bae urban economics

Fiscal Impact Analysis Report for Proposed 123 Independence Project

Prepared for the City of Menlo Park

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EXECUTIVE SUMMARY

This report presents the findings from a Fiscal Impact Analysis (FIA) of the proposed residential development at 123 Independence Drive in Menlo Park (Proposed Project). The Proposed Project would include 316 multifamily rental apartments and 116 for-sale townhomes on an 8.5-acre site.

The FIA addresses the anticipated net increase in revenues and expenditures and the resulting net fiscal impact of the Proposed Project on the following:

- City of Menlo Park General Fund,
- Menlo Park Fire Protection District,
- School districts that serve the project site, and
- Other special districts that serve the project site.

Selected FIA findings are summarized in the following table. As shown below, the Proposed Project would have a negative net fiscal impact on the City of Menlo Park's annual General Fund operating budget, with new General Fund expenditures exceeding new General Fund revenues by approximately $570,500 annually. This annual fiscal deficit is equal to approximately 0.7 percent of the City's 2022/23 Fiscal Year General Fund operating budget. The Proposed Project is also projected to have negative net fiscal impacts on the Menlo Park Fire Protection District, Redwood City Elementary School District, and the Sequoia Union High School District. The net fiscal impact to the Menlo Park Fire Protection District represents 0.4 percent of the District's 2022/23 Fiscal Year General Fund budget. The projected annual fiscal deficits for the school districts represent approximately 0.2 percent of Redwood City School District's 2022/23 unrestricted General Fund budget and approximately 0.7 percent of Sequoia Union High School District's 2022/23 unrestricted General Fund budget.

Selected Net Fiscal Impact Findings for the Project at Buildout

All figures in 2022 dollars ANNUAL IMPACTS	City of Menlo Park	Menlo Park Fire Protection District	Redwood City Elementary District	Sequoia Union High School District
Project				
New Revenues	$501,686	$408,321	$689,036	$472,055
New Expenditures	($1,072,139)	($657,401)	($865,696)	($1,413,433)
Net Fiscal Impact	**($570,453)**	**($249,080)**	**($176,659)**	**($941,378)**

See report for explanation of Project, methodology, and limiting conditions.

Source: BAE, 2022.

INTRODUCTION

The City of Menlo Park (City) is evaluating the proposed 123 Independence Project (Proposed Project) and engaged BAE Urban Economics, Inc. (BAE) to conduct a Fiscal Impact Analysis (FIA) to inform the City's evaluation of the Proposed Project. Like most new development, the Proposed Project is expected to increase demands on local government services and infrastructure and generate new revenues for local government through additional taxes and fees. This report provides an analysis of the effects that the Proposed Project would have on local expenditures and revenues in order to estimate the net fiscal impact that the Proposed Project would generate. The FIA addresses the fiscal impacts to the City's General Fund as well as impacts to special districts that provide services to residents and businesses in Menlo Park. Except as otherwise noted in the text, the annual ongoing fiscal impact of the proposed project is described in constant 2022 dollars, based on the future point in time when the project would be fully built out and occupied.

Project Description

The Proposed Project would include construction of a new 4-story, 5-level multifamily building with 316 rental apartments and 116 for-sale townhomes on five existing parcels located at 119 Independence Drive, 123-125 Independence Drive, 127 Independence Drive, 1205 Chrysler Drive, and 130 Constitution Drive in Menlo Park. The Project site is approximately 8.5 acres in size and currently contains five office and light industrial buildings (approximately 103,900 square feet). All existing buildings would be demolished as part of the Proposed Project.

Table 1 summarizes the development program for the Proposed Project at buildout. As shown, at buildout the Proposed Project would deliver a total of 432 new residential units. The residential units would include a total of 66 below market-rate (BMR) units, including 48 BMR apartments and 18 BMR townhomes.

