

Assuming that costs increase in accordance with service population, the Project would generate an estimated \$5.7 million in annual costs to the District. If the District were to require 15 additional FTEs due to the Project to maintain current staffing levels, these expenditures would average approximately \$290,000 per FTE. The Reduced Non-Residential Intensity Alternative would generate an estimated \$5.4 million in annual costs to the District and the Reduced Intensity Alternative would generate an estimated \$4.6 million in annual costs to the District

Net Fiscal Impact

Based on the revenue and expenditure estimates shown in Table 36, the Project and both alternatives would have a positive net fiscal impact on the MPFPD. The net positive fiscal impact associated with the Project is estimated to total \$2.8 million annually. The positive annual net fiscal impact to the District would total \$1.9 million under the Reduced Non-Residential Intensity Alternative and \$2.4 million under the Reduced Intensity Alternative.

Table 36: Projected Impacts to the Menlo Park Fire Protection District at Build Out

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact	\$2,790,661	\$1,874,558	\$2,373,861
New License, Permit, Service Charge Revenues	\$169,200	\$160,300	\$136,700
New Property Tax Revenues	\$8,288,561	\$7,083,658	\$6,816,161
Less: Projected Expenditures	(\$5,667,100)	(\$5,369,400)	(\$4,579,000)
Net Increase in Assessed Value	\$6,821,306,750	\$5,829,698,054	\$5,609,553,285
Base 1% Property Tax	\$68,213,068	\$58,296,981	\$56,095,533
Fire Services Development Impact Fee (a)	TBD	TBD	TBD
Assumptions			FY 2015-16
Service Population			101,697
Revenues			
License and Permit Revenues			\$925,000
Current Service Charges			\$60,800
Licenses, Permits, and Service Charges per Service Population			\$9.69
Fire District Share of Base 1% Property Tax			12.2%
General Fund Expenditures			
Operating Expenditures			\$33,027,200
Expenditures per Service Population			\$324.76

Notes:

(a) The Menlo Park Fire Protection District has conducted a study to establish an impact fee to fund the cost of capital expenditures needed to serve new development. If the Menlo Park City Council adopts the fee, individual developments that receive building permits after fee adoption could generate impact fee revenue to the District.

Sources: Menlo Park Fire Protection District, 2015; BAE, 2016.

School Districts Serving the Project

In addition to evaluation of the fiscal impacts on the City's General Fund departments, this study also evaluates the fiscal impacts and student population growth impacts for the school districts that serve the area that would be directly affected by the Project. Elementary and middle school students living in Menlo Park attend one of four school districts, all of which serve children in kindergarten through eighth grade: Menlo Park City School District, Las Lomas Elementary School District, Ravenswood City School District, or Redwood City School District. Of these four districts, the Ravenswood City and Redwood City School Districts are the districts that serve students living in the M-2 Area, and are therefore the districts that would be impacted by the net increase in new development from ConnectMenlo. However, the Menlo Park City and Las Lomas Elementary School Districts could also experience an increase in student enrollment and property tax revenue due to new development that could occur under the City's existing General Plan. The Sequoia Union High School District serves high school students throughout Menlo Park.

There are two types of potential impacts that can arise from growth in households which in turn leads to an increase in student population. The first potential impact is related to the additional costs of instruction for new students, and how those costs will be covered. The second potential impact is if there is a need for additional facilities to accommodate more students. Both of these impacts are addressed in the following sections.

In addition to the Project, there are a range of other demographic and socioeconomic factors that are also affecting near- and long-term school district enrollment. Thus, the findings on school district impacts in this study should be treated as indicative of the potential range and types of impacts from the Project, but not as an actual projection of the future fiscal and facility impacts that will be experienced by the school districts that serve Menlo Park residents.

Facility Needs and Master Planning

As student population has grown, it has created capacity constraints in the Ravenswood City and Sequoia Union School Districts. Both of these districts have embarked on planning efforts to meet future demand, and the Sequoia Union High School District has initiated a campus expansion project at the Menlo-Atherton campus, which serves Menlo Park. Current enrollment projects and associated expansion plans for these districts do not account for the growth that would be generated by the Project.

Enrollment in the Redwood City Elementary School District is currently within the District's capacity limits. As shown in the DEIR for the project, there is existing capacity for 423 elementary school students and 490 middle school students in the two District schools that are located near the M-2 Area, far exceeding the anticipated student generation for the District that would be associated with the Project (135 elementary and middle school students; see Table 40 below). According to the DEIR, the Redwood City Elementary School District projects

that elementary and middle school enrollment will decline over the next ten years, and has no current plans for new or expanded facilities. Due to these factors, this section of the FIA does not evaluate facilities needs for the Redwood City Elementary School District.

