

Regular Board Meeting of September 26, 2007

September 19, 2007

To: Board Members
From: Rodger Smith
Through: Tom Bishop
Subject: Facilities Report for September

Ocean Air School

The construction of Ocean Air School is complete. The final change order and notices of completion are proposed for the Board's approval on this agenda. The school is performing remarkably well in all regards. Interested members of the community are encouraged to attend the dedication ceremony for Ocean Air School on Friday, September 28, 2007, at 3:15 p.m.

Torrey Hills Windows

A demand letter was sent to Challenger Sheet Metal, Inc. on September 12 by the district's legal counsel. The letter requires a response by the contractor on or before October 15, 2007. Letters with proposed settlement language will be sent to the remaining two contractors early next week. There are no anticipated difficulties in reaching a settlement with latter two contractors.

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Regular Board Meeting of September 26, 2007

Ocean Air School Construction Expenditures

A. SITE	Budget	Revised Budget	Expenditures as of 9/18/07
Purchase Price of Property			
Purchase Price 6.25 acres	\$ 3,695,000	\$ 3,695,000	\$ 3,695,000
District's construction contribution for joint use fields	1,560,000	1,675,173	-
Escrow Costs			
Escrow & Title Fees	4,000	4,000	9,236
Legal Fees	5,000	5,000	2,936
Appraisal Fees			
Cost of original & updated appraisals	10,250	13,750	13,750
Surveying Costs			
Land Surveys, Topos	30,000	55,565	78,533
Site Support Costs			
Environmental Consultant (EIR)	37,000	40,664	40,664
Phase 1 / DTSC (school site & joint use site)	10,200	22,106	22,106
Geotechnical Soils report/Geocon site	10,000	15,563	15,563
Other Site Costs (permits, address)		1,206	785
B. PLANNING			
Architect/Engineering Fees			
Architect Fees (Based on 25 Mil Contracts)	1,437,500	1,437,500	1,347,868
Architect Reimbursable			
DSA Plan Check Fees			
DSA Fees	137,000	131,482	131,482
CDE Plan Check Fees			
CDE Fees	14,000	14,000	-
Other Planning Costs			
Bid Advertisements	2,000	473	473
Printing	50,000	59,797	63,974
C. CONSTRUCTION			
Site Development			
Utility Services (water, gas, electric)	150,000	150,000	134,326
New Construction			
Contractor Trade Packages	24,849,000	24,849,000	22,955,059
Construction Management - Barnhart Construction			
Pre Construction	51,000	51,000	51,000
CM Fees 4.50%	1,118,205	1,118,205	1,090,002
General Conditions	1,200,000	1,200,000	1,040,036
CM Reimbursable	150,000	132,844	101,819
Other Construction Costs			
LCP Program	90,000	60,000	33,598
Storm Water Compliance	25,675	25,675	20,819
Shade structure hex (lunch shelter)	34,000	34,000	34,250
Other Construction (carpet, Network system, ins.appl)	620,000	620,000	505,754
Contingency	1,200,000	1,200,000	
D. TESTING			
Testing Special Material	100,000	100,000	113,382
Geotechnics Testing	120,000	100,000	75,344
E. INSPECTION			
Inspection			
Inspector of Record	200,000	213,000	136,389
F. FURNITURE & EQUIPMENT			
Furniture & Equipment	700,000	700,000	184,487
TOTAL COST ESTIMATE			
Construction Costs Without Land	\$ 32,350,830	\$ 32,350,830	\$ 28,194,399
Construction Costs With Land	\$ 37,609,830	\$ 37,725,003	\$ 31,898,635

Remaining Project Costs to Expend as of 9/18/07
\$5,826,368

		Start Up Project Revenue	17-Jun-03 Remaining Available Revenue	
<u>PROJECT REVENUE SOURCES</u>				
Obligation of NCWJPA - Construction	\$ 14,000,000			
Escalation cost index	<u>\$ 3,600,000</u>	\$ 17,600,000	\$ 1,082,498	***
Obligation of NCWJPA - Land	\$ 7,000,000			
Escalation cost index	<u>1,095,238</u>	8,095,238	1,832,000	***
CFD 95-1 Available Construction Funds		4,000,000	169,556	
CFD 95-1 Bond Proceeds for construction			7,990,048	
State School Funding Eligibility			0	
Savings by Design SDGE		58,714	58,714	
Prior Years Start up costs		<u>11,782</u>	<u>11,782</u>	
Total Revenue Avail for Project		\$ 29,765,734	\$ 11,144,598	
			<u>\$ (783,682)</u>	Owe GF 03-772
			\$ 10,360,916	

*** Remaining revenue from NCWJPA is based on cashflow received over a period of time beginning July 2007 through July 2008

Remaining Available Revenue as of 6/18/07	10,360,916
Remaining Construction Costs to Expend as of 5/10/07	<u>\$5,826,368</u>
	4,534,548
Unused Project Contingency	\$ 1,200,000
Current Remaining Project Revenue	5,734,548

Bd Approved Change Orders	
C/O #1	\$ 110,333
C/O #2	(33,249)
C/O #3	(263,251)
Waterline Reimbursement Agreement with Pardee	214,476
C/O #4	(32,251)
C/O #5	(15,729)
Total	\$ (19,671)

September 26, 2007

To: Board Members
From: Tom Bishop
Subject: Update: Shores Escrow

Staff is pleased to inform the Board of Trustees that the City of Del Mar increased their Shores escrow deposit from \$100,000 to \$250,000 on August 30, as per the July 31, 2007 Purchase and Sale Agreement and Escrow Instructions Between the City of Del Mar and the DMUSD.

The Due Diligence Period has now expired, and the \$250,000 deposit has become non-refundable. The next escrow benchmark for the City of Del Mar is October 31, 2007 when the City of Del Mar will need to deposit an additional \$2,800,000 into escrow.

Staff will update the Board regarding the Shores escrow on November 1, 2007.

September 19, 2007

To: Board Members
From: Rodger Smith
Through: Tom Bishop
Subject: Calendar for Future Capital Facilities Needs

During the meeting of the Board on August 29, 2007, timelines for designing and constructing three possible projects within the district were discussed. The projects are:

- Possible construction of a new district administration center or possible modification of an existing district facility
- Possible construction of new and/or modernized facilities to house the merged programs of employee childcare and pre-school Special Education
- Possible construction of a central kitchen facility for the district's Child Nutrition program

The estimated time involved in the design and construction of these possible facilities ranges from 2.5 to more than 3 years for each project. At the present time, funding sources for the three projects have not been firmly identified, however, it is anticipated that proceeds from the sale of the Shores property will be available to provide support for some portion of one or more of these projects.

The purpose in bringing this item back to the Board at this meeting is to provide an opportunity for Board Members to offer guidance to district staff relative to prioritization, timing, location and funding for these projects. In that regard, staff respectfully requests direction from Board members on the following items:

- Should all three possible projects be treated as high priority?
If not, what item(s) should receive first priority for attention?
What item(s) should receive lower priority?
- Approximately what level of funding should be allocated to each project?

- What are the Board's preferences for a process to determine possible locations for these projects?