Table 1 also shows the growth in new residents, change in employment, and the service population associated with the Proposed Project. The analysis defines the City's service population as all residents plus one third of the employees who work within the City. Calculating service population in this way reflects the fact that employees, who generally spend less time in the community than residents, tend to generate a smaller share of demand for services. As shown, the new residential units in the Proposed Project would accommodate 1,110 residents at buildout. Overall, the Proposed Project would result in a net increase of 1,061 service population members after accounting for the existing employment on the Project site (148 employees).

Table 1: Development Program at Project Buildout

	123 Independence Project
New Residential Units	**432**
Multifamily Apartments	316
Market-Rate Units	260
Affordable Units	56
Townhomes	116
Market-Rate Units	98
Affordable Units	18
New Residential Building Area (gsf)	**476,962**
Multifamily Apartments	289,223
Townhomes	187,739
Existing Square Footage to be Demolished	**103,983**
New Service Population (a)	**1,110**
New Residents	1,110
New Employees	0
Existing Service Population (a)	**(49)**
Existing Residents	0
Existing Employees	(148)
Net Change in Service Population (a)	**1,061**
Net Change in Residents	1,110
Net Change in Employees	(148)

Notes:
(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced service demand from commercial uses. To estimate service population, each employee is multiplied by 1/3.
(b) Based on an assumed average 2.57 persons per household.

Sources: City of Menlo Park; BAE, 2022.

GENERAL FUND FISCAL IMPACTS

This section of the report summarizes the projected ongoing annual fiscal impacts from the Proposed Project. The analysis is focused on the City of Menlo Park's General Fund, as this represents the portion of the City's budget that finances key public services. To pay for these services, the City's General Fund is dependent on discretionary revenue sources such as property taxes, sales taxes, transient occupancy taxes, and various local fees and taxes. The following sections detail the scope of the analysis and the underlying methodologies and assumptions used to estimate fiscal impacts from the Proposed Project.

Fiscal Impact Analysis Methodology

This fiscal impact analysis (FIA) uses a variety of methods to estimate the projected change in General Fund revenues and service costs that would be associated with the Proposed Project. The cost of providing municipal services is often based on the number of persons served (or "service population"), as are some sources of municipal revenues. In general, as the service population increases, there is a need to hire additional public safety and other government employees, as well as a need to increase spending on equipment and supply budgets. Some municipal revenues, such as franchise fees and fines, also generally increase as the service population increases. The analysis therefore relies in large part on an average cost and average revenue approach, based on the City's current costs and revenues per member of the current service population. This approach is standard practice for fiscal impact analyses and assumes that future development would generate costs and revenues at the same average rate as the existing service population.

As shown in Table 2, the City's existing service population consists of 33,034 residents and 35,471 employees, resulting in a total service population of 44,858 (100 percent of residents plus one-third of employees). The fiscal impact analysis uses this service population figure to derive current expenditures and revenues per service population member.

Table 2: Current Service Population, City of Menlo Park

City of Menlo Park	2022
Residents (a)	33,034
Employees (b)	35,471
Service Population (c)	**44,858**

Notes:
(a) California Department of Finance January 2022 population estimate.
(b) Esri estimate.
(c) Service population equals the resident population plus a portion of the employment population to reflect the reduced service demand from commercial uses. To estimate service population, each employee is multiplied by 1/3.

Sources: California Department of Finance; Esri Business Analyst; BAE, 2022.

While an average revenue approach is appropriate for some revenue sources, other major sources of revenue such as property taxes, property tax in-lieu of vehicle license fee revenues, and sales taxes are projected based on statutory requirements and other factors normally used to allocate revenues from these sources to the City of Menlo Park. Additional methodological details and assumptions are provided in the discussions of individual cost and revenue projections below.

Except where noted in this report, all cost and revenue projections are expressed in 2022 dollars at a future point in time when the Proposed Project would be fully built out and occupied.

Projected Annual Revenue Impacts

The following subsections provide an overview of the major General Fund revenue sources that would be impacted by the Proposed Project and the estimated revenue that the Proposed Project would generate from each source. This section also details the assumptions and methodology used to estimate the revenue impacts associated with the Proposed Project.

