

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, January 25, 2006

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

To report the index adjustment on the assessment for development which may be levied pursuant to Education Code Section 17620.

DESCRIPTION

The law requires the maximum assessment for development be adjusted in 2006 and every two years thereafter by the change in the Class B Construction Cost Index, as determined by the State Allocation Board (SAB) at its January meeting.

The cost index for Class B construction increased 17.24 percent during the period of January 2004 through January 2006, resulting in the assessment for development fees to be adjusted as follows:

	<u>2004</u> <u>Maximum Assessment</u> <u>Per Square Foot</u>	<u>2006</u> <u>Maximum Assessment</u> <u>Per Square Foot</u>
Residential	\$2.24	\$2.63
Commercial/Industrial	.36	.42

The adjusted maximum assessments are effective immediately.

AUTHORITY

Education Code Section 17620 gives school districts the authority for assessments for development within the boundaries of their districts for the purpose of funding construction or reconstruction of school facilities, subject to the limitations set forth in Chapter 4.9, commencing with Section 65995, of the Government Code.

Government Code Section 65995(b)(3) requires the maximum assessment for development be adjusted in 1990 and every two years thereafter by the change in the Class B Construction Cost Index, as determined by the SAB at its January Board meeting.

RECOMMENDATION

Approve the adjustment to the Class B Construction Cost Index, which results in the maximum assessment for development fees.

This Item was approved by the State Allocation Board on January 25, 2006.