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Menlo Park El Camino Real/Downtown Specific Plan Special Districts Fiscal Impact Analysis

Submitted to City of Menlo Park

August 16, 2011



bae urban economics

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Mr. Thomas Rogers, Associate Planner
Community Development Department
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Dear Thomas:

We are pleased to submit this final fiscal impact analysis (FIA) for Special Districts related to the proposed El Camino Real/Downtown Specific Plan. The proposed Project analyzed in this FIA report matches the Project as described in the Specific Plan's Draft Environmental Impact Report (DEIR), and pursuant to our discussions we have used the assumptions in the FIA for the City's General Fund to provide consistency with that analysis.

We look forward to your questions and comments.

Sincerely,



Ron Golem
Principal

cc: Sherry Rudnak, Senior Associate

San Francisco
1285 66th Street
Second Floor
Emeryville, CA 94608
510.547.9380

Sacramento
803 2nd Street
Suite A
Davis, CA 95616
530.750.2195

Los Angeles
5405 Wilshire Blvd.
Suite 291
Los Angeles, CA 90036
213.471.2666

Washington DC
1346 U Street NW
Suite 403
Washington, DC 20009
202.588.8945

New York City
121 West 27th Street
Suite 705
New York, NY 10001
212.683.4486

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INTRODUCTION

The City of Menlo Park retained BAE Urban Economics (BAE) to prepare a fiscal impact analysis, limited to Special Districts, associated with the proposed El Camino Real/Downtown Specific Plan (Specific Plan).

This Fiscal Impact Analysis report evaluates the potential impact on revenues and expenses of Special Districts that provide services to residents and businesses within Menlo Park, from the development described in the proposed Plan ("Project"). Special Districts, as described in this report, are local governmental entities independent of the City of Menlo Park, with their own sources of revenue (including a share of property taxes paid by Menlo Park property owners), and with responsibility for providing services pursuant to the legislation that authorized their creation.

This report complements a separate fiscal impact analysis report prepared by Strategic Economics on the impact of the Project on the City of Menlo Park's General Fund, and uses assumptions consistent with that analysis as well as the Draft Environmental Impact Report (DEIR), unless otherwise noted. This report and the one prepared by Strategic Economics need to both be reviewed in order to develop a comprehensive picture of the potential fiscal impact from the Project on all local governmental entities that provide services within Menlo Park.

DEVELOPMENT PROGRAM OVERVIEW

The El Camino Real/Downtown Specific Plan (Specific Plan) provides a framework for new public improvements and private development along El Camino Real and in Downtown Menlo Park. This framework will guide new development over the next 20 to 30 years. At buildout, the Specific Plan area could include new retail and commercial space, hotel, and new residential units.

Project Development Program

The development that could occur consistent with the Specific Plan consists of hotels, office space, retail space, and new residential uses, as set forth in Table 1. A diagram of the potential development concept is shown on the following page in Figure 1.

Table 1: Proposed Project and Alternative Development Programs

Total Project	Proposed Specific Plan
Residential	
Market Rate Units (a)	578
<u>BMR Units (b)</u>	<u>102</u>
Total # of Units	680
Population per Unit	2.3
<i>Net New Population</i>	<i>1,537</i>
Commercial	
Retail SF	91,800
Commercial SF	240,820
Average Employment Density (Sq Ft/Worker)	340
Hotel Rooms	380
Average Employment Density (Workers/Room)	1.00
<i>Net New Employment</i>	<i>1,357</i>
Net New Service Population (c)	1,989

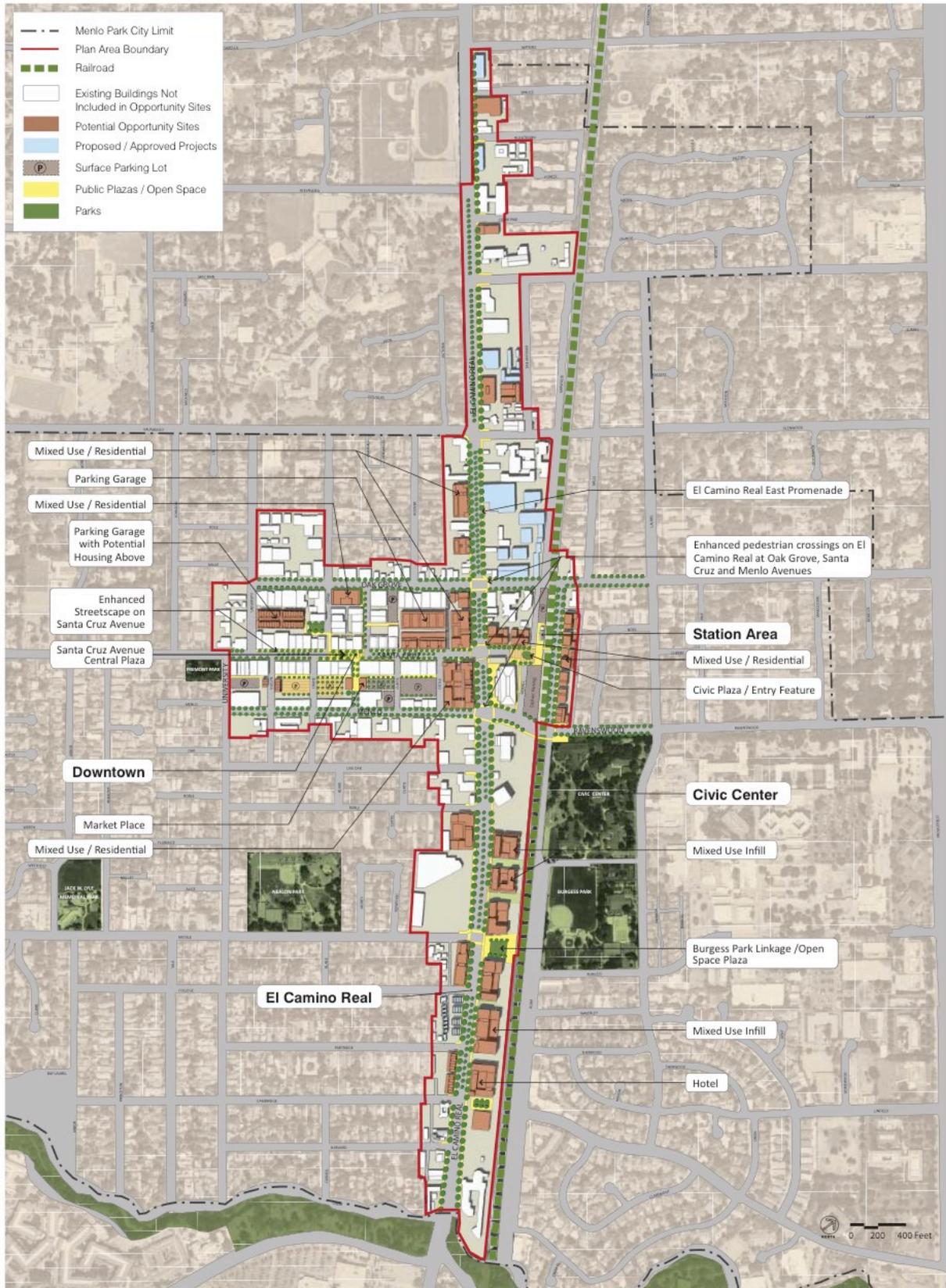
Notes:

- (a) Assumes 85 percent of units are market rate for sale.
- (b) Assumes 15 percent of units are affordable for sale.
- (c) Service population equals resident population plus one-third employment, per Strategic Economics' City of Menlo Park FIA.

Sources: Menlo Park El Camino Real and Downtown Specific Plan EIR, 2011; Strategic Economics, 2011; BAE, 2011.