According to the Project DEIR, the Project could cause student enrollment to exceed the capacity of four of the five elementary school districts that serve Menlo Park. Student enrollment currently exceeds capacity in the Menlo Park City, Las Lomas Elementary, and Sequoia Union High School Districts. The Project and Alternatives would generate additional students for each of these districts, as estimated in Table 37 through Table 39 and Table 41 below, potentially causing enrollment to further exceed capacity. While the Ravenswood School District has a small amount of existing enrollment capacity, the projected increase in enrollment due to the Project (see Table 39 below) would exceed this remaining capacity. The Redwood City School District is the only school district that serves Menlo Park that has sufficient existing capacity to accommodate the students in the District that the Project would generate.

Despite current and potential capacity shortfalls in the Menlo Park City, Las Lomas Elementary, Ravenswood City, and Sequoia Union High School Districts, the DEIR for the Project found that the Project would have a less than significant impact on each of the school districts that serve Menlo Park. As detailed in the DEIR, all four districts with current or potential capacity constraints are undertaking planning efforts to accommodate enrollment growth, some with expansions or new facilities that will be operational within the next two years, and the number of students generated by the Project would be consistent with enrollment trends and planned facilities expansions. In addition, new development would be required to pay school impact fees to the districts in which the development takes place, which would be used to support the construction of new or expanded facilities, and development pursuant to the Project and any associated student enrollment would occur on an incremental basis throughout the 24-year buildout horizon of the Project.

Fiscal Impacts Analysis

This section estimates the impact of the Project and Alternatives on ongoing school district operating revenues and expenditures. The FIA estimates the increase in student enrollment based on the number of residential units in each district that would result from the Project and Alternatives, as specified in the DEIR, and the student generation rates that each district uses for enrollment projections.

The Project and Alternatives both include 55 single-family units that would be constructed as second units on lots where single-family homes currently exist, which could be constructed on any qualifying parcel in the City. According to the DEIR, there are single-family parcels that meet the City's requirements for second units in the Menlo Park City, Las Lomas Elementary and Ravenswood City School Districts. While it is unlikely that all 55 second units would be constructed in any one elementary/middle school district, the DEIR shows all 55 second units

in the residential unit counts for each of these three school districts in order to capture the full potential impacts of the Project on each district. As a result, the residential unit counts shown in the DEIR and FIA for individual elementary/middle school districts sum to a higher number than the total number of residential units from the Project or Alternatives.

In order to estimate the property tax revenue to each elementary/middle school district, the FIA portions the new development from the Project and Alternatives between each district. The FIA assumes that new residential development would be distributed between school districts as shown in the DEIR, as discussed above. However, the DEIR does not estimate the manner in which non-residential development from the Project will be distributed between school districts. Consequently, the FIA relies on estimates of the development potential within subareas of the M-2 Area and the remainder of the City to allocate the quantity of new non-residential development that would occur in each school district due to the Project and Alternatives.

Due to the complexities of the State's educational funding system, the impact to each of the districts that serve the M-2 area would differ with respect to ongoing revenues and expenditures for instructional costs. A primary distinction between districts serving the City lies in whether each district is a "Revenue Limit" or "Basic Aid District".

California School Financing

Revenue Limit Districts

In California, a majority of public schools are subject to the "Revenue Limit," a per-student funding amount determined by the State. Within Revenue Limit districts, local property taxes are not sufficient to meet the State funding requirement. Hence, in Revenue Limit districts, local property taxes are supplemented with State funds in order to meet required per-pupil funding levels. Within Revenue Limit districts, as local property tax revenues increase (including from new development), State funding is reduced by a commensurate amount so that these districts do not realize increased revenues as property tax revenues increase. Conversely, any increase in the gap between the State-mandated per-pupil spending minimum and property tax revenues, due to either increased enrollment or reduced property tax revenue, is met with a commensurate increase in State aid.

Basic Aid Districts

By comparison, if local property taxes are sufficient to exceed the Revenue Limit established by the State, a district can choose to become a "Basic Aid" district and receive only minimal State funding. Within Basic Aid districts, as assessed property values increase, the district can keep additional property tax revenues. While this can support higher levels of student spending in districts with a strong property tax base, it also means that property taxes from new development are the primary source of funds for additional annual operating costs to educate any new students. Therefore, the distinction between Revenue Limit and Basic Aid

districts is important as it determines whether a district can retain new operating revenues as a result of new development that increases the local property tax rolls.

Menlo Park City School District

Since the Menlo Park City School District does not overlap with the M-2 Area, all development that could occur from the Project would be due to the remaining development potential under the current General Plan, which is the same for the Project and Alternatives. As a result, the Project would have the same impact on the District as the Alternatives.

Revenues

The Menlo Park City School District is a Basic Aid District and therefore gets the bulk of its revenue from property taxes, with a minimal amount of funding from other state and local sources.

Among the TRAs in Menlo Park that are within the Menlo Park City School District boundaries, the District's share of the base one percent property tax averages 18.2 percent. Based on this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the Menlo Park City School District, at build out the increase in annual property tax revenues to the District as a result of the Project or Alternatives is estimated to total \$1.45 million.

Expenditures

The Menlo Park City Elementary School District uses a student generation rate of 0.18 students per single-family dwelling and 0.44 students per multifamily dwelling. The Project would generate up to 55 single-family units and 928 multifamily units in the Menlo Park City School District, resulting in an estimated 418 net new students in the District at buildout of the Project or Alternatives.