Sales Taxes

The Proposed Project would generate sales tax revenue for the City of Menlo Park as the residents that move into the residential units in the Proposed Project make taxable purchases at city retailers, such as purchasing lunch and other convenience goods. At the same time, the Proposed Project would result in the demolition of existing non-residential space and the resulting removal of workers from the project site. To the extent that these workers currently make taxable purchases in Menlo Park, this would result in a decrease in taxable purchases by people that work in Menlo Park.

Taxable transactions that take place in the City of Menlo Park are subject to a 9.25-percent sales tax. This total includes the statutory 1.0-percent Bradley-Burns sales tax, of which 95 percent (i.e., 0.95 percent of the sale price) accrues to the City of Menlo Park while the remaining five percent (i.e., 0.05 percent of the sale price) accrues to San Mateo County. Apart from the City's share of the Bradley-Burns sales tax, all other sales tax revenues from taxable transactions that take place in Menlo Park accrue to other governmental agencies, including the State of California.

Taxable Sales from Resident Spending. To estimate taxable sales from new resident spending in Menlo Park, this analysis relies on taxable sales data provided by the California Department of Tax and Fee Administration for retailers in Menlo Park and a larger "benchmark area" consisting of the two counties of San Mateo and Santa Clara. According to the data shown in Table 3, annual taxable retail sales in the two-county area average $15,043 per person, compared to only $8,106 per person in Menlo Park. The lower per capita sales volume in Menlo Park indicates that retail sales are "leaking" out of the City. Retail leakage indicates that, of the $15,043 in typical average taxable purchases per Menlo Park resident, a portion is spent in locations outside of Menlo Park due to a shortage of retailers in Menlo Park to meet the demand for retail goods in specific categories or the presence of retailers outside by near City limits that are capturing "leaked" sales.

Table 3 shows that Menlo Park experiences leakages in several retail categories, including home furnishings and appliances, clothing and clothing accessories, food services and drinking places, and "other retail". For these categories, the analysis uses the per-capita spending figure for Menlo Park to estimate retail sales by Menlo Park residents at retailers and restaurants in Menlo Park. The remainder of resident spending in those categories is assumed to occur outside of Menlo Park.

Meanwhile, the data in Table 3 also indicate that the City experiences an "injection" of retail sales in some categories (i.e., food and beverage stores and gasoline stations), with per-capita taxable sales in Menlo Park exceeding the average for the two-county area. This indicates that there are likely enough retailers in these categories in Menlo Park to meet the demand from Menlo Park residents, and that people that live outside of Menlo Park likely make a portion of their purchases in these categories at locations in Menlo Park. However, while the data indicate that there are enough retailers in Menlo Park to capture all resident sales in these categories, it is likely that residents will nevertheless make a portion of their purchases in these categories outside of Menlo Park. The analysis assumes that retailers in Menlo Park will capture 85 percent of new resident taxable sales in these retail categories, with the remainder spent at locations outside of Menlo Park. This is meant to provide a more conservative analysis and account for the fact that some taxable sales in Menlo Park are likely due to spending by people that are not Menlo Park residents.

Applying these capture rates results in an estimate that the new Menlo Park residents generated by the Proposed Project will spend $6,491 per year in taxable purchases at locations in Menlo Park, with the remainder of their $15,043 in total estimated annual per-capita spending occurring in locations outside of Menlo Park. This total is smaller than the $8,106 per year in per-capita taxable sales that occur in Menlo Park to account for the fact that some of the sales that occur in Menlo Park are due to spending by people that are not Menlo Park residents, particularly in categories where Menlo Park experiences an injection of taxable sales and are therefore not affected by residential growth. This figure ($6,491 per resident per year) was multiplied by the estimated number of new residents in the Proposed Project to estimate the total annual taxable sales in Menlo Park generated by new resident spending.