District staff appreciates direction from the Board on these issues as soon as possible so that the planning process can begin at the earliest possible opportunity.

RECOMMENDED: Not applicable; this item is for information only at this time.

Regular Board Meeting of September 26, 2007

September 19, 2007

To: Board Members
 From: Rodger Smith
 Through: Tom Bishop
 Subject: Board Approval of Change Order #8 in the Construction of Ocean Air School in the Amount of \$21,932.00.

Change order approval is needed at this time for items that were not originally anticipated or changes that became necessary during the construction of Ocean Air School. Change order detail follows this page for the following trade contractors:

Sierra Pacific West, Inc.	\$	16,149.00
Murray Cabinets, Inc.		6,342.00
ISEC, Inc.		< 559.00>
Total	\$	21,932.00

FISCAL IMPACT: The fiscal impact of this change order will add \$21,932.00 to the cost of construction of Ocean Air School. This additional cost will be paid from funds from the North City West JPA and CFD 95-1.

RECOMMENDED: The Superintendent Recommends Board Approval of Change Order #8 in the Construction of Ocean Air School in the Amount of \$21,932.00.

8.4

Regular Board Meeting of September 26, 2007

CONTRACT CHANGE ORDER # 08

CONTRACT FOR:
Ocean Air School
11444 Canter Heights Drive
San Diego, CA.

CONTRACT CHANGE ORDER **NO. 08**
INITIATION DATE: 26-September-07

CM PROJECT #: 5070
ARCHITECT PROJECT #: 4045

Bid Package #1	Sierra Pacific West, Inc.	ADD/DEDUCT:	\$ 16,149.00
Bid Package #7	Murray Cabinets, Inc.	ADD/DEDUCT:	\$ 6,342.00
Bid Package #12	ISEC, Inc.	ADD/DEDUCT:	< \$ 559.00 >

TOTAL CONTRACT CHANGE ORDER AMOUNT: \$ 21,932.00

ADD: TWENTY ONE THOUSAND NINE HUNDRED THIRTY-TWO DOLLARS & 00/100

CONTRACT SUMMARY

The original Contract Sum was:	\$	24,849,433.00
Net change by previously authorized Change Orders:	\$	<143,710.00>
The Contract Sum prior to this Change Order was:	\$	24,705,723.00
The Contract Sum will be (increased) (decreased)(unchanged) by this Change Order:	\$	21,932.00
The new Contract Sum including this Change Order will be:	\$	24,727655,.00
The Contract Time will be (increased)(decreased) (unchanged) :		0 DAYS

CHANGE ORDER

CONTRACT FOR:
OCEAN AIR SCHOOL
BID PACKAGE # 1

CHANGE ORDER NO: 04 100
INITIATION DATE: 19-September-07

TO: Sierra Pacific West, Inc.
2125 La Mirada
Vista, CA. 92081

CM PROJECT #: 5070
ARCHITECT PROJECT #: 4045

You are hereby directed to provide the extra work necessary to comply with this Change Order:

Items A-C: See Attached for Change Order Description/Breakdown. **ADD/DEDUCT: \$ 16,149.00**

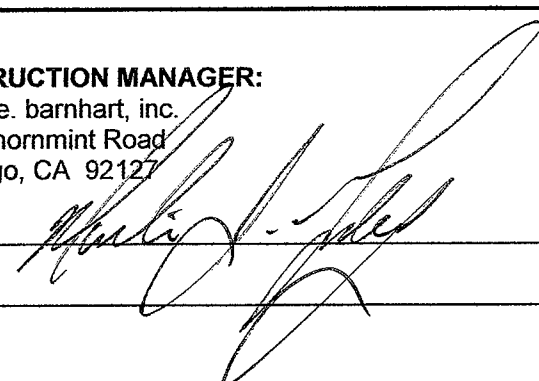
ADD: SIXTEEN THOUSAND ONE HUNDRED FORTY-NINE DOLLARS & 00/100

Contractor accepts the terms and conditions stated above as full and final settlement of any and all claims arising from this change order. Contractor agrees to perform the above-described work in accordance with the terms herein and in compliance with the applicable sections of the contract documents. Signature of the Contractor indicates his agreement herewith, including any adjustment in the Contract Sum or Contract Time. Not valid until signed by the Owner, Construction Manager and Architect.

The Original Contract Sum was:	\$	842,578.00
Net change by previously authorized Change Orders:	\$	<65,950.00>
The Contract Sum prior to this Change Order was:	\$	776,555.00
The Contract Sum will be (increased)(decreased)(unchanged) by this Change Order:	\$	16,149.00
The New Contract Sum including this Change Order will be:	\$	792,704.00
The Contract Time will be (increased)(decreased)(unchanged) :		0 DAYS
The Date of Substantial Completion as of the date of this Change Order therefore is:		_____

CONSTRUCTION MANAGER:

douglas e. barnhart, inc.
10760 Thornmint Road
San Diego, CA 92127

By: 
Date: _____

ARCHITECT:

Westburg+White, Inc.
1775 Hancock Street Suite 270
San Diego, CA 92110

By: _____
Date: _____

TRADE CONTRACTOR:

Sierra Pacific West, Inc.
2125 La Mirada
Vista, CA 92081

By: _____
Date: _____

OWNER:

Del Mar Union School District
225 Ninth Street.
Del Mar, CA 92014

By: _____
Date: _____

TO CONTRACTOR: **Sierra Pacific West, Inc.** – Bid Package 1
PROJECT: **OCEAN AIR SCHOOL**

DATE: September 19, 2007 101
ARCHITECT'S PROJECT NO. 4045

Change Order #4

The contract is changed as follows:

Bid Package #1:

Item A:	Description:	Extra Grading Slope Beyond Perimeter Wall	Add	\$ 16,000
	FF#:	118		
	Requested By:	Architect/District		
	Reason for Change:	Added work to better transition slope to drain ditch.		
Item B:	Description:	Remove Spoils Generated by Brow Ditch	Add	\$ 1,049
	FF#:	147		
	Requested By:	Architect/District		
	Reason for Change:	Additional spoils removal due to larger size drain ditch.		
Item C:	Description:	Delete Fire Lane Signage, Add 500' Red Curb.	Credit	<\$ 900>
	FF#:	168		
	Requested By:	District		
	Reason for Change:	Painted curb requested by District due to signage not needed.		

CHANGE ORDER

CONTRACT FOR:
OCEAN AIR SCHOOL
BID PACKAGE # 7

CHANGE ORDER NO: 03 102
INITIATION DATE: 16-September-07

TO: Murray Cabinets, Inc.
3325 India Street
San Diego, CA. 92103

CM PROJECT #: 5070
ARCHITECT PROJECT #: 4045

You are hereby directed to provide the extra work necessary to comply with this Change Order:

Items A thru C: See Attached for Change Order Description/Breakdown. **ADD/DEDUCT: \$ 6,342.00**

ADD: SIX THOUSAND THREE HUNDRED FORTY-TWO DOLLARS & 00/100

Contractor accepts the terms and conditions stated above as full and final settlement of any and all claims arising from this change order. Contractor agrees to perform the above-described work in accordance with the terms herein and in compliance with the applicable sections of the contract documents. Signature of the Contractor indicates his agreement herewith, including any adjustment in the Contract Sum or Contract Time. Not valid until signed by the Owner, Construction Manager and Architect.

