



RECEIVED

AUG 26 2014

San Luis Obispo
Grand Jury

San Luis Obispo County Grand Jury
P.O. Box 4910
San Luis Obispo, CA 93403

Presiding Judge Dodie A. Harman
Superior Court of California
1035 Palm Street, Room 355
San Luis Obispo, CA 93408

Re: *Response of the San Luis Obispo County Superintendent of Schools to the San Luis Obispo County Grand Jury Report*

Dear Members of the Grand Jury and Honorable Presiding Judge Harman:

My office is in receipt of the San Luis Obispo County Grand Jury's report entitled "Developer Fees: A School Lesson in Justification" ("Report") dated June 5, 2014. The Report pertains to the use of development fees charged by Cayucos Elementary School District ("Cayucos Elementary") and Coast Unified School District ("Coast Unified") pursuant to California Education Code sections 17620 through 17626 and California Government Code sections 65995 through 66008. I hereby respond to the Report pursuant to Penal Code section 933.05. As requested, I am responding to Findings 1-6 and Recommendations 2 and 5.

RESPONSE TO GRAND JURY'S FINDINGS

Finding 1. *Cayucos Elementary and Coast Unified are not in compliance with California Education Code section 17623 as they are operating without a fee splitting agreement since it expired in 2010.*

It is accurate that the developer fee agreement between Cayucos Elementary and Coast Unified has expired and the parties do not have a current development fee splitting agreement. The districts are very close to completing a successor fee splitting agreement in compliance with Education Code section 17623. The County Office is committed to assisting the school districts resolve this issue.

Finding 2. *The fees for development projects in Cayucos might need to be paid to two separate locations since Cayucos Elementary and Coast Unified cannot agree on having the fees collected at a single site.*

I disagree with this finding. My office is offering to assist the parties by collecting developer fees at the County Office of Education. The County Office will not charge the parties to collect developer fees.

Finding 3. *Coast Unified's proportion of Cayucos developer fees have been expended at locations other than Coast Union High School in breach of the fee splitting agreement between the school districts, and also it does not meet the reasonable relationship established by the Government Code section 66001(a)(3) between the imposition of the fee on a Cayucos development and the benefit within Coast Unified.*

I disagree with this finding. The fee splitting agreement does not limit expenditures to the Coast Unified High School only. I will remind Coast Unified to review Government Code section 66001(a)(3).

Finding 4. *Neither Cayucos Elementary nor Coast Unified have verified their compliance with Government Code section 66001(d) that mandates five-year audits of the developer fee programs.*

I partially disagree with this finding. It is my understanding that both school districts provided pertinent information available regarding the imposition and expenditure of developer fees to the Grand Jury. The Grand Jury's analysis is well-taken, and the County Office is available to assist both school districts to ensure a more strict compliance with Government Code section 66001(d).

Finding 5. *Despite the intent within the justification studies to demonstrate student enrollment growth, the increased enrollment projected by both districts has not been realized as Cayucos Elementary and Coast Unified school districts have both experienced stagnant or declining enrollment and under capacity of maximum enrollment.*

I disagree with this finding. The developer fee justification study is based on the increase in residential and commercial space and projected enrollment. The developer fee justification study is not based on actual enrollment. Cayucos Elementary and Coast Unified school districts appear to have properly projected enrollment as required by the Government Code.

Finding 6. *The Education or Government Code does not provide for administrative oversight of developer fees beyond their local school board. Therefore, school districts have the authority to act independently with no oversight, especially from the County Office of Education.*

I agree with this finding.

RESPONSE TO GRAND JURY'S RECOMMENDATIONS

Recommendation 2. *Cayucos Elementary and Coast Unified school districts should work together, along with the County Superintendent of Schools, to agree on one location for the collection of the fees, so as to not create the need for a developer to travel to two places to pay the respective portion of the fee.*

I have, and will continue to, facilitate meetings with Cayucos Elementary and Coast Unified school districts with the goal of collecting developer fees at one location. My office is offering to assist the parties by collecting developer fees at the County Office of Education. The County Office will not charge the parties to collect fees.

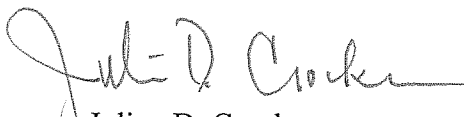
Recommendation 5. *The County Office of Education should lobby the state legislature for oversight authority of the developer fee program.*

Current law provides that school districts publicly report the justification for developer fees and the expenditure of developer fees. I believe the current requirements are sufficient for compliance and transparency. I do not believe the recommendation should be implemented.

CONCLUSION

Once you have had an opportunity to review the foregoing, please contact the undersigned with any follow-up comments or questions you may have.

Sincerely,



Julian D. Crocker
County Superintendent of Schools

c: Anne Hubbard, Superintendent, Cayucos ESD
Dr. Vicki Schumacher, Superintendent, Coast USD