Table 3: Estimated Annual Taxable Expenditures per Resident

Business Category	2021 Taxable Sales per Capita (a) Menlo Park	San Mateo & Santa Clara Counties	Sales Leakage (b)	Estimated % of Resident Taxable Sales in City (c)	Estimated New Sales in City (d)
Retail and Food Services					
Home Furnishings & Appliance Stores	$693	$933	26%	74%	$693
Food and Beverage Stores	$1,693	$824	-105%	85%	$701
Gasoline Stations	$1,502	$1,165	-29%	85%	$990
Clothing & Clothing Accessories Stores	$350	$1,086	68%	32%	$350
Food Services and Drinking Places	$2,286	$2,559	11%	85%	$2,175
Other Retail	$1,581	$8,475	81%	19%	$1,581
Total (e)	**$8,106**	**$15,043**			**$6,491**

Notes:
(a) 2021 data inflated to 2022 dollars. Population estimates for 2021 per the California Department of Finance:
Menlo Park: 33,509
San Mateo County: 751,596
Santa Clara County: 1,907,693
(b) Retail spending for Menlo Park residents is assumed to be equal to per capita spending patterns for the two counties. If Menlo Park residents spend fewer dollars per capita than in San Mateo and Santa Clara Counties, the analysis assumes the difference leaks out to other shopping centers in the two counties. A zero percent leakage indicates that residents can get all shopping needs met in Menlo Park. Negative figures indicate that Menlo Park receives a net injection, i.e. more sales than are likely attributable to just Menlo Park residents.
(c) Based on data in column (b); estimates the percentage of resident spending within a category that will occur in Menlo Park. While zero percent or negative leakage indicates residents could meet their shopping needs within the City, shoppers are still likely to seek goods and services outside Menlo Park. To be conservative, the maximum capture rate has been estimated at 85 percent of sales.
(d) Equals (Taxable Sales per Capita in San Mateo & Santa Clara Counties) x (Estimated % of Resident Sales in City). Assumes that Menlo Park will capture most of new residents' retail spending in categories with low/no leakage and will capture little spending in high leakage categories, based on current spending patterns, and assumes that the mix of retail offerings in Menlo Park remains relatively consistent.
(e) Total does not include taxable sales in the category classified as "All Other Outlets", as these taxable sales consist primarily of business-to-business sales taxes that would not be impacted by resident population growth.

Sources: CA Department of Finance; CA Department of Tax and Fee Administration; BAE, 2022.

Taxable Sales from Worker Spending. To estimate taxable expenditures made by existing workers on the Project site, this analysis uses data from the International Council of Shopping Centers (ICSC) survey of office worker spending. The ICSC survey provides estimates of worker spending near work by store category, including both taxable and non-taxable purchases. The taxable expenditure estimates used in this analysis reflect adjustments to remove a portion of spending at drug and grocery stores, most of which is typically not subject to sales tax under California State law, as well as all non-taxable spending on services and entertainment, which is generally not taxable. The adjustments also account for the available retail offerings in Menlo Park, which affects the extent to which businesses in Menlo Park capture existing worker spending. After accounting for non-taxable purchases and the specific types of retail available in Menlo Park, the estimated annual taxable sales in Menlo Park totals approximately $1,890 per existing worker.

Net Change in General Fund Sales Tax Revenue from Resident and Worker Spending. Table 4 shows the estimated net change in total taxable sales from resident and worker spending in

Menlo Park attributable to the Proposed Project. As shown, new residents in the Proposed Project would collectively spend approximately $7.2 million per year on taxable purchases in Menlo Park at buildout. This increase in taxable spending would be partially offset by a decrease in annual taxable expenditures among workers on the project site due to the demolition of existing commercial space, estimated to total approximately $280,000. Based on the resulting net increase in annual taxable sales in Menlo Park (approximately $6.9 million) and the City's share of sales tax revenue, annual General Fund sales tax revenue would increase by approximately $65,800 at buildout and full occupancy of the Proposed Project.