The original Contract Sum was:	\$	562,669.00
Net change by previously authorized Change Orders:	\$	8,717.00
The Contract Sum prior to this Change Order was:	\$	571,386.00
The Contract Sum will be (increased)(decreased)(unchanged) by this Change Order:	\$	6,342.00
The new Contract Sum including this Change Order will be:	\$	577,728.00
The Contract Time will be (increased)(decreased)(unchanged):		0 DAYS
The Date of Substantial Completion as of the date of this Change Order therefore is:		_____

CONSTRUCTION MANAGER:

douglas e. barnhart, inc.
10760 Thornmint Road
San Diego, CA 92127

By: _____

Date: _____

ARCHITECT:

Westburg+White, Inc.
1775 Hancock Street Suite 270
San Diego, CA 92110

By: _____

Date: _____

TRADE CONTRACTOR:

Murray Cabinets, Inc.
3325 India Street
San Diego, CA 92103

By: _____

Date: _____

OWNER:

Del Mar Union School District
225 Ninth Street.
Del Mar, CA 92014

By: _____

Date: _____

Change Order #3

The contract is changed as follows:

Bid Package #7:

Item A:	Description:	Teacher's Lounge Revisions to Casework .	Add	\$ 1,844
	FF#:	034.a		
	Requested By:	District		
	Reason for Change:	Owner Requested Casework Revisions in lounge.		
Item B:	Description:	Add Corian tops at Short Walls in Bldgs. A & D	Add	\$ 2,289
	FF#:	034.b		
	Requested By:	Architect/District		
	Reason for Change:	Owner/Arch Requested Revisions.		
Item C:	Description:	Add Computer Station End Panel Supports	Add	\$ 2,209
	FF#:	191		
	Requested By:	Architect		
	Reason for Change:	Add to provide needed, improved countertop strength.		

CHANGE ORDER

CONTRACT FOR:
OCEAN AIR SCHOOL
BID PACKAGE # 12

CHANGE ORDER NO: 3 104
INITIATION DATE: 19-September-07

TO: ISEC, INC.
5735 Kearney Villa Rd. Ste. 106
San Diego, CA 92123

CM PROJECT #: 5070
ARCHITECT PROJECT #: 4045

You are hereby directed to provide the extra work necessary to comply with this Change Order:

Item A-B : See Attached for Change Order Description/Breakdown. -ADD/DEDUCT: \$ 559.00

DEDUCT: FIVE HUNDRED AND FIFTY-NINE DOLLARS & 00/100

Contractor accepts the terms and conditions stated above as full and final settlement of any and all claims arising from this change order. Contractor agrees to perform the above-described work in accordance with the terms herein and in compliance with the applicable sections of the contract documents. Signature of the Contractor indicates his agreement herewith, including any adjustment in the Contract Sum or Contract Time. Not valid until signed by the Owner, Construction Manager and Architect.

The original Contract Sum was:	\$	817,141.00
Net change by previously authorized Change Orders:	\$	<158,745.00>
The Contract Sum prior to this Change Order was:	\$	658,396.00
The Contract Sum will be (increased)(decreased)(unchanged) by this Change Order:	\$	<559.00>
The new Contract Sum including this Change Order will be:	\$	657,837.00
The Contract Time will be (increased)(decreased)(unchanged):		0 DAYS
The Date of Substantial Completion as of the date of this Change Order therefore is:		_____

CONSTRUCTION MANAGER:

douglas e. barnhart, inc.
10760 Thornmint Road
San Diego, CA 92127

By: _____

Date: _____

ARCHITECT:

Westburg+White, Inc.
1775 Hancock Street Suite 270
San Diego, CA 92110

By: _____

Date: _____

TRADE CONTRACTOR:

ISEC, Inc.
5735 Kearney Villa Rd. Ste. 106
San Diego, CA 92123

By: _____

Date: _____

OWNER:

Del Mar Union School District
225 Ninth Street.
Del Mar, CA 92014

By: _____

Date: _____

Change Order #3

The contract is changed as follows:

Bid Package #5:

Item A:	Description:	Signage Revisions per Jobsite Mtg.	Credit	<\$ 1,242>
	FF#:	052		
	Requested By:	District		
	Reason for Change:	Required for revisions to descriptions and quantity.		
Item B:	Description:	Relocate Bike Rack to Originally Planned Location	Add	\$ 683
	FF#:	173		
	Requested By:	District		
	Reason for Change:	Relocated for safety.		

Regular Board Meeting of September 26, 2007

September 19, 2007

To: Board Members
From: Rodger Smith
Through: Tom Bishop
Subject: Board Approval of Notices of Completion for Sierra Pacific West, Inc., Murray Cabinets, Inc., and ISEC, Inc. for the Construction of Ocean Air School

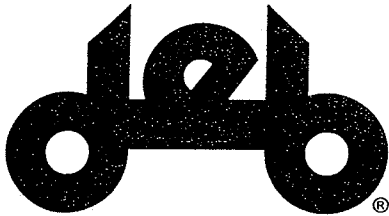
The District has been informed by our construction manager, Douglas E. Barnhart, Inc., that the companies listed above have completed all contractual obligations associated with their responsibilities in the construction of Ocean Air School. When a contractor on a public works project completes their contractual responsibilities, the District is required to file a "Notice of Completion" with the County Recorder. When the "Notice of Completion" is recorded, the warranty period for the contractor's work begins.

FISCAL IMPACT: There is no fiscal impact associated with filing the "Notice of Completion."

RECOMMENDED: The Superintendent Recommends Board Approval of Notices of Completion for Sierra Pacific West, Inc., Murray Cabinets, Inc., and ISEC, Inc. for the Construction of Ocean Air School.

8.5

Regular Board Meeting of September 26, 2007



barnhart, inc.

September 19, 2007

Del Mar Union School District
225 Ninth Street
Del Mar, CA. 92014

Att: Mr. Rodger Smith; Director of H.R. and Facilities Planning

Re: deb, inc. Project #5070
Ocean Air School
11444 Canter Heights Drive.
San Diego, CA.

Subject: Notice of Completion for Sierra Pacific West Inc. Bid Package #1

Rodger;

Sierra Pacific West Inc. has successfully completed all contractual obligations associated with **Bid Package #1**. As Construction Manager for DMUSD, it is our recommendation that the District submit the appropriate file documents for official **Notice of Completion** for **Bid Package #1**.

Should you have any questions regarding the above recommendation, contact the undersigned at your convenience.

Sincerely,
douglas e. barnhart, inc.



Martin Gabey
Senior Project Manager

MG

cc: Office File #5070
Reads
Glynn Hoekstra (deb, inc.)
Richard Bruce (deb, inc.)