As Table 1 shows, the Project would consist of 680 dwelling units (projected to take the form of 578 market rate condominiums and 102 affordable units), 91,800 square feet of retail space, 240,820 square feet of office/commercial space, and 380 hotel rooms. Development would be projected to result in approximately 1,537 new Menlo Park residents and 1,357 new Menlo Park workers.

Figure 1: Illustrative Plan in the Specific Plan Area



FISCAL IMPACT METHODOLOGY

The major objective of any fiscal impact analysis is the determination of changes in public revenues and costs associated with development of a proposed project. The City of Menlo Park seeks to identify fiscal impacts from the Specific Plan to its General Fund, as well as fiscal impacts to other independent Special Districts that provide services to Menlo Park residents and businesses. Strategic Economics previously performed a fiscal impact analysis that projects the impacts to the City of Menlo Park's General Fund. This study addresses the potential fiscal impacts from the Specific Plan for the following affected special districts:

- Menlo Park Fire Protection District;
- Bear Gulch Water District;
- West Bay Sanitary District;
- Menlo Park City Elementary School District;
- Sequoia Union High School District;
- San Mateo County Office of Education Special District;
- San Mateo County Community College District;
- Midpeninsula Regional Open Space District; and
- Sequoia Hospital District.

This analysis focuses on impacts to the special district operating funds, which represent the portion of district budgets that finance the ongoing provision of basic services. To pay for these services, the operating funds are dependent on discretionary revenue sources, such as property taxes and various local taxes, as well as revenues allocated by the State of California and the federal government. For this report, the annual ongoing fiscal impact of the proposed new development is described in constant 2011 dollars, based on a future point in time when the project would be fully built out and would have achieved stabilized operations. In addition, a 20-year cash flow analysis has been prepared to describe year-by-year and cumulative fiscal impacts, in current dollars¹, that would result from the proposed development, as well as an estimate of the one-time impact fees that the Special Districts would receive.

Service Population

The cost of providing government services is often linked to the number of persons served. In general, as the "service population" increases there is a need to hire additional employees, as well as a need to increase spending on facilities, equipment, material, and other items.

¹ Current dollars refers to figures that include adjustment for projected inflation; constant dollars refer to figures without adjustment for inflation, which facilitates accurate direct comparison of amounts across different years.

A commonly accepted practice in fiscal impact analysis is to define the service population as 100 percent of residents residing within a jurisdiction plus one-third of employees. Calculating service population in this manner is intended to reflect that local employment contributes to a jurisdiction's daytime population, thereby increasing demands for governmental services. Nonetheless, residential population is generally considered to constitute a larger share of demand for services.

While a fiscal impact methodology based on service population is an important and useful means for estimating increased expenditures, in some instances other approaches are more appropriate, for example when a new facility requires a full complement of new staff to properly operate it, irrespective of whether that level staffing would be justified by the incremental increase in service population. Where other methodologies are used for specific revenue, such as property taxes, and specific expenditure items, such as school district expenditures, these are explained in the relevant sections below. Table 2 shows the service population for the City of Menlo Park, San Mateo County, and relevant special districts.

Table 2: Existing Service Population, 2011

City of Menlo Park	2011
Employment (a)	26,414
Population (a)	32,014
Service Population (b)	40,818
San Mateo County	
Employment (a)	351,568
Population (a)	739,900
Service Population (b)	857,090
Midpeninsula Open Space District (c)	
Employment (a)	376,582
Population (a)	601,656
Service Population (b)	727,184
Sequoia Healthcare District (d)	
Employment (a)	108,650
Population (a)	180,875
Service Population (b)	217,092
Menlo Park Fire District (e)	
Employment (a)	46,228
Population (a)	93,131
Service Population (b)	108,540

Notes:

- (a) Based on ABAG projections of employment and population in 2010 and 2015, adjusted to specific years using average annual growth rates.
- (b) Service Population is defined as all residents plus one-third of employment.
- (c) Midpeninsula Open Space District includes Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside.
- (d) Sequoia Healthcare District includes Redwood City, San Carlos, Belmont, Menlo Park, Woodside, Atherton, and Portola Valley
- (e) Menlo Park Fire District includes Menlo Park, Atherton, East Palo Alto, and unincorporated areas of San Mateo County

Sources: ABAG Projections, 2009; BAE, 2011.

Revenue Items

This analysis uses a number of different techniques to estimate increased revenues. As appropriate, estimates for many revenue items rely on per service population, per student, or per full-time equivalent student, depending on which groups are associated with particular revenue sources. Other estimation methodologies are more specialized, such as those for property tax revenues. Detailed information regarding revenue estimation methodologies is provided in each of the relevant sections below.

Expenditure Items

Expenditure estimates are based on an “average cost” estimation method, except as noted. Calculation of average costs involves the calculation of cost multipliers, such as the cost to provide educational services in Menlo Park on a per average daily attendance basis. This multiplier is calculated by dividing the school district’s operating budget by the current average daily attendance. The cost multiplier is then applied to an estimate of the number of new students generated by new development. Detailed information regarding expenditure estimation methodologies is provided in each of the relevant sections below.

Key Assumptions

The underlying assumptions drive the results of the fiscal impact analysis. This section provides information about the sources of these assumptions and calculations that carry through the analysis.

Employment Generation

The Draft Environmental Impact Report (DEIR) provided the total projected employment figures. BAE then used standard employment density factors for office, retail, and hotel uses to estimate employment generation per land use for the Project. Using data from Strategic Economics’ Fiscal Impact Analysis, BAE estimates a weighted average of 340 square feet per commercial and retail worker. For the hotels, BAE used data provided by Strategic Economics and PKF Consulting, which suggest, based on a weighted average, that the hotel types outlined in the Specific Plan generate approximately one employee per room.

Assessed Value of New Development

Most of the Special Districts receive a share of receipts from the one percent basic property tax payment, with the exception of the sewer district that receives fee-for-service revenues. In order to project property tax revenues to each Special District, the analysis projects the new assessed value from development. These values are based on projected sale prices of residential units and construction costs of commercial, retail, and hotel space. Strategic Economics developed assessed value estimates for the Project in its Menlo Park General Fund FIA. In order to be consistent, this Special District analysis also uses these values. Table 3 shows the projected value for new development for the Project.

Table 3: Value of New Development

<u>Unit Type</u>	<u>Price per Unit</u>	<u>Unit</u>
Residential Units		
Market Rate	\$780,000	unit
BMR Units	\$235,000	unit
Non-Residential		
Retail SF	\$560	Sq. Ft.
Commercial SF	\$650	Sq. Ft.
Hotel (Rooms) (a)	\$163,290	room

Note:

(a) A weighted average based on a mid-rise hotel price per room of \$162,500, and a boutique hotel price per room of \$166,250

Sources: Strategic Economics, 2011; BAE, 2011.

Multiplying the per unit value of new development times the development program gives the Project's total new assessed value of development, as shown in Table 4.

Table 4: Projected Net New Assessed Value

<u>Projected Value of Proposed Improvements</u>	<u>Proposed Specific Plan</u>
Development Program	
Market Rate Residential Units	578
BMR Residential Units	102
Retail SF	91,800
Commercial SF	240,820
Hotel Rooms	380
Assessed Value of Net New Improvements (a)	
Market Rate Residential Units	\$450,840,000
BMR Residential Units	\$23,970,000
Retail SF	\$51,408,000
Commercial SF	\$156,533,000
Hotel Rooms	\$62,050,200
Assessed Value of Net New Improvements	\$744,801,200

Note:

(a) Does not include assessed land values, which would remain nearly the same as their existing values.

Sources: Strategic Economics, 2011; BAE, 2011.