Table 4: Projected Net Change in Annual General Fund Sales Tax Revenue at Buildout

	123 Independence Project
Resident Spending	
Net Change in Residents	1,110
Per Capita Taxable Sales in Menlo Park (a)	$6,491
Net Change in Annual Taxable Resident Spending	**$7,204,704**
Worker Spending	
Net Change in Workers	(148)
Taxable Sales in Menlo Park per Worker (b)	$1,890
Net Change in Annual Taxable Worker Spending	**($279,720)**
Annual Sales Tax Revenue	
Net Change in Annual Citywide Taxable Sales	$6,924,984
Menlo Park Share of Sales Tax Receipts	0.95%
Net Change in General Fund Sales Tax Revenue	**$65,787**

Notes:
(a) See Table 3.
(b) Based on data from International Council of Shopping Centers (ICSC), Office-Worker Retail Spending in a Digital Age, 2012. Spending estimates were adjusted to 2022 dollars. Worker spending estimates were adjusted to account for the available retail offerings in Menlo Park and to remove non-taxable spending on services and entertainment as well as a portion of spending at drug and grocery stores.

Sources: ICSC, 2012; CA Department of Finance; CA Department of Tax and Fee Administration; BAE, 2022.

Property Taxes

The property taxes that accrue to a city are a function of the assessed value of real property and the City's share of the property tax collected for each parcel. Property in California is subject to a base 1.0 percent property tax rate, which is shared among local jurisdictions including the County, City, and special districts. The State requires that a portion of property tax revenues also be allocated to countywide Educational Revenue Augmentation Funds ("ERAF") to offset state expenditures on local K-12 education. In addition to the base 1.0 percent tax rate, additional property taxes and special assessments apply to most properties to pay for school district bonds or other special purposes, which vary by property location and are restricted for specific uses. This analysis evaluates impacts to the City's General Fund operating budget, which receives a share of the base 1.0 percent property tax but does not receive revenue from any additional taxes or special assessments.

The share of the base 1.0 percent property tax that is allocated to each taxing jurisdiction is based on the Tax Rate Area (TRA) where the property is located. Table 5 shows the effective distribution of the base 1.0 percent property tax to the taxing jurisdictions in the TRA where the Project site is located. After accounting for estimated ERAF reductions, Menlo Park receives approximately 9.6 percent of the base 1.0 percent tax, with the remainder going to various other taxing jurisdictions.

Table 5: Distribution of Base 1% Property Tax Revenue, TRA 08-010

Jurisdiction	Pre-ERAF Distribution	ERAF Shift (a)	Effective Distribution
City of Menlo Park	11.4%	16.4%	9.6%
County of San Mateo	22.6%	39.8%	13.6%
Redwood City Elementary School District	22.5%	0.0%	22.5%
Sequoia Union High School District	14.9%	0.0%	14.9%
San Mateo Community College District	6.5%	0.0%	6.5%
Menlo Park Fire District	15.0%	11.0%	13.3%
Midpeninsula Regional Open Space District	1.7%	0.0%	1.7%
Bay Area Air Quality Management	0.2%	0.0%	0.2%
County Harbor District	0.3%	22.2%	0.3%
San Mateo Co. Mosquito & Vector Control District	0.2%	15.9%	0.2%
Sequoia Hospital District	1.4%	0.0%	1.4%
County Office of Education	3.4%	0.0%	3.4%
ERAF	0.0%		12.6%
	100.0%		**100.0%**

Note:
(a) Represents the percentage reduction in property taxes to each jurisdiction to fund ERAF, based on FY 2021-22 figures provided by the San Mateo County Controller's Office.

Sources: San Mateo County Controller; BAE, 2022.

As shown in Table 6, the current assessed value of the Project site totals approximately $52 million. To estimate future property tax revenues resulting from the project, this analysis estimates the net change in assessed value that the County assessor would assign to the property and then applies the applicable tax rate. In California, Proposition 13 provides that the assessed value of land and improvements cannot increase by more than two percent per year, except when a property is transferred to a new ownership entity, in which case the County re-assesses the property at the current market value; or for construction of new improvements, in which case the County re-assesses the property by the value of the construction. The County Assessor bases the assessed value of new improvements on: 1) the construction cost of new improvements, 2) the income value of the property and/or 3) the sale price of recently-sold, comparable properties. The Assessor may use one, two, or all three of these methods to assign an assessed improvement value to a project following construction.