To be recorded with County Recorder
within 10 days after completion.
No recording fee

When recorded, return to:

Del Mar Union School District
225 Ninth Street
Del Mar, CA. 92014

NOTICE OF COMPLETION
Civil Code § 3093 – Public Works

Notice is hereby given by the undersigned owner, a public entity of the State of California, that a public work of improvement has been completed, as follows:

Project title or description of work:
Ocean Air School
DSA File # 37-18, Application # 107752

Date of Completion: September 26, 2007
Name of Owner: Del Mar Union School District
Interest or Estate of Owner: Public School District
Name of Trade Contractor: **Sierra Pacific West, Inc.**
Bid Package # 1
Street address of site: Ocean Air School
11444 Canter Heights Drive
San Diego, CA
Date contract entered: September, 2006

Dated: _____ Owner: Del Mar Union School District
By: Thomas F. Bishop
Title: Superintendent

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I am the _____ of the governing board of the public entity which executed the foregoing notice and on whose behalf I make this verification; I have read said notice, know its contents, and the same is true. I certify under penalty of perjury that the foregoing is true and correct.

Executed at _____, California, on _____, 2007.

Name

Signature



barnhart, inc.

September 19, 2007

Del Mar Union School District
225 Ninth Street
Del Mar, CA. 92014

Att: Mr. Rodger Smith; Director of H.R. and Facilities Planning

Re: deb, inc. Project #5070
Ocean Air School
11444 Canter Heights Drive.
San Diego, CA.

Subject: Notice of Completion for Murray Cabinets Inc. Bid Package #7

Rodger;

Murray Cabinets Inc. has successfully completed all contractual obligations associated with **Bid Package #7**. As Construction Manager for DMUSD, it is our recommendation that the District submit the appropriate file documents for official **Notice of Completion** for **Bid Package #7**.

Should you have any questions regarding the above recommendation, contact the undersigned at your convenience.

Sincerely,
douglas e. barnhart, inc.



Martin Gabey
Senior Project Manager

MG
cc: Office File #5070
Reads
Glynn Hoekstra (deb, inc.)
Richard Bruce (deb, inc.)

To be recorded with County Recorder
within 10 days after completion.
No recording fee

When recorded, return to: Del Mar Union School District 225 Ninth Street Del Mar, CA. 92014
NOTICE OF COMPLETION Civil Code § 3093 – Public Works

Notice is hereby given by the undersigned owner, a public entity of the State of California, that a public work of improvement has been completed, as follows:

Project title or description of work:

**Ocean Air School
DSA File # 37-18, Application # 107752**

Date of Completion: September 26, 2007

Name of Owner: Del Mar Union School District

Interest or Estate of Owner: Public School District

Name of Trade Contractor: **Murray Cabinets, Inc.
Bid Package # 7**

Street address of site: Ocean Air School
11444 Canter Heights Drive
San Diego, CA

Date contract entered: September, 2006

Dated: _____ Owner: Del Mar Union School District

By: Thomas F. Bishop

Title: Superintendent

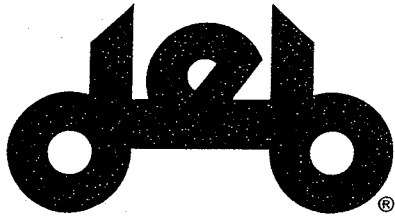
STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I am the _____ of the governing board of the public entity which executed the foregoing notice and on whose behalf I make this verification; I have read said notice, know its contents, and the same is true. I certify under penalty of perjury that the foregoing is true and correct.

Executed at _____, California, on _____, 2007.

Name

Signature



barnhart, inc.

September 19, 2007

Del Mar Union School District
225 Ninth Street
Del Mar, CA. 92014

Att: Mr. Rodger Smith; Director of H.R. and Facilities Planning

Re: deb, inc. Project #5070
Ocean Air School
11444 Canter Heights Drive.
San Diego, CA.

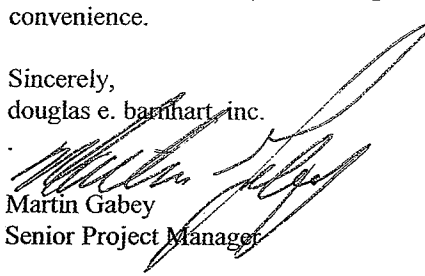
Subject: Notice of Completion for ISEC, Inc. Bid Package #12

Rodger;

ISEC, Inc. has successfully completed all contractual obligations associated with **Bid Package #12**. As Construction Manager for DMUSD, it is our recommendation that the District submit the appropriate file documents for official **Notice of Completion for Bid Package #12**.

Should you have any questions regarding the above recommendation, contact the undersigned at your convenience.

Sincerely,
douglas e. barnhart, inc.



Martin Gabey
Senior Project Manager

MG

cc: Office File #5070
Reads
Glynn Hoekstra (deb, inc.)
Richard Bruce (deb, inc.)

September 19, 2007

To: Board Members

From: Rodger Smith

Through: Tom Bishop

Subject: Approval of an Agreement with the Dolinka Group to Update the Del Mar Union School District's School Fee Justification Studies

For more than ten years, the Del Mar Union School District has collected fees on new residential and commercial/industrial development in order to mitigate the impacts of this new development on the ability of school facilities to house new enrollment that is related to the new development. For the majority of the district's geographical area, these impacts have been mitigated through the creation of Community Facilities Districts (CFD's). There are portions of the district's geographical area, however, that are not incorporated into one of these CFD's. For new development in areas of the district that are not part of a CFD, the district collects fees, commonly titled "Developer Fees," for the same purpose for which the CFD's were formed.

The Del Mar Union School District currently collects school fees of \$1.245 per square foot for new residential development and \$.195 per square foot for new commercial/industrial development in areas of the district that are not part of a CFD. In the last two fiscal years, the district collected school fees in the amount of \$157,512 in 2006-2007 and \$161,794 in 2005-2006. Expenditures from these funds during the last two years have included a portion of the costs for the new multipurpose room at Del Mar Hills, remodeling of the stage at Del Mar Heights and portions of the construction of Ocean Air School.

Every two years, the State Allocation Board (SAB) evaluates the cost of new school facility construction and makes a determination if the current statutory school fees are sufficient to offset the cost of new school facility construction. Once this determination is made, the SAB is authorized by Section 66000 of the Government Code to increase the allowable amount that districts may collect in school fees in order to more adequately address the costs of new school facilities construction.

If the SAB determines that a fee increase is in order, school districts must justify the need to charge the higher fee through the preparation of "Residential and

Commercial/Industrial Development School Fee Justification Studies.” The results of the study must indicate that the costs of the impact of new development in terms of new school construction exceed the current fees collected by the district. If the results of the study do, in fact, conclude that this is the case, the district may adopt the higher fee prescribed by the SAB.

For the past ten years, Benjamin Dolinka has been responsible for the preparation of school fee justification studies for the district. Mr. Dolinka was formerly associated with David Taussig and Associates; he is now associated with the Dolinka Group. District staff recommends that the district enter into an agreement with the Dolinka Group to update the districts school fees justification studies in order to determine if the DMUSD is entitled to adopt a higher fee structure in the event that the SAB determines that a higher level of school fees is in order. A copy of the proposed agreement follows this narrative.

FISCAL IMPACT: Revenue: This expenditure will be paid from unrestricted General fund revenues.