As shown in Table 37, the District budget for FY 2015-16 includes \$42 million in total expenditures, at a rate of \$14,316 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Alternatives would total \$5.99 million.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Menlo Park City School District totaling \$4.5 million annually. This is equivalent to approximately eleven percent of the District's FY 2015-2016 budget.

Table 37: Projected Annual Impacts to the Menlo Park City School District at Build Out

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact to District	(\$4,539,900)	(\$4,539,900)	(\$4,539,900)
Projected Annual Property Tax Revenues	\$1,447,200	\$1,447,200	\$1,447,200
Change in Annual Revenues from ADA (a)	\$0	\$0	\$0
Less: Projected Annual Expenditures	(\$5,987,100)	(\$5,987,100)	(\$5,987,100)
 Net Increase in Residential Units (b)	 983	 983	 983
Multifamily	928	928	928
Single-Family	55	55	55
 Net Increase in Students	 418	 418	 418
Net Increase in Assessed Value (c)	\$ 793,259,738	\$ 793,259,738	\$ 793,259,738
Base 1% Property Tax	\$7,932,597	\$7,932,597	\$7,932,597
Assumptions			
Menlo Park City Elementary School District Share of Base 1% Property Tax (d)			18.2%
Student Generation Rate			
Multifamily			0.44
Single-Family			0.18
Expenditures			
FY 15-16 Budget			\$41,515,205
2015-16 Estimated ADA			2,900
Average Cost per Student			\$14,316

Notes:

(a) Menlo Park City Elementary School District is a Basic Aid district, which means that the school district does not receive revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.

(b) The MPCSD is located outside of the M-2 Area, and therefore new residential development in the MPCSD would consist of multifamily units and single-family units developed as second units where single-family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.

(c) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.

(d) Figure represents the MPCSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the MPCSD boundaries.

Sources: ConnectMenlo DEIR, 2016; Menlo Park City Elementary School District, 2015; BAE, 2016.

Las Lomas Elementary School District

Similar to the Menlo Park City School District, the Las Lomas Elementary School District does not overlap with the M-2 Area, and therefore the Project would have the same impact on the District as the Alternatives.

Revenues

Like the Menlo Park City School District, the Las Lomas Elementary School District is a Basic Aid District that gets the bulk of its revenue from property taxes, with a minimal amount of funding from other state and local sources.

Among the TRAs in Menlo Park that are within the Las Lomas Elementary School District boundaries, the District's share of the base one percent property tax averages 20.6 percent. Based on this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the Las Lomas Elementary School District, at build out the increase in annual property tax revenues to the District as a result of the Project or Alternatives is estimated to total \$417,500.

Expenditures

The Las Lomas Elementary School District uses a student generation rate of 0.40 students per dwelling unit (multifamily or single-family). The Project would generate up to 55 single-family units and 118 multifamily units in the Las Lomas Elementary School District, resulting in an estimated 69 net new students in the District at buildout of the Project or Alternatives.

As shown in Table 37, the District budget for FY 2015-16 includes \$24 million in total expenditures, at a rate of \$17,517 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Alternatives would total \$1.2 million.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Las Lomas Elementary School District totaling \$794,700 annually. This is equivalent to approximately three percent of the District's FY 2015-2016 budget.

Table 38: Projected Annual Impacts to the Las Lomas Elementary School District at Build Out

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact to District	(\$794,700)	(\$794,700)	(\$794,700)
Projected Annual Property Tax Revenues	\$417,500	\$417,500	\$417,500
Change in Annual Revenues from ADA (a)	\$0	\$0	\$0
Less: Projected Annual Expenditures	(\$1,212,200)	(\$1,212,200)	(\$1,212,200)
Net Increase in Residential Units (b)	173	173	173
Multifamily	118	118	118
Single-Family	55	55	55
Net Increase in Students	69	69	69
Net Increase in Assessed Value (c)	\$ 202,835,113	\$ 202,835,113	\$ 202,835,113
Base 1% Property Tax	\$2,028,351	\$2,028,351	\$2,028,351
Assumptions			
Las Lomas Elementary School District Share of Base 1% Property Tax (d)			20.6%
Student Generation Rate			
Multifamily			0.40
Single-Family			0.40
Expenditures			
FY 15-16 Budget			\$23,788,613
2015-16 Estimated ADA			1,358
Average Cost per Student			\$17,517

Notes:

(a) Menlo Park City Elementary School District is a Basic Aid district, which means that the school district does not receive revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.

(b) The LLSD is located outside of the M-2 Area, and therefore new residential development in the LLSD would consist of multifamily units and single-family units developed as second units where single-family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.

(c) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.

(d) Figure represents the LLSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the LLSD boundaries.

Sources: ConnectMenlo DEIR, 2016; Las Lomas Elementary School District, 2015; BAE, 2016.

Ravenswood Elementary School District

Revenues

The Ravenswood Elementary School District is a Revenue Limit district. Therefore, ongoing instructional costs in the District are funded primarily through property taxes and State aid, with adjustments to State aid to account for any changes in the gap between property taxes and the required per-student funding level.