Table 6: Current (2022) Assessed Value of Project Site

Parcel	Assessed Value, FY 2021-2022 Land	Improvements	Total
055-236-140	$4,899,533	$546,822	$5,446,355
055-236-180	$6,534,534	$355,433	$6,889,967
055-236-240	$9,569,403	$546,822	$10,116,225
055-236-280	$15,609,610	$795,078	$16,404,688
055-236-300	$12,549,588	$574,163	$13,123,751
Total Project Site	**$49,162,668**	**$2,818,318**	**$51,980,986**

Sources: San Mateo County Treasurer-Tax Collector; BAE, 2022.

The project applicant owns all five existing parcels that comprise the Project site. As part of the Proposed Project, the applicant is proposing a lot line adjustment that would locate the apartment building on a single parcel and the townhomes on three other parcels.[1] To estimate the assessed value of the multifamily parcel, the analysis uses estimated construction costs for the multifamily building and garage provided by the applicant for the Proposed Project. The construction cost approach typically leads to a more conservative estimate of assessed value compared to the other two approaches that the County Assessor might use. The analysis assumes that the owner of the Project site would retain ownership of the multifamily parcel through construction and following completion of the multifamily building, and therefore the Proposed Project would not trigger a reassessment of the land value of the multifamily parcel to market value. As shown in Table 7, total hard and soft construction costs for the multifamily building are estimated at approximately $186.1 million. To estimate the assessed value of the townhomes, it was assumed that the townhomes would all be individually sold at the average sale prices shown in Table 7. As shown, the estimated total value of the townhomes would be approximately $144.6 million once all homes are sold.

[1] One other parcel (Lot 1) would be improved as a publicly accessible paseo and dedicated to the City of Menlo Park.

Table 7: Assessed Value Assumptions

Construction Costs (Hard & Soft Costs) (a)			123 Independence Project Quantity	123 Independence Project Total Costs
Multifamily Building	$554	per sf	289,223	$160,229,542
Parking Garage	$77,000	per space	336	$25,872,000
Total Assessed Value of Multifamily Improvements				**$186,101,542**
Townhome Sale Prices				
Market Rate Units (b)	$1,395,900	per unit	98	$136,798,200
BMR Units (c)	$431,700	per unit	18	$7,770,600
Total Assessed Value of Townhomes				**$144,568,800**

Notes:
(a) Soft costs were estimated by BAE at 20 percent of hard costs.
(b) Weighted average sales price of market rate units based on the June 2022 Draft Housing Needs Assessment for the Proposed Project.
(c) Weighted average sales price of BMR units estimated by BAE based on 2022 income limits for applicable household sizes.

Source: BAE, 2022.

The total estimated net change in assessed value at buildout is shown in Table 8. Following construction of the multifamily building, the multifamily parcel would have an estimated total assessed value of approximately $201.7 million, including both land and improvements. Once all the townhomes are constructed and individually sold, the townhome parcels would have an estimated total assessed value of approximately $144.6 million. Combined, the Project site would have an estimated total assessed value of $346.3 million at full buildout.

Table 8: Projected Total Assessed Value of Project Site at Buildout

Assessed Value	123 Independence Project
Multifamily Parcel	
Projected Assessed Value of Improvements (a)	$186,101,542
Projected Assessed Value of Land (b)	$15,609,610
Total Projected Assessed Value of Multifamily Parcel	$201,711,152
Townhome Parcels	
Projected Assessed Value of Townhomes (c)	$144,568,800
Total Assessed Value of Project Site at Buildout	**$346,279,952**

Notes:
(a) Equal to the multifamily construction costs shown in Table 7.
(b) Since the Project applicant currently owns the site and is expected to retain ownership of the multifamily parcel following construction of the improvements, the FIA does not assume any increase in land value from the Project. The boundaries of the proposed new multifamily parcel roughly align with the boundaries of an existing parcel (APN 055-236-280). The estimated assessed land value shown in this table is based on the existing assessed land value of this parcel, as shown in Table 6.
(c) It is assumed that the townhome units would be individually sold at the weighted average sales prices shown in Table 7. The projected total assessed value of the townhome parcels reflects the total value after all homes have been sold.