Expenditure: This expenditure was not budgeted in the 2007-2008 budget process.

Fund Balance: This expenditure will be a negative impact of \$7500 to the Unrestricted General Fund Balance.

RECOMMENDED: The Superintendent Recommends Approval of an Agreement with the Dolinka Group to Update the Del Mar Union School District’s School Fee Justification Studies.

September 10, 2007

Ms. Rodger Smith
Del Mar Union School District
225 Ninth Street
Del Mar, CA 92014

RE: Updated School Fee Justification Studies

Dear Ms. Linda Luce:

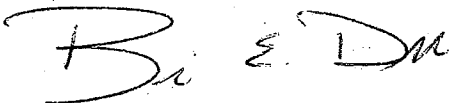
As you may know, on January 23, 2008, the State Allocation Board is expected to increase the maximum statutory school fee ("School Fee") permitted to be imposed by school districts on new residential and commercial/industrial development. For a school district to impose the higher School Fee, Section 66000 of the Government Code requires it to document (i) a need for the revenues to be generated by the School Fee and (ii) a nexus, or reasonable relationship, between the amount of the School Fee and the school facilities needs generated by the development project on which the School Fee is being imposed. To meet these conditions, a school district is required to prepare Residential and Commercial/Industrial Development School Fee Justification Studies ("Justification Studies") prior to charging developers the higher School Fee.

Dolinka Group, Inc. (formerly the Schools Division of David Taussig & Associates, Inc.) prepared previous Justification Studies for Del Mar Union School District ("DMUSD"). Dolinka Group is prepared to update these studies to enable DMUSD to charge the higher School Fee in early 2008, provided the higher School Fee can be justified.

Dolinka Group has completed one (1) or more Justification Studies for more than 100 school districts and our approach to Justification Studies is not only conceptually complete, it has also undergone and withstood extensive legal review. With a slowing housing market, Dolinka Group has seen that the development community become more sensitive to increases in School Fees, but the methodologies, procedures, and innovations created by Dolinka Group provide the greatest possible assurance of compliance with all applicable legal requirements and minimize exposure to legal action from developers.

Linda, if you would like Dolinka Group to initiate the preparation of updated Justification Studies for DMUSD, please execute both Agreements for Consulting Services and return one (1) to the attention of Larry Ferchaw. Should you have any questions regarding the Justification Studies, please do not hesitate to contact Larry Ferchaw or me at 949.250.8300.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ben E. Dolinka'.

Benjamin E. Dolinka
President

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AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT is made and entered into this ____ day of September 2007, by and between Del Mar Union School District at 225 Ninth Street, Del Mar, CA 92014 herein called "Client," and Dolinka Group, Inc. at 1301 Dove Street, Suite 700, Newport Beach, CA 92660, herein after called "Consultant." The Client and the Consultant in consideration of the mutual promises and conditions herein contained agree as follows.

ARTICLE I TERM OF CONTRACT

Section 1.1 This agreement shall become effective on the date stated above and will continue in effect until the earlier of (i) that day when the services provided for herein have been performed or (ii) until terminated as provided in Article 6 below. Consultant shall have the right to transfer/assign the Agreement to any entity to which the undersigned is a party.

ARTICLE II SERVICES TO BE PERFORMED BY CONSULTANT

Section 2.1 Consultant agrees to perform the professional services for the Client in accordance with the applicable professional standard of care and to deliver the work products to the Client as described in the Scope of Work statement attached as Exhibit "A" hereto. Such professional services and work products, as from time to time modified in accordance with Section 2.3 hereof, are collectively referred to as the "Consulting Services."

Section 2.2 Instruments of Service. All computer software (including without limitation financial models, compilations of formulas and spreadsheet models), inventions, designs, programs, improvements, processes and methods (collectively, the "Proprietary Models"), reports, drawings, specifications, computer files, field data, notes and other documents and instruments prepared by Consultant are Instruments of Service of Consultant and shall remain the property of Consultant. Consultant shall likewise retain all common law, statutory and other reserved rights, including the copyright thereto. Client acknowledges and agrees that the consideration paid by Client herein only entitles Client to a license to use the hard copy or electronically transmitted reports generated pursuant to the Consulting Services and that any Proprietary Model that Consultant uses to generate such reports is owned by, or is duly licensed from a third party to Consultant and is not being provided to Client hereunder. The reports and models used to generate such reports are for use on this Project only. The Client shall not reuse or make any modification to the hard copy or electronically transmitted reports generated pursuant to the Consulting Services without the prior written authorization of the Consultant. The Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its shareholders, officers, directors, employees and subconsultants (collectively, Consultant) against any damages, liabilities or costs, including reasonable attorneys' par fees and defense costs, arising from or allegedly arising from or in any way connected with the unauthorized use, reuse or modification of the hard copy or electronically transmitted reports generated pursuant to the Consulting Services or any of Consultant's Instruments of Service, including models, by the Client or any person or entity that acquires or obtains the reports from or through the Client without the written authorization of the Consultant. Client acknowledges that Consultant may have used reports and analyses that Consultant authored for other clients as base works or templates for the reports and analyses prepared for Client pursuant to this Agreement, and Client acknowledges and agrees that Consultant has the right to use the reports and analyses that it authors pursuant to this Agreement as base works or templates for

reports and analyses that Consultant authors for Consultant's other clients, provided, however that Consultant shall not use any confidential information provided by Client in such future reports and analyses. Client further acknowledges and agrees that Consultant has spend substantial time and effort in collection and compiling data and information (the "Data Compilations") in connection with the Consulting Services and that such Data Compilations may be used by Consultant for its own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Consultant will not sell or distribute any of Client's confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis.

Section 2.3 Any proposed changes in the Consulting Services hereunder shall be submitted to the other party hereto, and any such changes agreed to by the parties shall be reflected in an amendment to Exhibit "A" in accordance with Section 7.2 hereto.

Section 2.4 Nothing in this Agreement shall give the Consultant possession of authority with respect to any Client decision beyond the rendition of information, advice, recommendation or counsel.

ARTICLE III **COMPENSATION**

Section 3.1 Client agrees to pay Consultant for its Consulting Services in accordance with this Agreement, a professional fee computed according to the Professional Fee Schedule attached as Exhibit "B" hereto and incorporated herein by reference (the "Fee Schedule"). Client acknowledges and agrees that portions of Consultant's professional fees and expenses may have been incurred by Consultant prior to the execution of this Agreement (the "Pre-Agreement Fees") and Client agrees to pay such Pre-Agreement Fees in accordance with this Agreement.

Section 3.2 The Client shall reimburse the Consultant for Consultant's out-of-pocket expenses plus a 15% administrative charge. Expenses of Consultant in the performance of any Consulting Services undertaken pursuant to the Agreement, include, without limitation, the following expenditures:

- (a) Cost of clerical assistance @ \$50.00 per hour.
- (b) Transportation costs, including mileage for the use of personal automobiles at the prevailing IRS standard rate, rental vehicles, lodging and regularly scheduled commercial airline ticket costs.
- (c) Conference calls, photographic reproduction, courier services, and overnight deliveries.
- (d) Cost of photocopies, facsimile, postage and phone calls at five (5) percent of services billed.