In the TRAS in Menlo Park that are within the Ravenswood City Elementary School District, the District's share of the base one percent property tax averages 32.7 percent. Using this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the District, at build out the increase in annual property tax revenues to the District as a result of the Project are estimated to total \$16.9 million. The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would support smaller quantities of development within the District, and would therefore generate less property tax revenue to the District.

Expenditures

The Ravenswood City Elementary School District uses a student generation rate of 0.39 students per single-family dwelling and 0.56 students per multifamily dwelling. The Project would generate up to 55 single-family units and 3,672 multifamily units in the Ravenswood School District, resulting in an estimated 2,078 net new students in the District at buildout of the Project. The Reduced Non-Residential Intensity Alternative would support the same number of residential units and students as the Project. The Reduced Intensity Alternative would generate 1,583 net new students in the District.

As shown in Table 39, the District budget for FY 2015-2016 includes \$46.5 million in total expenditures, at a rate of \$14,136 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Reduced Non-Residential Intensity Alternative would total \$29.4 million. The increase in annual operating expenditures from the Reduced Intensity Alternative would total \$22.4 million.

Net Impact

The Project and Alternatives would result in costs to the District that exceed the increase in annual property tax revenues to the District. However, since Ravenswood City is a Revenue Limit district, the State would increase State Aid to maintain the necessary level of per-student funding, resulting in no net fiscal surplus or deficit to the District.

Table 39: Projected Annual Impacts to the Ravenswood City Elementary School District at Buildout

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact to District	\$0	\$0	\$0
Projected Annual Property Tax Revenues	\$16,883,217	\$13,791,419	\$13,469,349
Change in Annual Revenues from ADA (a)	\$12,488,983	\$15,580,781	\$8,902,751
Less: Projected Annual Expenditures	(\$29,372,200)	(\$29,372,200)	(\$22,372,100)
Net Increase in Residential Units (b)	3,727	3,727	2,843
Multifamily	3,672	3,672	2,788
Single-Family	55	55	55
Net Increase in Students	2,078	2,078	1,583
Net Increase in Assessed Value (c)	\$ 5,162,591,702	\$ 4,217,174,310	\$ 4,118,690,957
Base 1% Property Tax	\$51,625,917	\$42,171,743	\$41,186,910
Assumptions			
Ravenswood Elementary School District Share of Base 1% Property Tax (d)			32.7%
Student Generation Rate			
Multifamily			0.56
Single-Family			0.39
Expenditures			
FY 15-16 Budget			\$46,522,928
2015-16 Estimated ADA			3,291
Average Cost per Student			\$14,136

Notes:

(a) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.

(b) Net increase in residential units from the ConnectMenlo DEIR.

(c) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.

(d) Figure represents the Ravenswood ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Ravenswood ESD boundaries.

Sources: Ravenswood Elementary School District, 2015; BAE, 2016.

Redwood City School District

Revenues

The Redwood City School District is also a Revenue Limit district, with ongoing instructional costs in the District funded primarily through property taxes and State aid, and adjustments to State aid to account for any changes in the gap between property taxes and the required per-student funding level.

In the Menlo Park TRAs that are within the Redwood City School District, an average of 22 percent of the base one percent property tax goes to the District. Using this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the District, at build out the increase in annual property tax revenues to the District as a result of the Project are estimated to total \$2.0 million. The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would support smaller quantities of development within the District, and would therefore generate less property tax revenue to the District.

Expenditures

The Redwood City Elementary School District uses a Student Generation Rate of 0.46 students per detached single-family dwelling, 0.24 students per attached single-family dwelling, and 0.14 students per multifamily dwelling.¹⁸ All 963 net new units in the Redwood City Elementary School District would all be multifamily units, resulting in an estimated 135 net new students in the District at buildout of the Project. The Reduced Non-Residential Intensity Alternative would generate the same number of residential units and students, and the Reduced Intensity Alternative would generate 722 multifamily units and 101 net new students.

As shown in Table 40, the District budget for FY 2015-2016 includes \$92.1 million in total expenditures, at a rate of \$10,454 per student. At buildout, the increase in annual operating expenditures for students generated by the Project or Reduced Non-Residential Intensity Alternative would total \$1.4 million. Annual operating expenditures for students generated by the Reduced Intensity Alternative would total \$1.1 million

Net Impact

The Project and Alternatives would result in annual property tax revenues to the Redwood City School District that exceed the annual increase in District costs. However, since Redwood City Elementary is a Revenue Limit district, this would allow the State to decrease State Aid, resulting in no net fiscal surplus or deficit to the District.

¹⁸ Single-family detached student generation rates = 0.36 elementary school students plus 0.10 middle school students per unit; single-family attached student generation rates = 0.18 elementary school students plus 0.06 middle school students per unit; multifamily student generation rates = 0.10 elementary school students plus 0.04 middle school students per unit.