Property Tax Distribution

The beginning point for Special Districts revenue analysis is how property tax revenues are distributed between the City, County, Education Revenue Augmentation Fund (ERAF)², and Special Districts. Within a city or county, the distribution of property taxes varies by Tax Rate Area (TRA) that reflect the particular combination of Special Districts as well as other assessments, bonded indebtedness, or obligations that are paid from surcharges in addition to the base one percent property tax. The Specific Plan area falls within the City of Menlo Park's 08-001 TRA. The San Mateo County Auditor-Controller calculates the distribution of the one-percent base property tax revenue allocation, identifying the amount that each of the Special Districts receive after accounting for shifts to ERAF. This analysis considers those districts that receive more than one percent of the base property tax (i.e. one percent of the one percent property tax payment). Special Districts that receive less than a one percent share of the base property tax are not considered to rely upon use property tax revenues as a significant revenue source, and therefore would not have significant fiscal impacts from new development. Table 5 shows the distribution of the base property tax to the City, County, and Special Districts.

Table 5: Distribution of Property Tax Assessment by Jurisdiction, TRA 08-001

<u>Jurisdictions</u>	<u>Pre-ERAF Distribution</u>	<u>ERAF Share</u>	<u>Base 1.0% Property Tax (a)</u>
City of Menlo Park	12.22%	16.97%	10.15%
San Mateo County	24.09%	39.84%	14.49%
Menlo Park City Elementary School District	16.97%	0.00%	16.97%
Sequoia High School District	15.87%	0.00%	15.87%
San Mateo Community College District	6.89%	0.00%	6.89%
Menlo Park Fire District	16.01%	11.15%	14.23%
San Fransquito Creek Flood Zone 2	0.23%	16.20%	0.20%
Midpeninsula Regional Open Space District	1.87%	0.00%	1.87%
Bay Area Air Quality Management	0.21%	0.00%	0.21%
County Harbor District	0.36%	22.37%	0.28%
Mosquito Abatement	0.20%	15.90%	0.16%
Sequoia Healthcare District	1.49%	0.00%	1.49%
County Office of Education	3.59%	0.00%	3.59%
ERAF Share of Base 1.0% Tax			<u>13.61%</u>
	100.00%		100.0%
Supplemental Taxes			<u>Tax Rate</u>
Menlo Park & Recreation Bond			0.017%
Menlo Park City Elementary Bonds			0.041%
Sequoia High School Bonds			0.031%
San Mateo Community College Bonds			0.019%
Total Property Tax Rate			1.108%

Note:

(a) The base 1.0 percent property tax is calculated by multiplying the pre-ERAF distribution for each jurisdiction times the share that does not go to ERAF (1-ERAF Share).

Sources: Santa Mateo County Controller, 2011; BAE 2011.

² ERAF is a mechanism created by the State to capture a share of property tax funds to meet its obligations, as part of a larger system to transfer various categories of revenues in both directions between local and State government.

Property Tax Revenues

Applying the TRA distribution to the projected new assessed value gives the Project's property tax revenues by Special District. These revenues represent the largest portion of new revenues that many of the Special Districts will receive from new development. Table 6 shows the projected tax revenues by jurisdiction. As Table 6 shows, jurisdictions that receive less than one percent of the base property tax would receive at most \$20,700 per year from the new development, and such jurisdictions are likely to get most of their revenues from pay-for-service fees, or other revenue sources that are not tied to new development.

Table 6: Projected Property Tax Revenues

<u>Estimated Assessed Value</u>	<u>Project</u>
Net New Assessed Value	Proposed Specific Plan \$744,801,200
One Percent Basic Property Tax	\$7,448,012
<u>Base 1.0% Tax (Post-ERAF Distribution)</u>	<u>Project</u>
City of Menlo Park	\$755,700
San Mateo County	\$1,079,400
Menlo Park City Elementary School District	\$1,264,000
Sequoia High School District	\$1,182,200
San Mateo Community College District	\$513,400
Menlo Park Fire District	\$1,059,700
San Fransquito Creek Flood Zone 2	\$14,500
Midpeninsula Regional Open Space District	\$139,000
Bay Area Air Quality Management	\$15,800
County Harbor District	\$20,700
Mosquito Abatement	\$12,200
Sequoia Healthcare District	\$110,800
County Office of Education	\$267,200
Basic Property Tax Revenues	\$6,434,600
<u>Supplemental Taxes</u>	
Menlo Park & Recreation Bond	\$1,300
Menlo Park City Elementary Bonds	\$3,100
Sequoia High School Bonds	\$2,300
San Mateo Community College Bonds	\$1,400
Supplemental Property Tax Revenues	\$8,100

Sources: San Mateo County Controller, 2011; BAE, 2011.

SPECIAL DISTRICT FISCAL IMPACT ANALYSIS

New development would generate fiscal impacts to various special districts. The following section describes impacts to the Menlo Park Fire Protection District, affected school districts, the regional open space district, and the healthcare district.

Menlo Park Fire Protection District

The Menlo Park Fire Protection District covers approximately 30 square miles, including the communities of Atherton, Menlo Park, East Palo Alto, and some unincorporated areas of San Mateo County. The District operates five fire stations in Menlo Park, one station in Atherton, and one station in East Palo Alto. Station 6, Oak Grove Avenue, is the closest fire station to the project site, located just a one block off El Camino Real. Three firefighting personnel staff Station 6, which was completed in 1953. The Station houses Engine 77, a 1992 Pierce combination pumper, and is designated a wild land strike team engine to be deployed in the event of a wildfire.

The Fire District is in the process of evaluating formal adoption of Standards of Coverage by its Board of Directors. The first step in this process is designating primary response routes, with Board of Directors initial review scheduled for its August meeting. Once primary response routes are designated, the Board will consider the issue of Standards of Coverage. One of the purposes of this review is to tailor standards to the District's goals and policies. Industry standards (NFPA 1710 and ISO) will be used as a guide.

The District is also in the process of finalizing the scope of work for a nexus study on the establishment of a Fire Services development impact fee, with a consultant Request for Proposals to perform the Study issued this Fall. The impact fee study will be District-wide and satisfy the requirements of State law for establishment of a fee that would cover the cost of new equipment, station expansion, and other items (e.g., signal preemption) that arise from new development in the District's service area. While some of these needs and associated costs have been identified, others would be determined during the course of the nexus study. This fee could also include costs to cover increased personnel expenditures to meet increased service needs. The study will consider new revenues from future property tax growth in the District's service area, including any potential impacts of slower increases in future years and the effect on future District funding if the voters do not approve the extension of the Gann limit override at the November 2011 election.

The District considers the totality of circumstances in assessing future service needs caused by all new development within the District boundaries, rather than on a project-by-project basis, or for individual areas such as the El Camino Real/Downtown Specific Plan. These include the needs of the District to maintain current levels of service for existing development and projected growth, including, the need for new buildings, facilities, vehicles, equipment and personnel-related items. Other items include the ability to access various types of structures from the exterior, as well as increased traffic congestion from new development that can delay response. The District's current fire service delivery model was planned with the City of Menlo Park mostly built with structures no

more than three stories in height, although there are several existing taller buildings in the City. Currently, there is a less than five-minute response time to 70 percent of calls. The District needs to consider how response times might be affected by increased traffic, density or other factors when Downtown is built out as set forth in the Specific Plan, including street narrowing, sidewalk widening and improving pedestrian access along major throughways, such as El Camino Real (which is used for emergency response). Other factors to consider include that District stations near Downtown provide backup for wild land fire fighting, as well as service in East Palo Alto and throughout the Fire District due to their central location. The District also needs to consider how coverage in the Downtown area may be affected by District-wide considerations, including its first responder status to the SLAC National Accelerator Laboratory (SLAC), as well as expanded automatic aid arrangements with the City of Palo Alto and San Mateo County Fire agencies.