Sources: City of Menlo Park; BAE, 2022.

As shown in Table 9, the Proposed Project's total assessed value at buildout (approximately $346.3 million) represents a net increase of approximately $294.3 million over the current assessed value of the Project site. Based on the City's share of the base 1.0 percent property tax in the TRA where the project site is located (9.6 percent), the Proposed Project would increase annual General Fund property tax revenue by approximately $281,400 at buildout.

Table 9: Projected Change in Annual Property Tax Revenue at Buildout

	123 Independence Project
Assessed Value	
Total Projected Assessed Value of Project Site at Buildout	$346,279,952
Less: Current (FY 2021-22) Assessed Value of Project Site	($51,980,986)
Net Change in Assessed Value at Buildout	**$294,298,966**
Annual Property Tax Revenue	
Base 1% Property Tax Revenue	$2,942,990
Menlo Park Share of Base 1% Property Tax (a)	9.6%
Net Change in City Property Tax Revenue	**$281,388**

Notes:
(a) This is the City's share of the base 1.0 percent property tax in the TRA where the Project site is located (TRA 08-010), after accounting for ERAF.

Sources: San Mateo County Controller; BAE, 2022.

Property Tax In-Lieu of Vehicle License Fee Revenues

Beginning in FY 2005-2006, the State ceased to provide "backfill" funds to counties and cities in the form of Motor Vehicle In-Lieu Fees (VLF) as it had through FY 2004-2005. As a result of financial restructuring enacted as part of the State's budget balancing process, counties and cities now receive revenues from the State in the form of property tax in-lieu of vehicle license fees, or ILVLF. This State-funded revenue source is tied to a city's total assessed valuation. In FY 2005-2006, former VLF revenues were swapped for ILVLF revenues, which set each local jurisdiction's ILVLF "base." The base increases each year thereafter in proportion to the increase in total assessed valuation within the jurisdiction. For example, if total assessed valuation increases by five percent from one year to the next, the ILVLF base and resulting revenues would increase by five percent.

As shown in Table 10, in fiscal year 2022-23 annual property tax ILVLF revenue totaled approximately $4.7 million. This amounts to approximately $0.18 per $1,000 in assessed value. Based on the estimated total net change in assessed value shown below, the Proposed Project would increase annual General Fund ILVLF revenues by approximately $52,500.

Table 10: Projected Change in Annual Property Tax In-Lieu of Vehicle License Fee Revenue at Buildout

	123 Independence Project
Net Change in Assessed Value at Buildout	$294,298,966
Net change in ILVLF Revenue	**$52,520**

Assumptions	
Total Taxable Assessed Value, FY 2022-23	$26,211,741,251
FY 2022-23 ILVLF Revenue	$4,677,710
ILVLF Revenue per $1,000 in Assessed Value	$0.18

Sources: City of Menlo Park; San Mateo County Controller's Office; BAE, 2022.

Business License Tax

Business license fees are charged to businesses operating in the City at varying rates based on business types. The City charges administrative offices based on the number of employees at the business, with fees ranging from $50 per year for businesses with five employees or less to $1,250 per year for businesses with over 200 employees. Most businesses, including retail outlets and rental apartments, are charged based on annual gross receipts, ranging from $50 per year for businesses with annual gross receipts of $25,000 or less to a cap of $8,000 per site per year.[2]

To estimate annual business license tax revenues associated with the proposed rental apartments, BAE estimated total annual gross receipts based on 2022 maximum rents for BMR units and the market rate rents provided in the Draft Housing Needs Assessment for the Proposed Project. Annual business license taxes for the existing businesses on the Project site were estimated based on the number of employees in each business. As shown in Table 11, the Proposed Project is projected to result in a slight net increase in annual business license tax revenue.