Table 40: Projected Annual Impacts to the Redwood City School District at Buildout

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact to District	\$0	\$0	\$0
Projected Annual Property Tax Revenues	\$1,956,540	\$1,852,730	\$1,579,093
Change in Annual Revenues from ADA (a)	(\$547,140)	(\$443,330)	(\$522,093)
Less: Projected Annual Expenditures	(\$1,409,400)	(\$1,409,400)	(\$1,057,000)
Net Increase in Residential Units (b)	963	963	722
Multifamily	963	963	722
Single-Family	0	0	0
Net Increase in Students	135	135	101
Net Increase in Assessed Value (c)	\$ 869,893,853	\$ 823,739,119	\$ 702,077,704
Base 1% Property Tax	\$8,698,939	\$8,237,391	\$7,020,777

Assumptions

Redwood City Elementary School District Share of Base 1% Property Tax (d)	22.5%
Student Generation Rate	
Multifamily	0.14
Single-Family	0.46
Expenditures	
FY 15-16 Budget	\$92,075,998
2015-16 Estimated ADA	8,808
Average Cost per Student	\$10,454

Notes:

(a) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.

(b) Net increase in residential units from the ConnectMenlo DEIR.

(c) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.

(d) Figure represents the Redwood City ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Redwood City ESD boundaries.

Sources: Redwood City Elementary School District, 2015; BAE, 2016.

Sequoia Union High School District

The Sequoia Union High School District serves all of Menlo Park, and therefore all new development that would occur under the Project or Alternatives would generate students and property tax revenue in the District.

Revenues

The Sequoia Union High School District is a Basic Aid District and therefore gets the bulk of its revenue from property taxes, with a minimal amount of funding from other state and local sources.

Among the TRAs in Menlo Park, the District's share of the base one percent property tax averages 15 percent. Based on this percentage and the estimated increase in assessed values shown in Table 14, at build out the increase in annual property tax revenues to the District as a result of the Project is estimated to total \$10.4 million. Annual property tax revenue would total \$8.9 million from the Reduced Non-Residential Intensity Alternative or \$8.5 million from the Reduced Intensity Alternative.

Expenditures

The District has not established its own student generation rate, and instead uses the State-wide figure of 0.2 students per dwelling for high-school districts established by the State's School Facility Program. This rate is often considered to overstate student generation from multifamily dwellings, and therefore could overestimate the number of students that the Project would generate. Using the 0.20 student per unit ratio results in an estimated net increase of 1,100 students to the District at buildout of the Project or Reduced Non-Residential Intensity Alternative and 875 students at buildout of the Reduced Intensity Alternative.

As shown in Table 41, the District budget for FY 2015-16 includes \$128 million in total expenditures, at a rate of \$14,402 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Reduced Non-Residential Intensity Alternative would total \$15.8 million. The increase in annual operating expenditure from the Reduced Intensity Alternative would total \$12.6 million.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Sequoia Union High School District totaling \$5.5 million annually. This is equivalent to approximately four percent of the District's FY 2015-2016 budget. The Reduced Non-Residential Intensity Alternative would result in a net deficit to the District totaling \$7.0 million annually, or five percent of the District's FY 2015-2016 budget. The Reduced Intensity Alternative would result in a net deficit to the District totaling \$4.1 million annually, or three percent of the District's FY 2015-2016 budget.

However, if a lower 0.13 student per multifamily unit generation rate were used, which would be consistent with the rate used in the FIA for the City's Housing Element Update, the Project would generate an estimated 715 students, resulting in \$10.3 million in annual expenditures. This lower expenditure amount would result in a small net positive fiscal impact to the District of approximately \$60,400 per year, essentially leading to a net neutral fiscal impact on the District.

Table 41: Projected Annual Impacts to the Sequoia Union High School District at Build Out

	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Fiscal Impact to District	(\$5,484,300)	(\$6,989,900)	(\$4,083,800)
Projected Annual Property Tax Revenues	\$10,357,500	\$8,851,900	\$8,517,600
Change in Annual Revenues from ADA (a)	\$0	\$0	\$0
Less: Projected Annual Expenditures	(\$15,841,800)	(\$15,841,800)	(\$12,601,400)
Net Increase in Residential Units	5,500	5,500	4,375
Net Increase in Students	1,100	1,100	875
Net Increase in Assessed Value	\$ 6,821,306,750	\$ 5,829,698,054	\$ 5,609,553,285
Base 1% Property Tax	\$68,213,068	\$58,296,981	\$56,095,533
Assumptions			
Sequoia Union School District Share of Base 1% Property Tax (c)			15.2%
Student Generation Rate (b)			0.20
Expenditures			
FY 15-16 Budget			\$127,987,287
2015-16 Estimated ADA			8,887
Average Cost per Student			\$14,402

Notes:

(a) Sequoia Union High School District is a Basic Aid district, which means the that the school district does not receive revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.

(b) Sequoia Union High School District uses the State of California student generation rate of 0.2 students per housing unit for all unit types.

(c) Figure represents the Sequoia USD share of the base 1.0% property tax across all TRAs in Menlo Park, all of which are also within the Sequoia USD boundaries.