Regarding the Specific Plan, the District anticipates that it will need an additional aerial ladder truck to deal with the up to 60' height standards proposed in the new zoning districts. Downtown currently is a dense call area, with a relatively high number of service calls (over 1,000 annually), plus heavy inspection requirements (approximately one-quarter of all inspections in the District). The combination of building heights, on-street parking, project density, building façades, and setbacks from the street creates challenges for exterior firefighting access to structures. Access and maneuverability is also affected by increased numbers of trees, and planted medians and modifications to street circulation. An upgrade to the water system may be needed to support firefighting due to the increased buildings, population and employees in the Downtown area under the Specific Plan. There may be other needs that are not yet quantified. An increase in the number of businesses in the Specific Plan area may require additional staffing for items such as fire safety and hazardous materials inspections and other fire prevention services, as the District does not have any additional capacity for these services. The District considers the residential population increase anticipated in the Specific Plan of 1,537 to be considerable. Currently, the District overall staffing is 1 position for 1,000 residents. With the potential addition of over 1,500 new residents under the Specific Plan, the District would need to fill 1.5 additional positions to maintain current staffing levels. The District anticipates that one of these positions would be a firefighter.

Currently planned improvements to Stations serving the Downtown area include the following, however, these plans were developed prior to identification of the potential increase in population and businesses from the Specific Plan, as well as other new recently proposed development elsewhere in the District area:

- Station 4 (3322 Alameda De Las Pulgas) would be the location for an additional quintuple combination pumper that combines an engine and ladder truck. This will also require the addition of one firefighter per shift. The location is important to address already longer response times from this station as well as provide access west of US-101 and the Caltrain tracks (an additional ladder truck has previously been identified as required to serve the new Gateway development east of US-101). However, the current design of Station 4 will not fit a ladder truck and needs to be modified.
- Station 6 (700 Oak Grove Avenue) in the Downtown area needs to be rebuilt to meet current building codes, upgrade communications systems, and provide drive-in access through the

recently acquired property behind it. The District may also consider a well or cistern for the Station, to provide access to water for firefighting in the Downtown area.

The cost of fire station improvements is currently unfunded (a total of four of the District's seven stations need to be rebuilt). It is anticipated that every new development as described in the Specific Plan would pay a new Fire Services impact fee, as determined by the upcoming nexus study, that would offset its fiscal impacts to the District. However, individual projects may also present special needs that would not be included in the improvement program for the proposed impact fee, and that could have to be funded by the project.

Overall, the Specific Plan is anticipated to contribute to the need for the following:

- Aerial ladder (\$600,000);
- Rebuilding and expansion of Fire Station 6 in downtown Menlo Park;
- Signal preemption – installation and maintenance;
- Water well, cistern or other water service improvements; and
- One additional fire fighter and another 1/2 staff position.

Revenues

The major source of revenue for the Fire District is property taxes. In the FY 11-12 budget, property taxes comprise 91.4 percent of the District's projected revenues of \$30.3 million. After accounting for the ERAF shift, the District receives 14.23 percent of the base one percent property tax for parcels located in the applicable Tax Rate Area. Based on the estimated increase in property values that would be generated by the Project, it is estimated that it would generate \$1.1 million in property taxes annually.

The District expects to generate \$654,100 from licenses, permits, and service charges in FY 11-12, accounting for 2.2 percent of total revenues. For purposes of this analysis, revenues from licenses, permits, and service charges are estimated on a per service population basis. Other revenues, including monies from intergovernmental transfers and use of money and property have been assumed not to change as a result of new development. Based on the estimated increase in service population from the Project, it is estimated that it would generate \$12,000 in new annual revenues from licenses, permits, and service charges.

Net Impact

As discussed earlier, the pending service standard review by the District as well as cost estimates for future services to be calculated in an upcoming nexus study to establish a development impact fee, needs to be completed before it is possible to fully estimate the expenditures that would result from the Project (along with expenditures to support other future development elsewhere in the District's area). This means that it is not possible at this time to estimate the net impact on the Fire District from the Specific Plan, however the District's intent in seeking to establish a new impact fee is that the combination of impact fee receipts and its share of property taxes from new development would cover the cost of providing increases services to new development outlined in the Specific Plan. Therefore, once an impact fee schedule is established, development pursuant to the Specific Plan

could be considered to have no net fiscal impact. Table 7 below summarizes the revenues related to the Project, leading to increased revenues to the District of approximately \$1.1 million annually.

Table 7: Projected Fire District Revenues

<u>Assumptions</u>	<u>FY 2011- 2012</u>
Service Population	108,540
Fire District Annual Revenues	
Licenses, Permits, and Service Charges	\$654,100
Total Fire District Revenues (a)	\$654,100
Licenses, Permits, and Service Charges per Service Population	\$6.03
Share of One Percent Basic Property Tax	14.23%
	Project
	Proposed Specific Plan
Projected Fiscal Impact	
New Service Population	1,989
Projected Property Tax Revenues	\$1,059,700
Projected Licenses, Permits, and Service Charges Revenues	\$12,000
<u>SUBTOTAL: Projected Revenues</u>	\$1,071,700

Note:

(a) Does not include property tax revenues that will be determined by the value of development, or other revenues not expected to increase with development.

Sources: Menlo Park Fire District, 2011; BAE, 2011.

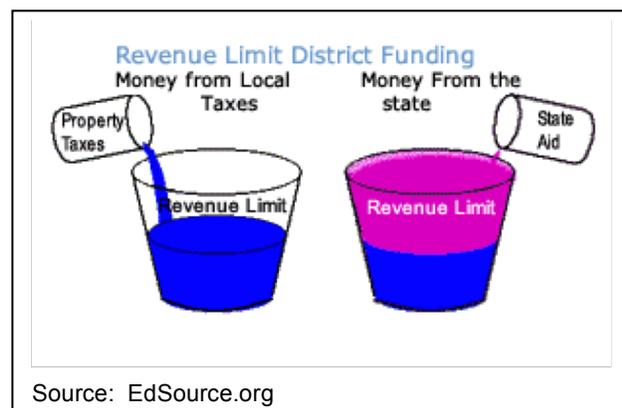
School Districts

The Specific Plan area is located within the Menlo Park City Elementary School District and the Sequoia Union High School District, both of which are “Basic Aid Districts” and would therefore receive ongoing operating revenues from the Project. However, due to the complexities of the State’s educational funding system, this is not typical of how development affects school finances, as explained in the following section.

Revenues

Revenue Limit Districts

In California, a majority of public schools are subject to the “Revenue Limit,” a per student amount determined by the State. Within Revenue Limit districts local property taxes are not sufficient to meet the State requirement. Hence, in Revenue Limit districts, local property taxes are supplemented with State funds in order to meet required per pupil funding levels. Within

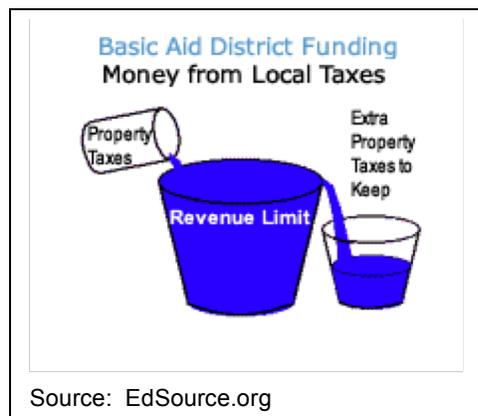


Source: EdSource.org

Revenue Limit districts, as local property tax revenues increase State funding is reduced by a commensurate amount, so that these districts do not realize increased revenues as property tax revenue increase.