Section 3.3 On or about the first two weeks of each month during which Consulting Services are rendered hereunder, Consultant shall present to Client an invoice covering the current Consulting Services performed and the reimbursable expenses incurred pursuant to this Agreement and exhibits thereto. Such invoices shall be paid by Client within thirty (30) days of the date of each invoice. A 1.2% charge may be imposed against accounts which are not paid within 30 days of the date of each invoice.

Section 3.4 The maximum total fee amount set forth in Exhibit "B" may be increased as a result of any expansion of the Consulting Services to be rendered hereunder pursuant to Section 2.3 or as provided in Exhibit "A" hereto.

Section 3.5 Records of the Consultant's costs relating to (i) Consulting Services performed under this Agreement and (ii) reimbursable expenses shall be kept and be available to the Client or to Client's authorized representative at reasonable intervals during normal business hours.

ARTICLE IV **OTHER OBLIGATIONS OF CONSULTANT**

Section 4.1 Consultant agrees to perform the Consulting Services in accordance with Exhibit "A" and the applicable standard of care. Should any errors caused by Consultant's negligence be found in such services or products, Consultant will correct them at no additional charge by revising the work products called for in Exhibit "A" to eliminate the errors.

Section 4.2 Consultant will supply all tools and instrumentalities required to perform the Consulting Services under the Agreement.

Section 4.3 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by Consultant without the prior written consent of Client. However, Consultant may subcontract portions of the work to be performed hereunder to other persons or concerns provided Consultant notifies Client of the name and address of said proposed subcontractor and Client either consents or fails to respond to notification with respect to the use of any particular proposed subcontractor.

Section 4.4 In the performance of its Consulting Service hereunder, Consultant is, and shall be deemed to be for all purposes, an independent contractor (and not an agent, officer, employee or representative of Client) under any and all laws, whether existing or future. Consultant is not authorized to make any representation, contract or commitment on behalf of Client.

Section 4.5 Neither this Agreement, any duties or obligations under this Agreement, nor the intentions or expectations of Client will cause the Consultant to be a "public official" as that term is used in Section 87100 of Title 9 of the California Government Code. Client and Consultant agree that Consultant is not a "public official" or "participating in governmental decision" as those terms are used in Section 87100. The Client and Consultant also agree that no actions and opinions necessary for the performance of duties under the Contract will cause the Consultant to be a "public official" or "participating in a governmental decision" as those terms are used in Section 87100.

ARTICLE V **OTHER OBLIGATIONS OF CLIENT**

Section 5.1 The Client shall provide full information in a timely manner regarding requirements for and limitations on the Project. Client agrees to comply with all reasonable requests of Consultant and provide access to all documents reasonably necessary to the performance of Consultant's duties under this Agreement with the exception of those documents which Exhibit "A" calls upon the Consultant to prepare.

Section 5.2 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by Client without the prior written consent of Consultant.

Section 5.3 Consultant frequently is retained by developers, landowners, and other persons and concerns interested in development projects which often eventually lead to the preparation on a contract basis by Consultant of preliminary tax spread models for government agencies to determine tax rates and other matters necessary to accomplish various

improvements to realty for financing under a Mello-Roos or other financing programs. In light of the foregoing, Client will determine whether or not it is appropriate to conduct a "significant substantive review" or a "significant intervening substantive review" of Consultant's activities conducted pursuant to this Agreement as such terms are defined in Section 18700(c)h of Title 2 of the California Administrative Code. Should Client elect to conduct such a substantive review, then Client shall determine whether it has sufficient expertise on staff to conduct such a review, and, if not, will retain an independent expert consultant to review Consultant's work. Thereafter, Client shall conduct such review, or cause such independent review to be conducted, prior to the making of any governmental decision relating to the matters contained within the Scope of Work described in Exhibit "A". The parties do not intend and nothing in this Section 5.3 is meant to imply that Consultant is a "public official," "participating in a governmental decision," or has a "financial interest" in the services provided as such terms are used in Section 87100 of Title 9 of the California Governmental Code.

Section 5.4 The Client shall provide prompt written notice to the Consultant if the Client becomes aware of any fault or defect in the Project, including any errors, omissions or inconsistencies in the Consultant's Instruments of Service.

Section 5.5 Client, public agencies, landowners, consultants and other parties dealing with Client or involved in the subject development project referred to in Exhibit "A" will be furnishing to Consultant various data, reports, studies, computer printouts and other information and representations as to the facts involved in the project which Client understands Consultant will be using and relying upon in preparing the reports, studies, computer printouts and other work products called for by Exhibit "A." Consultant shall not be obligated to establish or verify the accuracy of the information furnished by or on behalf of Client, nor shall Consultant be responsible for the impact or effect on its work products of the information furnished by or on behalf of Client, in the event that such information is in error and therefore introduces error into Consultant's work products.

Section 5.6 Indemnity by Client. Client agrees to defend, indemnify and hold Consultant harmless from and against all obligations, losses, liabilities, damages, claims, attachments, executions, demands, actions and/or proceedings (collectively, "Claims") and all costs and expenses in connection therewith, including reasonable attorneys' fees, arising out of or connected with the performance of Consultant's Consulting Services under this Agreement, except as may arise from Consultant's willful misconduct or gross negligence. In that regard, Client will indemnify and hold Consultant harmless from any Claims arising from, growing out of, or in any way resulting from, errors contained in data or information furnished by Client or Client's designee to Consultant for use in carrying out the Consulting Services called for by this agreement. If for any reason the indemnification under this Section 5.6 is unavailable to Consultant or insufficient to hold it harmless, then the Client shall contribute to the amount paid or payable by Consultant as a result of such loss, liability, damage, claim, demand, action or proceeding in such proportion as is appropriate to reflect not only the relative benefits received by the Client on the one hand and Consultant on the other hand but also the relative fault of the Client and Consultant as well as any relevant equitable considerations; provided that Consultant's contribution obligations hereunder shall in no event exceed the amounts received by Consultant under this Agreement.

Section 5.7 In the event that court appearances, testimony or depositions are required of Consultant by Client in connection with the services rendered hereunder, Client shall compensate Consultant at a rate of \$500 per hour and shall reimburse Consultant for out-of-pocket expenses on a cost basis.

ARTICLE VI
TERMINATION OF AGREEMENT

Section 6.1 Either party may terminate or suspend this Agreement upon thirty (30) days written notice. Unless terminated as provided herein, this Agreement shall continue in force until the Consulting Services set forth in Exhibit "A" have been fully and completely performed and all proper invoices have been rendered and paid.

Section 6.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party at its option may terminate this Agreement by giving written notification to the defaulting party. Such termination shall be effective upon receipt by the defaulting party, provided that the defaulting party shall be allowed ten (10) days in which to cure any default following receipt of notice of same.

Section 6.3 In the event of any termination that is not the fault of the Consultant, the Client shall pay the Consultant, in addition to payment for services rendered and reimbursable costs incurred, for all expenses reasonably incurred by the Consultant in connection with the orderly termination of this Agreement, including but not limited to demobilization, reassignment of personnel, associated overhead costs and all other expenses directly resulting from the termination, plus an amount for the Consultant's anticipated profit on the value of the services not performed by the Consultant.