Sources: Sequoia Union High School District, 2015; BAE, 2016.

APPENDIX A: PROJECT PHASING

Table A-1: Project Phasing, 2016-2040

Project	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Non-residential square feet	-	167,292	334,583	501,875	669,167	836,458	1,003,750	1,171,042	1,338,333	1,505,625	1,672,917
Office	-	67,208	134,417	201,625	268,833	336,042	403,250	470,458	537,667	604,875	672,083
Life Sciences	-	87,500	175,000	262,500	350,000	437,500	525,000	612,500	700,000	787,500	875,000
Commercial	-	12,583	25,167	37,750	50,333	62,917	75,500	88,083	100,667	113,250	125,833
Hotel Rooms	-	17	33	50	67	83	100	117	133	150	167
Residential Units	-	229	458	688	917	1,146	1,375	1,604	1,833	2,063	2,292
Condominium	-	57	115	172	229	286	344	401	458	516	573
Rental Units	-	172	344	516	688	859	1,031	1,203	1,375	1,547	1,719
Net New Service Population (a)	-	727	1,454	2,181	2,908	3,635	4,363	5,090	5,817	6,544	7,271
New Employees (b)	-	413	825	1,238	1,650	2,063	2,475	2,888	3,300	3,713	4,125
New Residents (b)	-	590	1,179	1,769	2,358	2,948	3,538	4,127	4,717	5,306	5,896

Notes:

Phasing assumes that developments resulting from the Project would begin to be completed and reach full occupancy in 2020, with a constant pace of growth between 2020 and 2040. The actual phasing of development will result in different amounts of development in different years.

(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by: 1/3

(b) Net increase in employees and residents from the ConnectMenlo DEIR.

Sources: PlaceWorks, 2015; BAE, 2015.

(Continued on following page)

Table A-1: Project Phasing, 2016-2040 (continued)

Project	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total Non-residential square feet	1,840,208	2,007,500	2,174,792	2,342,083	2,509,375	2,676,667	2,843,958	3,011,250	3,178,542	3,345,833
Office	739,292	806,500	873,708	940,917	1,008,125	1,075,333	1,142,542	1,209,750	1,276,958	1,344,167
Life Sciences	962,500	1,050,000	1,137,500	1,225,000	1,312,500	1,400,000	1,487,500	1,575,000	1,662,500	1,750,000
Commercial	138,417	151,000	163,583	176,167	188,750	201,333	213,917	226,500	239,083	251,667
Hotel Rooms	183	200	217	233	250	267	283	300	317	333
Residential Units	2,521	2,750	2,979	3,208	3,438	3,667	3,896	4,125	4,354	4,583
Condominium	630	688	745	802	859	917	974	1,031	1,089	1,146
Rental Units	1,891	2,063	2,234	2,406	2,578	2,750	2,922	3,094	3,266	3,438
Net New Service Population (a)	7,998	8,725	9,452	10,179	10,906	11,633	12,360	13,088	13,815	14,542
New Employees (b)	4,538	4,950	5,363	5,775	6,188	6,600	7,013	7,425	7,838	8,250
New Residents (b)	6,485	7,075	7,665	8,254	8,844	9,433	10,023	10,613	11,202	11,792

Notes:

Phasing assumes that developments resulting from the Project would begin to be completed and reach full occupancy in 2020, with a constant pace of growth between 2020 and 2040. The actual phasing of development will result in different amounts of development in different years.

(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by:

(b) Net increase in employees and residents from the ConnectMenlo DEIR.

Sources: PlaceWorks, 2015; BAE, 2015.

1/3

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Table A-1: Project Phasing, 2016-2040 (continued)

Project	2037	2038	2039	2040
Total Non-residential square feet	3,513,125	3,680,417	3,847,708	4,015,000
Office	1,411,375	1,478,583	1,545,792	1,613,000
Life Sciences	1,837,500	1,925,000	2,012,500	2,100,000
Commercial	264,250	276,833	289,417	302,000
Hotel Rooms	350	367	383	400
Residential Units	4,813	5,042	5,271	5,500
Condominium	1,203	1,260	1,318	1,375
Rental Units	3,609	3,781	3,953	4,125
Net New Service Population (a)	15,269	15,996	16,723	17,450
New Employees (b)	8,663	9,075	9,488	9,900
New Residents (b)	12,381	12,971	13,560	14,150

Notes:

Phasing assumes that developments resulting from the Project would begin to be completed and reach full occupancy in 2020, with a constant pace of growth between 2020 and 2040. The actual phasing of development will result in different amounts of development in different years.

(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by:

(b) Net increase in employees and residents from the ConnectMenlo DEIR.

Sources: PlaceWorks, 2015; BAE, 2015.

APPENDIX B: FISCAL IMPACT FOR OTHER SPECIAL DISTRICTS

In addition to impacts to the fire and school districts, the Project would have fiscal impacts on several other special districts, as described below.