Basic Aid Districts

By comparison, if local property taxes are sufficient to exceed the Revenue Limit established by the State, the district is considered a “Basic Aid” district and receives only minimal State funding,



Source: EdSource.org

traditionally \$120 per student per year. Within Basic Aid districts, as assessed property values increase, the district can keep additional property tax revenues. The distinction between Revenue Limit and Basic Aid districts is important as it determines whether a district can expect new operating revenues as a result of new development that increases the local property tax rolls.

Both, the Sequoia High School District and Menlo Park City Elementary School District are Basic Aid districts, meaning that operating revenues are affected by increases in the

property tax values within the district. This means that development of the Project would increase the local property tax base, resulting in an estimated increase in revenues of approximately \$1.3 million per year for the Menlo Park City Elementary School District, and \$1.2 million per year for the Sequoia Union High School District. These estimates are based on the Menlo Park City Elementary School District receiving 16.97 percent of the base one percent property tax, and the Sequoia Union High School District receiving a 15.87 percent share of the base one percent property tax assessment for all properties within its jurisdiction.

Expenditures

School District expenditures are based on the number of new students generated from new development. Each District calculates its “student generation rate” for each housing type to determine the number of new students attributable to single-family and multifamily housing units. According to the DEIR, it is estimated that multifamily units allowed under the Specific Plan would generate approximately 0.12 elementary/middle school students per unit.³ The DEIR also projects that new multifamily development would generate 0.09 high school students per unit.⁴ Thus full development under the proposed Specific Plan would generate 82 new City of Menlo Park Elementary School District students and 62 new Sequoia Union High School District students.

Discussions with Menlo Park City Elementary School District staff indicate that local elementary and middle schools are presently at or beyond capacity, until implementation of the District’s *Plan for Reconfiguration of the Elementary Schools* that is underway is completed. High schools can absorb a

³ ESA. *El Camino Real/Downtown Specific Plan Environmental Impact Report*. April 2011. Page 4.12-28.

⁴ ESA. *El Camino Real/Downtown Specific Plan Environmental Impact Report*. April 2011. Page 4.12-29.

small amount of new students. According to the DEIR, through 2019 the Specific Plan would generate 33 new elementary/middle school students and 25 high school students, all of which could be absorbed because of a simultaneous decline in student enrollment from existing housing stock.⁵ Enrollment projections used in the DEIR are not available past 2019, due to the fact that projections are based primarily on existing enrollments and birth data, which do not permit longer-range estimates. To meet its facility needs, the Menlo Park City Elementary School District is using Measure U bond funds to expand and modernize its facilities to accommodate future student growth,⁶ and State law (SB50) requires that development impact fees paid by new developments are considered to fully mitigate their facility impacts. Thus, buildout under the Specific Plan through 2019 would not negatively impact either district's classroom facilities.

Using current average daily attendance rates and the districts' current fiscal year budgets generates current per student expenditure estimates on discretionary spending. These estimates are then applied to the projected number of new students resulting from the Project to project annual expenditures in the school districts. The Project would result in approximately \$989,000 in annual City of Menlo Park Elementary School District operating expenses and \$595,700 in annual Sequoia Union High School District expenditures.

Net Impact

As Table 8 shows, the Project would generate net fiscal surpluses for both the Menlo Park City Elementary School District and Sequoia Union High School District based on enrollment growth through 2019 from the Specific Plan. Benefits to the Menlo Park City Elementary School District would be approximately \$275,000 annually, while the Sequoia Union High School District would have annual surpluses of approximately \$586,500. Future analysis later in this decade would be required to evaluate the fiscal impact from development pursuant to the Specific Plan after 2019.

⁵ ESA. *El Camino Real/Downtown Specific Plan Environmental Impact Report*. April 2011. Page 4.12-28. High school figures have been pro-rated through 2019, for consistency with how elementary school projections are calculated.

⁶ Ibid.

Table 8: Projected School District Impacts

Assumptions	Menlo Park City Elementary School District	Sequoia Union High School District
Annual Impacts		
Revenues		
Share of One Percent Basic Property Tax	16.97%	15.87%
Expenditures		
FY11-12 Budget	\$29,938,117	\$69,851,632
Projected Average Daily Attendance	2,470	7,270
Average Cost per Student	\$12,121	\$9,608
Student Generation Rate, per Housing Unit (a)	0.12	0.09
Projected Ongoing School District Impacts	Proposed Specific Plan	
New Menlo Park City Elementary School District Students	82	
New Sequoia Union High School District Students	62	
Menlo Park City Elementary School District		
Projected Annual Revenues	\$1,264,000	
LESS: Projected Annual Expenditures	<u>\$989,000</u>	
Menlo Park City Elementary School District Projected Fiscal Surplus/(Deficit)	\$275,000	
Sequoia Union High School District		
Projected Annual Revenues	\$1,182,200	
LESS: Projected Annual Expenditures	<u>\$595,700</u>	
Sequoia Union High School District Projected Fiscal Surplus/(Deficit)	\$586,500	

Note:

(a) Based on El Camino Real/Downtown Specific Plan Draft Environmental Impact Report's estimates of net new students.

Sources: Menlo Park City Elementary School District, 2011; Enrollment Projection Consultants, 2009; Sequoia Union High School District, 2011; El Camino Real/Downtown Specific Plan Draft Environmental Impact Report, 2011; BAE, 2011.

Water and Sanitary Districts

Bear Gulch Water District

The Bear Gulch Water District, which is part of the California Water Service Company (Cal Water), owns and operates the water distribution system that serves the El Camino Real/Downtown Specific Plan area. The Bear Gulch Water District is a private firm that serves Portola Valley, Woodside, Atherton, and parts of Menlo Park and Redwood City. Since Cal Water is a private firm, and not a Special District, this analysis does not consider the impacts from new development.

West Bay Sanitary District

The West Bay Sanitary District provides wastewater treatment services to areas in Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside, and unincorporated San Mateo County and Santa Clara County. The District owns and operates the South Bayside System Authority Regional

Treatment Plant in San Carlos in conjunction with the cities of Redwood City, Belmont, and San Carlos. As the West Bay Sanitary District operates on a cost recovery basis, the Project is not anticipated to have an ongoing fiscal impact on its budget.

San Mateo County Community College District

The San Mateo County Community College District (SMCCCD) offers Associate in Arts and Science degrees and Certificates of Proficiency at three campuses, Cañada College in Redwood City, College of San Mateo in the City of San Mateo, and Skyline College in San Bruno. These campuses collectively serve more than 40,000 students each year.

Revenues

A majority of General Fund revenues are derived from the District's Base Revenue, which is comprised of student enrollment fees, local property taxes, and a state apportionment. Base Revenue is determined by the State based on the district's enrollment.⁷ For FY 11-12, SMCCCD's projected base revenue of \$108.5 million or approximately \$5,100 per Full-Time Equivalent Student (FTES). However, since SMCCCD is currently turning students away, and anticipates further reductions in the near future, this analysis assumes that new development will not result in new student enrollment. Thus, revenue projections are solely based on property tax revenue increases resulting from increases in assessed value.

Expenditures

Since SMCCCD does not anticipate increasing its current load, or accepting more students than it currently has, staff does not anticipate any increased expenditures resulting from new development. Due to state-level budget cuts, SMCCCD reduced its number of FTES by seven percent between FY 10-11 and FY 11-12, and anticipates additional reductions in future years. Thus, there will be no new expenditures resulting from the Project.

Net Impact

Shown in Table 9, the proposed Project would result in a net fiscal surplus for SMCCCD. Under the proposed Project, SMCCCD would receive approximately \$513,400 in annual fiscal benefits.

⁷ Enrollment for revenue calculation purposes is measured in Full Time Equivalent Students (FTES). A FTES is equal to 15 course credits.

