<b>-</b>	<b>\$171,873</b>	<b>\$179,247</b>	<b>351,120</b>
<b>Total School Fees</b>	<b>\$10,655,524</b>	<b>\$3,410,348</b>	<b>\$2,729,904</b>	<b>\$16,795,777</b>
<b>Total School Fees/Unit</b>	<b>\$10,158</b>	<b>\$3,140</b>	<b>\$2,514</b>	<b>\$7,867</b>
<b>Commercial</b>				
<b>Total Square Feet</b>	0		81,000	81,000
<b>Commercial School Fee</b>	\$0.56	\$0.274	\$0.286	
<b>Total School Fees</b>	<b>\$0</b>	<b>\$22,204</b>	<b>\$23,156</b>	<b>\$45,360</b>
<b>Total Res. &amp; Comm. School Fees [1]</b>	<b>\$10,655,524</b>	<b>\$3,432,552</b>	<b>\$2,753,060</b>	<b>\$16,841,137</b>

STUDENT GENERATION				
	San Marcos Unified (a)	Escondido Union (b)	Escondido Union HS (c)	Total/Avg.
<i>Single Family Detached (SFD):</i>				
Units	733		220	953
Generation Rates:				
Elementary	0.3605	0.2949	-	
Middle	0.0901	0.0832	-	
High	0.0986	-	0.1365	
<b>SGR Total</b>	<b>0.5492</b>	<b>0.3781</b>	<b>0.1365</b>	
Projected Students:				
<b>Subtotal Elementary</b>	<b>265</b>	<b>65</b>	<b>-</b>	<b>330</b>
<b>Subtotal Middle</b>	<b>67</b>	<b>19</b>	<b>-</b>	<b>86</b>
<b>Subtotal High</b>	<b>73</b>	<b>-</b>	<b>31</b>	<b>104</b>
<b>Total SFD Students</b>	<b>405</b>	<b>84</b>	<b>31</b>	<b>520</b>
<i>Townhomes/Condos (SFA/MFA):</i>				
Units	316		541	857
Generation Rates:				
Elementary	0.1617	0.1235	-	
Middle	0.0561	0.0466	-	
High	0.0776	-	0.1617	
<b>SGR Total</b>	<b>0.2954</b>	<b>0.1701</b>	<b>0.1617</b>	
Projected Students:				
<b>Subtotal Elementary</b>	<b>52</b>	<b>67</b>	<b>-</b>	<b>119</b>
<b>Subtotal Middle</b>	<b>18</b>	<b>26</b>	<b>-</b>	<b>44</b>
<b>Subtotal High</b>	<b>25</b>	<b>-</b>	<b>88</b>	<b>113</b>
<b>Total SFA/MFA Students</b>	<b>95</b>	<b>93</b>	<b>88</b>	<b>276</b>
<b>Total Elementary Students (K-5)</b>	<b>317</b>	<b>132</b>	<b>-</b>	<b>449</b>
<b>Total Middle Students (6-8)</b>	<b>85</b>	<b>45</b>	<b>-</b>	<b>130</b>
<b>Total High School Students (9-12)</b>	<b>98</b>	<b>-</b>	<b>119</b>	<b>217</b>
<b>Total Students Generated [2]</b>	<b>500</b>	<b>177</b>	<b>119</b>	<b>796</b>
<b>Total School Fees per Student [1]+[2]</b>	<b>\$21,311</b>	<b>\$19,393</b>	<b>\$23,135</b>	<b>\$21,157</b>

**Footnotes:**

(a) San Marcos Unified School District fees and student generation rates per School Facilities Needs Analysis prepared by Dolinka Group dated April 14, 2016.

(b) Escondido Union School District fees and student generation rates per School Facilities Needs Analysis prepared by Dolinka Group dated March 28, 2016.

(c) Escondido Union High School District fees and generation rates per Residential Development School Fee Justification Study prepared by Dolinka Group dated March 29, 2016. Age-restricted fees per Commercial/Industrial Development School Fee Justification Study prepared by Dolinka Group dated March 29, 2016.