Water and Sanitary Districts

The Menlo Park Municipal Water District (MPMWD), which is part of the City's Department of Public Works, owns and operates its distribution system and purchases water from the San Francisco Public Utilities Commission. The MPMWD serves approximately one-half of the City's population, covering the Sharon Heights area and portions of the City north of El Camino Real, including the Project site.

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 Silicon Valley Clean Water in Redwood City in conjunction with the cities of Redwood City, Belmont, and San Carlos.

Both the MPMWD and the West Bay Sanitary District operate on a cost recovery basis, covering operational costs through user fees. As such, the Project is not anticipated to have an ongoing fiscal impact to the two districts.

The Project would generate connection fees for both districts, providing one-time fee revenue to cover the cost of service connections. The MPMWD assesses connection fees based on the water meter size, while the West Bay Sanitary District collects connection fees that vary based on land use and volume of wastewater discharge. One-time impact fee revenues are listed in Table 24 above.

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. The District currently has 18,915 Full Time Equivalent Students (FTES)¹⁹, which amounts to approximately 0.02 FTES per member of the service population. Assuming the same the proportion of new service population members enrolls in District community

¹⁹ Enrollment for revenue calculation purposes is measured in Full Time Equivalent Students (FTES). A FTE is equal to 15 course credits.

colleges, the Project would result in 374 additional students, the Reduced Non-Residential Intensity Alternative would result in 354 additional students, and the Reduced Intensity Alternative would result in 302 additional students.

Revenues

The San Mateo Community College District became a Basic Aid district beginning in FY2012-2013. Similar to elementary and high school Basic Aid Districts, this means that property tax revenues in the District exceed the State's revenue limit, and therefore monetary contributions from the State are limited mainly to categorical funds that do not contribute to the District's Unrestricted General Fund. As a result, most of the District's Unrestricted General Fund revenues are derived from local property taxes and student enrollment fees. As shown in Table B-1, at buildout the Project is projected to result in a \$4.5 million increase in annual property tax revenue to the District. The Reduced Non-Residential Intensity Alternative would result in an estimated \$3.8 million increase in annual property tax revenue to the District. The Reduced Intensity Alternative would result in an estimated \$3.7 million increase in annual property tax revenue to the District.

For FY 2015-2016, SMCCCD's enrollment fees and other miscellaneous student fees are projected to total \$13.1 million, or approximately \$691 per Full-Time Equivalent Student (FTES). Based on this figure, at buildout the Project is projected to result in \$258,500 per year in additional student fees from new enrollment. Additional student fees from new enrollment would total \$244,900 per year under the Reduced Non-Residential Intensity Alternative or \$208,800 under the Reduced Intensity Alternative.

Net Impact

Table B-1 shows that the Project would result in a positive fiscal impact to SMCCCD, totaling \$1.5 million per year. The Reduced Non-Residential Intensity Alternative would have a positive net fiscal impact totaling \$1.0 million per year and the Reduced Intensity Alternative would have a positive net fiscal impact totaling \$1.3 million per year.

Table B-1: Projected San Mateo County Community College District Impacts at Buildout

Project	Project	Reduced Non-Residential Intensity	Reduced Intensity
		Alternative	Alternative
Net Fiscal Impact	\$1,541,048	\$1,042,513	\$1,309,657
Property Tax Revenues	\$4,497,748	\$3,843,913	\$3,698,757
Student Fees	\$258,500	\$244,900	\$208,800
Less: Projected Costs	(\$3,215,200)	(\$3,046,300)	(\$2,597,900)
Net Increase in Assessed Value	\$6,821,306,750	\$5,829,698,054	\$5,609,553,285
Base 1% Property Tax	\$68,213,068	\$58,296,981	\$56,095,533
Net New Service Population	17,450	16,533	14,100
New FTES	374	354	302

Assumptions	FY 2015-16 Budget (a)
Full-Time Equivalent Students	
Total Existing Full Time Equivalent Student (FTES) (b)	18,915
Service Population	882,284
FTES per Service Population Member	0.02
Revenues	
Student Fees	\$9,895,153
Miscellaneous Student Fees	<u>\$3,172,825</u>
Total Student Fee Revenues (c)	\$13,067,978
Student Fees per FTES	\$691
Community College District Share of Base 1% Property Tax	6.6%
Expenditures	
Certificated Salaries	\$57,141,011
Classified Salaries	\$34,520,181
Employee Benefits	\$37,020,256
Materials and Supplies	\$6,728,549
Operating Expenses	<u>\$27,150,568</u>
Total Expenditures (d)	\$162,560,565
Expenditures per FTES	\$8,594

Notes:

- (a) Budget for the Unrestricted General Fund, which is the district's primary operating fund. All other funds are restricted or and/or are required to be self-supporting.
 - (b) FTES - Full Time Equivalent Student equals 525 class hours.
 - (c) Does not include revenues that are not expected to increase with added enrollment, e.g. interest, non-resident tuition.
 - (d) Does not include capital outlay.
- Sources: San Mateo County Community College District, 2015; BAE 2016.

Other Districts

Potential fiscal impacts to the San Mateo 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 each of these districts, and each receives a share of the base one percent property tax.