Table 9: Projected San Mateo County Community College District Impacts

Assumptions	FY 2011-2012 Budget (a)
Full-Time Equivalent Students	
Total Existing Service Population	857,090
Total Existing Full Time Equivalent Student (FTES) (b)	21,361
Revenues	
Non-Property Tax Base Revenue (c)	\$51,768,883
Net Miscellaneous Student Fees (d)	\$804,125
Total Non-Property Tax Revenues	\$52,573,008
Revenues per FTES	\$2,461
Share of One-Percent Basic Property Tax	6.89%
Expenditures (e)	
Site Allocations	\$90,922,719
Salaries and Benefits	\$14,084,381
Staff Development / HR	\$1,407,992
Technology	\$1,141,333
Other	\$7,781,430
Total Expenditures	\$115,337,855
Expenditures per FTES	\$5,399
	Project
	Proposed Specific Plan
Projected Fiscal Impact	
New FTES (f)	0.0
Property Tax Revenues	\$513,400
Other Revenues	\$0
<i>SUBTOTAL: Projected Revenues</i>	<i>\$513,400</i>
LESS: Projected Costs	\$0
Net Projected Fiscal Surplus/(Deficit)	\$513,400

Notes:

- (a) Budget for the Unrestricted General Fund, which is the district's operating fund. Other district funds are operated primarily on a cost recovery basis.
- (b) FTES - Full Time Equivalent Student equals 525 class hours.
- (c) Includes student enrollment fees, and state apportionment. Based on FY10-11 allocations.
- (d) Does not include pay-for-fee revenues. Based on FY10-11 allocations.
- (e) Does not include expenditures paid for by direct fees also excluded from revenues.
- (f) The Community College is currently turning students away and does not plan to accept more students in the future.

Sources: San Mateo County Community College District, 2011; BAE 2011.

Other Districts

Potential fiscal impacts to the County Office of Education, the Midpeninsula Regional Open Space District, and the Sequoia Healthcare District were also analyzed.

Local property taxes are a major revenue source for the County Office of Education, the Midpeninsula Regional Open Space District, and the Sequoia Healthcare District. Each district

receives a share of the base one percent tax. After accounting for the ERAF shift, the County Office of Education receives 3.59 percent of the base tax; the Open Space District and the Healthcare District receive 1.87 percent and 1.49 percent, respectively.

An average cost approach was used to determine additional expenditures each district would bear as a result of increased service population generated at the project site. For each district, costs not anticipated to be impacted by growth have been subtracted from the total costs to derive a cost impacted by growth per service population unit. A discussion of each district and its expenditures is provided below.

County Office of Education

The San Mateo County Office of Education provides support for public schools throughout the County including instructional services, fiscal and operational services, and student services. The Office's instructional services include teacher support, educational technology, and professional development. The fiscal services division assists school districts with accounting, budgeting, payroll functions, and maintaining compliance. The County Office also operates Special Education programs for students with severe disabilities, Court and Community Schools for at-risk students, and career technical preparation programs for high school students.

Revenues

The District operates as a Revenue Limit District, meaning that increases in local property taxes do not translate into new District revenues. Office of Education staff indicates that the District receives approximately \$151 per Countywide enrolled student to provide oversight services to all of the school districts. It receives other revenues for providing its Special Education and at-risk education services. However, staff indicated that while a portion of the students generated from the proposed Project would require these services, the number of students would be very small and would not significantly impact the District.⁸ Thus, they are not included in this analysis.

Costs

According to the Office of Education, the total student enrollment in San Mateo County school districts is 94,500. The Office of Education's service population was defined as its student enrollment. The proposed Project would generate 144 new students countywide, with an annual central office cost per student of approximately \$247.

⁸ There are only 250 Special Education and at-risk students countywide in 2011.

Net Impact

After receipt of per student revenues, the District can anticipate receiving an annual net fiscal deficit of approximately \$13,800 from the Project. It should be noted that this is a very small proportion of its annual \$23.4 million budget (6/100ths of one percent) , and that variances in other budget items may well exceed this amount. Table 10 shows the Project’s projected impacts to the Office of Education District.

Table 10: County Office of Education Net Fiscal Impacts

Assumptions	FY 2011- 2012 Budget
Total Existing Student Enrollment (a)	94,500
Student Generation Rate (b)	0.21
Revenues	
Revenues per Countywide Student (c)	\$151
Expenditures	
Salaries and Benefits	\$15,645,742
Books and supplies	\$1,233,194
<u>Services and Operating Expenditures</u>	<u>\$6,488,612</u>
Total Unrestricted Expenditures	\$23,367,548
Expenditures Per Student	\$247
	Project
	Proposed Specific Plan
Projected Fiscal Impact	
Estimated Number of Students	144
Revenues	\$21,700
<u>LESS: Projected Costs</u>	<u>\$35,500</u>
Net Projected Fiscal Surplus/(Deficit)	(\$13,800)

Note:

- (a) 2009-10 student enrollment in San Mateo County school districts, <http://www.ed-data.k12.ca.us/welcome.asp>
- (b) Student generation rate equals sum of student generation rates in Elementary and High School Districts.
- (c) District operates as a revenue limit district and does not keep property tax revenues in excess of state limits.

Sources: San Mateo County Office of Education, 2010; BAE, 2011.

Midpeninsula Regional Open Space District

The Midpeninsula Regional Open Space District preserves open space and provides opportunities for low-intensity recreation and environmental education. The District covers an area of 550 square miles and consists of 17 cities, including the City of Menlo Park. To date, the Open Space District has preserved over 57,000 acres of open space and created 26 open space preserves, of which 24 are open to the public.

According to District staff, the Project would have minimal impact on the Open Space District. The District does not maintain a per capita service standard for the acreage of land preserved and it would not increase its land acquisition efforts as a direct result of the Project. In addition, the District’s debt service expenditures would not increase due to development at the project site.

These two expenditure categories were deducted from the District's total costs to derive the cost impacted by growth. In the FY 11-12 budget, costs impacted by growth total \$15.2 million or \$20.96 per service population unit. These costs include property management expenses, major projects, fund medical retirement, and operating expenses. After receiving its share of property tax revenues from new development and other miscellaneous revenues expected to increase with the service population, the proposed Project would result in an annual fiscal surplus of approximately \$98,700. Table 11 shows the net fiscal impacts to the Midpeninsula Regional Open Space District.

Table 11: Projected Midpeninsula Regional Open Space District Impacts

Assumptions	FY 2011-2012 Budget
Existing Service Population	727,184
Revenues	
Other Revenues (a)	\$518,550
Other Revenues per Service Population	\$0.71
Share of Basic One-Percent Property Tax	1.87%
Expenditures (b)	
Salaries and Benefits	\$11,675,900
Services and Supplies	<u>\$3,562,722</u>
Total Expenditures	\$15,238,622
Expenditures per Service Population	\$20.96
	Project
	Proposed Specific Plan
Projected Fiscal Impact	
New Service Population	1,989
Property Tax Revenues	\$139,000
Other Revenues	<u>\$1,400</u>
<i>SUBTOTAL: Projected Revenues</i>	<i>\$140,400</i>
<i>LESS: Projected Costs</i>	<i><u>\$41,700</u></i>
Net Projected Fiscal Surplus/(Deficit)	<u>\$98,700</u>

Notes:

- (a) Does not include property tax income or income that is not expected to increase with the service populations (i.e., grants, interest income, property management-rental income, and land donations).
- (b) Does not include costs that are not expected to increase with service population (i.e., debt service, and fixed assets).

Sources: Midpeninsula Regional Open Space District, 2011; BAE, 2011.