Section 6.4 Suspension and Termination for Non-Payment. (i) In addition to any other provisions in this Agreement regarding breach of the Agreement, if the Client fails to make payments when due, the Consultant may suspend performance of services upon ten (10) calendar days' notice to the Client. The Consultant shall have no liability whatsoever to the Client for any costs or damages as a result of such suspension caused by any breach of this Agreement by the Client. Upon payment in full by the Client, the Consultant shall resume services under this Agreement, and the time schedule and compensation shall be equitably adjusted to compensate for the period of suspension plus any other reasonable time and expense necessary for the Consultant to resume performance. (ii) If the Client fails to make payment to the Consultant in accordance with the payment terms herein, and/or Client has failed to cure its breach or default following a suspension of services as set forth above, this shall constitute a material breach of this Agreement and shall be cause for termination of this Agreement by the Consultant upon seven (7) days written notice to the Client. (iii) Payment of invoices shall not be subject to any discounts or set-offs by the Client, unless agreed to in writing by the Consultant. Payment to the Consultant for services rendered and expenses incurred shall be due and payable regardless of any subsequent suspension or termination of this Agreement by either party.

Section 6.5 The covenants contained in Sections 3.1, 3.2, 4.4, 5.3, 5.4, 5.5, 5.6 and all of Article VII shall survive the termination of this Agreement.

ARTICLE VII
GENERAL PROVISIONS

Section 7.1 Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change the address by written notice in accordance with the first sentence of this Section 7.1. Notices delivered personally will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated as of two (2) days after mailing.

Section 7.2 This Agreement and exhibits hereto supersede any and all agreements, either oral or written, between the parties hereto with respect to the rendering of service by Consultant for Client and contains all of the covenants and agreements between the parties with respect to the rendering of such services. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement (including any exhibit hereto) will be effective if it is in writing and signed by the party against whom it is sought to be enforced.

Section 7.3 If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

Section 7.4 Disputes. The parties agree to first try in good faith to settle the dispute by mediation pursuant to the Mediation Rules of the American Arbitration Association. If the claim or controversy is not settled by mediation, the claim or controversy may be resolved by final and binding arbitration. On the written request of one party served on the other, the dispute shall be submitted to binding arbitration in accordance with the commercial rules and regulations of the American Arbitration Association and the provisions of the California Arbitration Act (Sections 1280 through 1294.2 of the California Code of Civil Procedure). The arbitration shall take place in Newport Beach, California, or such other location mutually agreed to by the parties.

The arbitrator(s) shall be selected as follows: In the event that Consultant and Client agree on one arbitrator, the arbitration shall be conducted by such arbitrator. In the event Consultant and Client do not so agree, Consultant and Client shall each select an arbitrator and the two arbitrators so selected shall select the third arbitrator. If there is more than one arbitrator, the arbitrators shall act by majority vote. The parties may propose arbitrators from JAMS, ADR, ARC or any independent arbitrator/neutral for dispute resolution. The parties are not required to hire an AAA arbitrator for resolution of a dispute hereunder.

No arbitration shall include by way of consolidation or joinder any parties or entities nor a party to this Agreement without the express written consent of the Client, the Consultant and any party or entity sought to be joined with an express reference to this provision. Any party or entity joined in the arbitration, after mutual consent, shall be bound by this provision.

The decree or judgment of an award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Section 7.5 The prevailing party in any arbitration or legal action brought by one party against the other and arising out of this Agreement shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs and reasonable attorneys' fees. The non-prevailing party shall be liable, to the extent allowable under law, for all fees and expenses of the arbitrator(s) and all costs of the arbitration.

Section 7.6 This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 7.7 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Client or the Consultant. The Consultant's services under this Agreement are being performed solely for the Client's benefit, and no other party or entity shall have any claim against the Consultant because of this Agreement or the performance or nonperformance of services hereunder.

Section 7.8 Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, neither the Consultant nor the Client, their respective officers, directors, partners, employees, contractors or subconsultants shall be liable to the other for, or shall make, any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the Project or to this Agreement. This mutual waiver of consequential damages shall include, but is not limited to, loss of use, loss of profit, loss of business, loss of income, loss of reputation or any other consequential damages that either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied warranty.

Section 7.9 It is intended by the parties to this Agreement that the Consultant's services in connection with the Project shall not subject the Consultant's individual shareholders, officers, directors, members, managers or employees to any personal legal exposure for the risks associated with this Project. Therefore, and notwithstanding anything to the contrary contained herein, Client agrees that as Client's sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against Client and not against any of the individual shareholders, officers, directors, members, managers or employees.

Section 7.10 Limitation of Liability – for available insurance: In recognition of the relative risks and benefits of the Project to both the Client and the Consultant, the risks have been allocated such that the Client agrees, to the fullest extent permitted by law, to limit the liability of the Consultant to the Client for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert-witness fees and costs, so that the total aggregate liability of the Consultant to the Client shall not exceed the sum of insurance coverage available at the time of settlement or judgment. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, except for Consultant's willful misconduct or unless otherwise prohibited by law.

IN WITNESS WHEREOF, this Agreement has been executed on the date and year first above written.

CONSULTANT:
Dolinka Group, Inc.

CLIENT:
Del Mar Union School District

By: Benjamin Dolinka
Benjamin Dolinka
President

By: _____

Date: 9/10/07

Date: _____

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EXHIBIT A

SCOPE OF WORK

DEL MAR UNION SCHOOL DISTRICT SCHOOL FEE JUSTIFICATION STUDIES

Dolinka Group, Inc. shall prepare Residential and Commercial/Industrial Development School Fee Justification Studies ("Studies") for Del Mar Union School District ("Client" or "School District"). The Studies will justify statutory school fees ("School Fees") for the School District and will also identify the full school facilities impacts to be mitigated by these types of development within the School District.

The specific activities and tasks to be performed under this Scope of Work include the following:

RESIDENTIAL DEVELOPMENT SCHOOL FEE JUSTIFICATION STUDIES

Activity I. Background Research

This activity will involve gathering information/data necessary to calculate school facility cost impacts for each of the housing categories. The following specific tasks shall be included:

Task 1 Student Generation Factors

This task involves using previously calculated student generation factors ("SGF") by housing category (i.e., single family detached and multi-family attached) and school level (i.e., elementary schools). SGFs will be calculated by comparing student enrollment of the School District to residential data provided of the County of San Diego ("County") Office of the Assessor ("Assessor").

Task 2 Existing School Facilities Capacity

This task involves reviewing the school facilities capacity of the School District as reported on SAB Form 50-02 to determine the number of students that can be adequately housed at each school level.

Task 3 Future Residential Units

This task involves reviewing general plans and specific plans of jurisdictions (e.g., city or county) served by the School District, as well as tentative and final tract maps in the School District and other data to estimate the number of future residential units by housing category which can be constructed within the School District.