County Office of Education

The San Mateo County Office of Education provides support for public schools throughout the County through 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.

The Project is not expected to have a fiscal impact to the Office of Education. The Office of Education operates as a Revenue Limit District, meaning that the State counterbalances any change in the gap between property tax revenues and the required per-student funding level with a commensurate change in State Aid, resulting in no net fiscal impact to the District.

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 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 District does not maintain a per capita service standard for the acreage of land preserved and is therefore unlikely to 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 the Project. As a result, salaries, benefits, services, and supplies, which total \$21.2 million in the FY2015-2016 budget, are the only District expenditures that are likely to be impacted by growth. This results in estimated expenditures equal to \$26 per member of the service population. After receiving its share of property tax revenues from new development and other miscellaneous revenues expected to increase due to the new service population, the Project would result in a net positive annual fiscal impact of approximately \$760,400, as shown in Table B-2. The annual positive net fiscal impact would total \$607,300 from Reduced Non-Residential Intensity Alternative or \$631,800 from the Reduced Intensity Alternative.

Table B-2: Projected Impact to the Midpeninsula Regional Open Space District at Buildout

Project	Project	Reduced Non-Residential Intensity	Reduced Intensity
		Alternative	Alternative
Net Projected Fiscal Surplus/(Deficit)	\$760,400	\$607,300	\$631,800
Property Tax Revenues	\$1,217,900	\$1,040,800	\$1,001,500
Less: Projected Costs	(\$457,500)	(\$433,500)	(\$369,700)
Net Increase in Service Population	17,450	16,533	14,100
Net Increase in Assessed Value	\$6,821,306,750	\$5,829,698,054	\$5,609,553,285
Base 1% Property Tax	\$68,213,068	\$58,296,981	\$56,095,533
Assumptions			
Existing Service Population			807,943
Open Space District Share of Base 1% Property Tax			1.79%
Expenditures			
Salaries and Benefits			\$15,393,844
Services and Supplies			<u>\$5,789,463</u>
Total Expenditures (b)			\$21,183,307
Expenditures per Service Population			\$26.22

Notes:

(a) Other revenues do not include property taxes or revenues that are not expected to increase with service population, i.e. grant income, interest income, and land donation.

(b) Total expenditures do not include expenditures that are not expected to increase with service population, i.e. debt service and fixed assets.

Sources: Midpeninsula Regional Open Space District, 2015; BAE, 2015.

Sequoia Healthcare District

The Redwood City Council formed the Sequoia Healthcare 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 operating the Hospital.²⁰ The Healthcare District provides community grants, nursing education, and ongoing support for various long-term healthcare initiatives.

The Sequoia Healthcare District serves Atherton, Belmont, Redwood City, Portola Valley, San Carlos, Woodside, and portions of Menlo Park, Foster City, and San Mateo. According to the Sequoia Healthcare District, the District primarily serves its residents. Thus, the FIA estimated costs to the District on a per resident basis rather than a per service population basis. Based on a parcel-by-parcel analysis of potential development capacity conducted by City staff and PlaceWorks in Fall 2015 and Summer 2016, the FIA estimates the share of new residents from the Project and Alternatives that would reside in the Sequoia Healthcare District, as well

²⁰ 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.

as the share of new development that would contribute property tax revenue to the Sequoia Healthcare District.

Excluding expenses not expected to increase with new development (e.g., investment fees, etc.), the District spends approximately \$18 per resident to provide health care services. After receiving its share of property tax revenues, it is estimated that the Project would result in a small net annual positive fiscal impact of approximately \$168,600, as shown in Table B-3. The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would result in a small net positive impact of approximately \$161,800 and \$154,700, respectively.

Table B-3: Projected Annual Impacts to the Sequoia Healthcare District at Buildout

Project	Project	Reduced Non-Residential Intensity Alternative	Reduced Intensity Alternative
Net Projected Fiscal Surplus/(Deficit)	\$168,600	\$161,800	\$154,700
Property Tax Revenues	\$257,300	\$250,500	\$231,800
Less: Projected Costs	(\$88,700)	(\$88,700)	(\$77,100)
Net Increase in Resident Population (a)	4,867	4,867	4,233
Net Increase in Assessed Value (a)	\$1,729,862,247	\$1,683,670,942	\$1,558,529,520
Base 1% Property Tax	\$17,298,622	\$16,836,709	\$15,585,295
Assumptions			
Existing Resident Population			220,000
Healthcare District Share of Base 1% Property Tax			1.49%
Expenditures (b)			
Administrative Expenses			\$505,800
Property Expenses			\$61,000
Program Expenses			\$3,441,000
Total Expenditures			\$4,007,800
Expenditures per Service Population			\$18.22

Notes:

(a) Net increase in residents and assessed value is based on the total increase in assessed value of each land use in the Sequoia Healthcare District, as shown in Table 14, and the share of development of each land use that is expected to occur in the District.

(b) Does not include grant expenses, pension expenses, or administrative or property expenses not expected to increase with service population.

Sources: Sequoia Healthcare District, 2015; BAE, 2016.