Sequoia Health Care District

The Sequoia Healthcare District serves Redwood City, San Carlos, Belmont, Menlo Park, Woodside, Atherton, and Portola Valley. The Redwood City Council formed the District to operate the Sequoia Hospital, which opened in 1950. Today, the Healthcare District jointly governs the Hospital with

Catholic Healthcare West, but is not actively involved in operation of the Hospital.⁹ The Healthcare District provides community grants, nursing education, and ongoing support for various long-term healthcare initiatives. The District is undergoing a strategic planning process to determine what other healthcare services it can directly or indirectly provide to offset service inadequacies within the District.

According to the Sequoia Healthcare District, the District primarily serves its residents. Thus, the analysis estimated the costs on a per resident basis. Excluding expenses not expected to increase with new development (e.g., investment fees, etc.), the District spends approximately \$15.21 per resident to provide health care services. After receiving its share of property tax revenues, the District can expect that the proposed Project would result in an annual fiscal surplus of approximately \$87,400. Table 12 shows the net impact to the Sequoia Healthcare District.

Table 12: Sequoia Healthcare District Net Fiscal Impacts

Assumptions	FY 2011-2012 Budget
Existing Resident Population	180,875
Revenues	
Share of Basic One-Percent Property Tax	1.49%
Expenditures	
Administrative Expenses	\$124,100
Property Expenses	\$47,000
Program Expenses	<u>\$2,580,000</u>
Total Expenditures (a)	\$2,751,100
Cost Per Resident	\$15.21
	Project
	Proposed Specific Plan
Projected Fiscal Impact	
New Residents	1,537
Property Tax Revenues	\$110,800
LESS: Projected Costs	<u>\$23,400</u>
Net Projected Fiscal Surplus/(Deficit)	\$87,400

Note:

(a) Does not include Grant expenses, or administrative or property expenses not expected to increase with population.

Sources: Sequoia Healthcare District, 2010; BAE, 2011.

⁹ In 1996, the Sequoia Hospital became a member of Catholic Healthcare West (CHW). CHW, a nonprofit organization, funds the operational costs of the Hospital primarily through hospital revenues; it does not receive any public funds.

Summary of Net Impacts for Special Districts

Table 13 shows that full buildout as proposed in the Specific Plan, the elementary, high school, open space and healthcare districts would each receive negligible annual benefits, amounting to less than one percent of their total budgets¹⁰. The Community College District would receive more significant revenues, assuming it does not increase enrollment and thus its expenditures. There would be a net fiscal loss for the County Office of Education, however this would be considerably less than one percent of its budget. Finally, the combination of anticipated new development impact fees and property tax revenues from the Specific Plan is projected to cover facility, equipment, operating, and others costs increases for the Fire Protection District that are attributable to the Specific Plan.

Table 13: Summary of Projected Special District Impacts

Special District	Proposed Specific Plan
Menlo Park Fire Protection District (a)	\$1,071,700
Menlo Park City Elementary School District	\$275,000
Sequoia Union High School District	\$586,500
San Mateo County Community College District	\$513,400
County Office of Education	(\$13,800)
Midpeninsula Regional Open Space District	\$98,700
Sequoia Healthcare District	\$87,400

Note:

(a) Only includes revenues. Does not account for increased costs of providing services.

Source: BAE, 2011.

¹⁰ The slight annual net fiscal benefit for school districts is through 2019, as discussed in the section of this report on school districts.

CUMULATIVE FISCAL IMPACTS

This section of the report analyzes the cumulative fiscal impacts that would occur over the next 20 years of Specific Plan implementation. As Table 14 shows, absorption would begin in year 2013 and is projected through 2031.¹¹

Table 14: Cumulative Absorption, Proposed Project

<u>Proposed Specific Plan/Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential										
Market Rate Units (a)	38	76	114	152	191	230	269	307	346	385
BMR Units (b)	<u>7</u>	<u>13</u>	<u>20</u>	<u>27</u>	<u>34</u>	<u>41</u>	<u>47</u>	<u>54</u>	<u>61</u>	<u>68</u>
Total # of Units	45	89	134	179	225	270	316	361	407	453
Population per Unit	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Net New Population	102	201	303	405	509	610	714	816	920	1,024
Commercial										
Retail SF	4,832	9,663	14,495	19,326	24,158	28,989	33,821	38,653	43,484	48,316
Commercial SF	12,675	25,349	38,024	50,699	63,374	76,048	88,723	101,398	114,073	126,747
Average Employment Density (Sq Ft/Worker)	340	340	340	340	340	340	340	340	340	340
Hotel Rooms	0	0	0	0	300	300	300	300	380	380
Average Employment Density (Workers/Room)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Net New Employment	51	103	154	206	557	609	660	712	843	895
Net New Service Population	119	235	354	473	694	813	934	1,053	1,201	1,322
<u>Proposed Specific Plan/Year</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	
Residential										
Market Rate Units (a)	424	464	503	543	578	578	578	578	578	578
BMR Units (b)	<u>75</u>	<u>82</u>	<u>89</u>	<u>96</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>
Total # of Units	499	546	592	639	680	680	680	680	680	680
Population per Unit	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Net New Population	1,128	1,234	1,338	1,444	1,537	1,537	1,537	1,537	1,537	1,537
Commercial										
Retail SF	53,147	57,979	62,811	67,642	72,474	77,305	82,137	86,968	91,800	
Commercial SF	139,422	152,097	164,772	177,446	190,121	202,796	215,471	228,145	240,820	
Average Employment Density (Sq Ft/Worker)	340	340	340	340	340	340	340	340	340	
Hotel Rooms	380	380	380	380	380	380	380	380	380	
Average Employment Density (Workers/Room)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Net New Employment	946	998	1,049	1,101	1,152	1,204	1,255	1,307	1,357	
Net New Service Population	1,443	1,567	1,688	1,811	1,921	1,938	1,955	1,973	1,989	

Notes:

(a) Assumes 85 percent of units are market rate for sale.

(b) Assumes 15 percent of units are affordable for sale.

Sources: Menlo Park El Camino Real and Downtown Specific Plan EIR, 2011; Strategic Economics, 2011; BAE, 2011.

¹¹ This analysis is consistent with the 20-year projection prepared by Strategic Economics for the fiscal impacts to the City's General Fund. As noted previously, school district impacts are through 2019.

Assuming absorption follows the schedule set forth in Table 14, Table 15 shows the cumulative fiscal impacts that would accrue to the Special Districts annually through buildout. Since the total cost for increased fire protection services cannot be estimated at this time, as discussed earlier in this report, only new revenues for the Fire Protection District are shown. It is assumed that the combination of these revenues and an anticipated new development impact fee would mean no net fiscal impact from the Specific Plan to the Fire Protection District.¹²

The San Mateo County Community College District, Menlo Park City Elementary School District, Sequoia Union High School District, Midpeninsula Open Space District, and Sequoia Healthcare District would receive net fiscal surpluses from development under the Specific Plan. However, the surpluses to the all districts except the Community College District would be relatively small compared to their annual operating budgets. The projected fiscal surpluses to the Community College District are contingent on the District continuing its policy of capping enrollment at current levels.

The County Office of Education operates as a Revenue Limit District, where the State provides the District with a finite amount of funding per student, and property tax revenues do not directly accrue to the District. If the Office of Education were to change to a Basic Aid structure, the District would receive sufficient revenues from new property taxes generated by Specific Plan development to result in net fiscal surpluses. However, under the present Revenue Limit structure in which it operates, the District receives \$151 per student, but spends \$247 per student, and would therefore experience a net fiscal deficit from the development described in the Specific Plan.