Activity II. Determine School Facility Needs

This activity will determine the School District's need to construct new school facilities or expand existing facilities to adequately house students generated from future residential units. The following tasks are included in this activity:

Task 4 Existing Capacity vs. Student Enrollment

This task involves comparing existing enrollment for school year 2007-08 to facility capacity as determined in Task 2 to determine whether any surplus seats exist to house students generated from future residential units. Dolinka Group will compare the enrollment to the capacity by school level.

Task 5 Student Enrollment Projections

This task involves projecting the number of students to be generated by housing category and school level from future residential units within the School District. Enrollment projections will be based on SGFs identified in Task 1 and future units identified in Task 3.

Task 6 School Facility Needs

This task involves determining the number and type of school facilities by school level that will need to be constructed and/or expanded by the School District to accommodate the projected enrollment calculated in Task 5 and the capacity of existing school facilities analyzed in Task 4.

Activity III. School Facilities Impact per Housing Category

This activity will utilize data and material gathered and calculated in Activities I and II to compute the average school facilities impact for each housing category. The specific tasks to be performed under this activity include the following:

Task 7 School Facility Costs

This task involves reviewing and analyzing documents of the School District to estimate the cost of constructing and/or expanding the school facilities identified in Task 6. If the School District can not provide Dolinka Group with sufficient/adequate cost information regarding the construction and/or expansion of school facilities, Dolinka Group will estimate school facility costs based on square footage and cost allowances established by the Office of Public School Construction.

Task 8 School Facilities Impact Analysis for Residential Development

This task involves estimating the full school facilities impacts per unit and square foot of residential floor space that must be mitigated by each housing category. Residential housing impacts will be based on data and material assembled in Activities I, II, and III. If full school facilities impacts per square foot of residential floor space exceeds the new School Fee for a housing category, then the full new School Fee is justified for such housing category.

Activity IV. Study Preparation

This activity will involve the preparation of a Residential Development School Fee Justification Study ("Residential Study").

Task 9 Study Preparation

This task will involve preparing one (1) draft and one (1) final Residential Study.

Activity I. School Facilities Impact per Commercial/Industrial building

This activity will utilize data and material gathered and calculated for the Residential Study to compute the average school facilities impact for each commercial/industrial building, (e.g., retail and services, office, research and development, industrial/warehouse/manufacturing, hospital, and hotel/motel). The specific tasks to be performed under this activity include the following:

Task 1 Employer Research

This task involves determining the employment generation rates per building square foot and per gross acre by commercial/industrial building and the employee migration factor for the School District. Dolinka Group will determine employment generation rates and employee migration factors by reviewing prior Studies prepared for the School District or analyzing data provided by the San Diego Association of Governments ("SANDAG") and the Bureau of the Census.

Task 2 Commercial/Industrial Fee Analysis

This task involves estimating the amount of developer impacts per square foot of floor space for each commercial/industrial building identified in Task 1, based on prototypical land use units of 1,000 square feet of floor space each. This task includes the following subtasks:

2.1 Employment Impacts

This subtask involves estimating the on-site employment impact of a prototypical land use unit. Employment impacts will be determined by land use and industry type, based on employment generation factors identified in Task 1.

2.2 Household Impacts

This subtask involves estimating, for each commercial/industrial building, the number of new households that will (i) locate within the School District, and (ii) generate additional demand for school facilities, based on the Employment Impacts per commercial/industrial building unit from Subtask 2.1. This subtask consists of six (6) additional duties, all but one of which will be applied separately to each commercial/industrial building identified in Subtask 2.1.

- A. Estimate the current number of workers per household within the School District (if possible, by commercial/industrial building) based on current housing and employment estimates by state and county agencies, supplemented by the Census and other available data.
- B. For each commercial/industrial building, project the number of new "total households" established by persons employed within the School District, wherever these households may reside, based on Subtasks 2.1 and 2.2.A. This is the total household impact.

- C. For each commercial/industrial building, estimate the propensity to migrate, i.e., the percentage of new total households identified in Subtask 2.2.B that will reside within the School District, based on employee residence information from the Census and other sources.
- D. For each commercial/industrial building, project the number of new "local households" that will locate within the School District as a direct result of commercial/industrial development within the School District, based on Subtasks 2.2.B and 2.2.C. This is the local household impact.
- E. Estimate the propensity to occupy new housing, i.e., the percentage of new local households identified in Subtask 2.2.D that will reside in new housing units or displace existing households that will move into new housing units. The total percentage of new local households falling into these categories will be derived from the current ratios of new to existing home sales in the general School District area, as indicated by the State Department of Finance, Axiom Dataquick, Experian Property Data (formerly TRW REDI Property Data), the California Association of Realtors, and other sources.
- F. For each commercial/industrial building, project the number of new "net local households" that will locate within the School District as a result of commercial/industrial development within the School District, based on Subtasks 2.2.D and 2.2.E. This is the net local household impact.

2.3 Student Generation Impacts by School Level

This subtask involves estimating student generation impacts by School Level for each commercial/industrial building. This subtask consists of two (2) additional duties:

- A. Estimate student enrollment increases for each commercial/industrial building, based on SGFs calculated in Task 1 of the Residential Study and the net local household impacts per commercial/industrial building unit from Subtask 2.2.F.
- B. Estimate additional student enrollment increases for each commercial/industrial building based on (i) employment-related interdistrict transfer rates and (ii) estimated student enrollment increases per commercial/industrial building from Subtask 2.3.A.

The sum of both student enrollment increases from Subtasks 2.3.A and 2.3.B is the student generation impact.

Task 3 School Facilities Impact Analysis for Commercial/Industrial Development

This task involves estimating the full school facilities impacts per 1,000 square feet of commercial/industrial floor space that must be mitigated by each commercial/industrial building. If the full school facilities impacts per square foot of commercial/industrial floor space for commercial/industrial building are less than the difference between the average Residential Impact per building square foot and the new Statutory School Fee, then the full impacts for that commercial/industrial building may be charged to the developer.

Activity II. Report Preparation

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This activity will involve the preparation of a Commercial/Industrial Development School Fee Justification Study ("Commercial/Industrial Study").

Task 4 Report Preparation

This task will involve preparing one (1) draft and one (1) final Commercial/Industrial Study.

EXHIBIT B**FEE SCHEDULE****DEL MAR UNION SCHOOL DISTRICT
SCHOOL FEE JUSTIFICATION STUDIES**

The proposed budget for by Dolinka Group, Inc. to prepare School Fee Justification Studies ("Studies") for Del Mar Union School District ("Client" or "School District") shall be a flat fee of \$7,500 (plus expenses) The first installment of \$3,750 shall be payable to Dolinka Group at the time the Agreement for Consulting Services ("agreement") is executed by both parties and the second installment of \$3,750 shall be payable to Dolinka Group upon delivery of the completed Studies.

In addition to fees for services, the School District shall reimburse Dolinka Group expenses as defined in Section 3.2 of the Agreement. Such expenses shall be added to the final invoice.

Limitations

It is assumed that the School District or its consultants will provide all required enrollment, school facility, and other data and materials identified in the Scope of Work. If Dolinka Group must assume primary responsibility for any responsibilities of the School District, such tasks may be defined as Additional Work if they cause the maximum budget amount to be exceeded. Additional Work may also include other tasks not described in the Scope of Work.

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