Table 15: Cumulative Impacts, Proposed Project

Districts/Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire District (a)	\$61,000	\$121,000	\$182,000	\$243,000	\$375,300	\$436,300	\$498,300	\$559,300	\$640,000	\$702,000
Menlo Park City Elementary School	\$6,500	\$13,200	\$19,600	\$26,100	\$115,400	\$121,800	\$128,000	\$134,500	\$162,800	\$169,000
Sequoia Union High School	\$28,300	\$56,400	\$84,800	\$113,100	\$219,400	\$247,800	\$276,300	\$304,700	\$354,000	\$382,500
SMCCCD	\$29,200	\$57,900	\$87,100	\$116,300	\$179,800	\$209,000	\$238,700	\$267,900	\$306,500	\$336,200
Office of Education	(\$900)	(\$1,800)	(\$2,700)	(\$3,600)	(\$4,500)	(\$5,400)	(\$6,400)	(\$7,300)	(\$8,200)	(\$9,100)
Midpeninsula Regional Open Space	\$5,500	\$10,900	\$16,400	\$21,900	\$34,600	\$40,100	\$45,700	\$51,200	\$58,700	\$64,300
Sequoia Healthcare	\$4,800	\$9,400	\$14,200	\$18,900	\$31,100	\$35,800	\$40,600	\$45,400	\$52,200	\$57,000
Districts/Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total (b)
Fire District (a)	\$764,000	\$827,000	\$889,000	\$952,000	\$1,009,000	\$1,024,700	\$1,040,400	\$1,056,000	\$1,071,700	\$12,452,000
Menlo Park City Elementary School	\$175,200	\$181,100	\$187,300	\$193,200	\$200,700	\$219,300	\$237,900	\$256,400	\$275,000	\$2,823,000
Sequoia Union High School	\$411,100	\$439,900	\$468,500	\$497,300	\$524,700	\$542,100	\$559,400	\$576,800	\$594,200	\$6,681,300
SMCCCD	\$365,900	\$396,100	\$425,800	\$455,900	\$483,200	\$490,700	\$498,300	\$505,800	\$513,400	\$5,963,700
Office of Education	(\$10,100)	(\$11,000)	(\$11,900)	(\$12,900)	(\$13,700)	(\$13,700)	(\$13,700)	(\$13,700)	(\$13,700)	(\$164,300)
Midpeninsula Regional Open Space	\$69,800	\$75,500	\$81,100	\$86,800	\$91,900	\$93,600	\$95,300	\$97,000	\$98,700	\$1,139,000
Sequoia Healthcare	\$61,800	\$66,700	\$71,500	\$76,400	\$80,900	\$82,500	\$84,100	\$85,800	\$87,400	\$1,006,500

Notes:

- (a) Only includes revenues. Does not account for increased costs of providing services.
- (b) Reported in constant 2011 dollars.

Source: BAE, 2011.

¹² Please see the Fire Protection District section of the FIA for a more detailed discussion of operating costs, impact fees, and their relationship to fiscal impacts.

APPENDIX A: IMPACT FEE AND FACILITIES CHARGES ASSUMPTIONS

Some of the special districts collect a variety of one-time impact fees and capital facility charges to offset impacts of new development. Below is a discussion of the assumptions and methodologies for estimating revenues from these sources. A schedule of fees and charges is presented below in Table A-1, while the impact fees are presented in Table A-2.

Appendix A-1. Impact Fee Rates

Impact Fees and Facility Charges	Rate	Unit	Quantity Under Project
Sewer Connection Fee			
Residential	\$4,289.20	unit	680
Commercial	\$19.50	Per Gallon per Day +\$585	67,262
Menlo Park City Elementary School District (a)			
Residential	\$1.78	Net New Sq. Ft.	816,000
Commercial	\$0.28	Net New Sq. Ft.	672,620
Sequoia High School District (a)			
Residential	\$1.19	Net New Sq. Ft.	816,000
Commercial	\$0.19	Net New Sq. Ft.	672,620

Notes:

(a) The Menlo Park City Elementary School and Sequoia Union High School Districts share the \$2.97 per residential unit sq.ft. and \$0.47 per commercial sq.ft. impact fee. and \$0.47 per commercial sq. ft. impact fee.

Menlo Park City Elementary's share of the fee is 60%
Sequoia Union's share of the fee is 40%

(a) Assume the average unit is 1,200 square feet, including building circulation.

(b) Assumes a weighted average hotel room size of 895 square feet per room, including lobby, meeting space, and circulation. Assumes mid-rise hotel has an average room size of 1,000 sq. ft. and boutique hotel has an average room size of 500 square feet, including circulation, lobby space, etc.

Sources: West Bay Sanitary District, 2001; Sequoia Union High School District, 2009; Menlo Park City Elementary School District, 2011; BAE, 2011.

West Bay Sanitary District

The West Bay Sanitary District assesses a sewer connection charge based on the estimated volume of wastewater discharge per day. The District provides credit for the existing use and entitled wastewater discharge volume, requiring the developer to pay a connection fee based on the estimated net new discharge volume only. Based on the proposed development program, the analysis estimates that the commercial components of the Project would generate 67,300 gpd of wastewater discharge. The District would collect a connection fee of \$19.50 per gallon per day plus a flat fee of \$585 per connection for commercial development and \$4,289 per residential unit. Discussions with District staff indicated that each building would require a separate connection. The Project would be subject to \$4.3 million for sewer connections.

Menlo Park City Elementary School District, Sequoia Union High School District

The Sequoia Union High School District collects school impact fees for itself and its feeder elementary school districts. For new commercial development located in the Menlo Park City Elementary School District, impact fees are \$0.47 per square foot of net new commercial development and \$2.97 per square foot of new residential space, of which 40 percent goes to Sequoia Union High School District and 60 percent goes to Menlo Park City Elementary School District. These fees are established pursuant to the requirements of State Law (SB 50), and pursuant

to that law are deemed to fully meet the requirements for new facilities. The Project would generate \$1.6 million for the Menlo Park City Elementary School District and \$1.1 million, for the Sequoia Union High School District, based on current (2009) rates.

Table A-2: Impact Fees and Facilities Charges

	<u>Project</u>
Sewer Connection Fee (a)	
Residential	\$2,917,000
Commercial (b)	\$1,335,000
Menlo Park City Elementary School District	
Residential	\$1,454,000
Commercial	\$190,000
Sequoia High School District (c)	
Residential	\$969,000
Commercial	\$126,000

Notes:

- (a) Sewer connection fees are based on gallons, and include a flat fee per connection (assuming one connection per building) and a fee based on estimated gallons per day (gpd). Developers are credited with the existing entitled volume on site and must pay connection fees only for the estimated net new volume (gpd).
- (b) Assumes approximately 40 new buildings under proposed Specific Plan.
- (c) Sequoia Union High School District collects school impact fees for high school district and feeder elementary school districts.

Sources: West Bay Sanitary District, 2011; Sequoia Union High School District, 2011; BAE, 2011.

APPENDIX B: KEY PERSONNEL CONTACTED

Below is a list of key personnel contacted at the various affected districts. These people provided information for the preceding analysis through phone calls and/or email correspondence.

Table B-1: Special District Contacts

<u>Special District</u>	<u>Position</u>	<u>Name</u>
Menlo Park City Elementary School District	Chief Business Official	Diane White
Sequoia Union High School District	Controller	Martin Fuentes
San Mateo County Office of Education	Administrator for Board Support and Community Relations	Nancy Magee
San Mateo County Community College District	Chief Financial Officer	Kathy Blackwood
San Mateo County Community College District	Budget Officer	Rachelle Minong
Bear Gulch Water District	District Manager	Tony Carrasco
West Bay Sanitation District	District Manager	Phil Scott
Fire District	Fire Chief	Harold Schapelhouman
Fire District	Division Chief	Geoffrey Aus
Fire District	Accounting Technician	John Hitchcock

Source: BAE, 2011.