[2] Menlo Park Municipal Code section 5.12.020.

Table 11: Projected Change in Annual Business License Tax Revenue at Buildout

	123 Independence Project
New Business License Tax Revenue	$3,500
Estimated Existing Business License Tax Revenue	($1,750)
Net Change in Annual Business License Tax Revenue	**$1,750**
Assumptions	
New Business License Tax Revenue - Rental Apartments	
Number of New Rental Units	316
Weighted Average Monthly Rent per Unit (a)	$3,225
Number of Residential (Assigned) Parking Spaces	330
Monthly Parking Rent per Space	$125
Vacancy Adjustment	5%
Estimated Total Annual Gross Receipts from Rental Apartments	$12,087,990
Total Annual Business License Tax Revenue from Apartments	$3,500
Existing Business License Tax Revenue	
Number of Existing Businesses	5
Median Number of Employees per Business	24
Estimated Annual Business License Tax Revenue per Business	$350

Notes:
(a) Based on 2022 maximum rents for BMR units and market rate rents in the Draft Housing Needs Assessment for the Proposed Project.

Sources: City of Menlo Park; BAE, 2022.

Utility Users Tax

The City currently collects a Utility User Tax (UUT) at a rate of one percent, assessed on gas, electric, water, wireless, cable, and telephone bills. For business entities with more than $1.2 million in annual combined electric, gas and water bills, the City Council has established a maximum combined electric, gas, and water UUT payment of $12,000 (i.e., one percent of $1.2 million) per year. As shown in Table 12, based on the FY 2022-23 Adopted Budget, the City receives approximately $1.6 million in total annual UUT revenue, averaging $36.20 per member of the existing service population. Once complete and fully occupied, the Project would generate a net increase in the City's service population based on the calculations shown above in Table 1. Assuming a commensurate increase in the amount of UUT revenue collected each year, the net change in service population associated with the Project would generate additional annual UUT revenue of approximately $38,400.

Table 12: Projected Change in Annual Utility User Tax Revenue at Buildout

	123 Independence Project
Net Change in Service Population (a)	1,061
UUT Revenue per Service Population	$36.20
Projected Net Change in UUT Revenue	**$38,396**
Assumptions	**FY 2022-23**
Total UUT Revenue, FY 2022-23 Adopted Budget	$1,623,858
Current (2022) Cityw ide Service Population (b)	44,858
UUT Revenue per Service Population	$36.20

Notes:
(a) See Table 1.
(b) Service population is defined as all residents plus one-third of employment.

Sources: City of Menlo Park, BAE, 2022.

It is important to note that the Proposed Project would be required to use electricity as the only source of energy for all appliances used for water heating, cooking, and other activities, consistent with the City's reach code ordinance approved in September 2019. Since it is unclear how reach code requirements will ultimately impact how much UUT revenue is generated from new developments, this analysis assumes that increases in electricity expenditures due to these requirements would be comparable to the resulting decrease in gas expenditures. Actual UUT revenue generated by the Proposed Project would depend on a number of factors, including the extent to which the reach code ordinance requirements impact energy usage patterns.

Other Revenues

According to the FY 2022-23 Adopted Budget, the City generates approximately $2.6 million in General Fund revenues from franchise fees and fines. Both of these revenue sources tend to increase as the City's service population grows. Franchise fees are generally set as a percentage of gross receipts and increase as expenditures on utilities, such as gas and electricity, increase. Fine revenues are primarily collected by the Police Department for parking and traffic citations and would also generally increase commensurate with growth in the service population. As shown in Table 13, General Fund revenues from franchise fees and fines in FY 2022-23 totaled approximately $58.31 per member of the service population. Assuming a commensurate increase in the amount of revenue collected each year, the net new service population associated with the Project would generate additional annual franchise fee and fines revenues of approximately $61,800.

Table 13: Projected Change in Annual Franchise Fee and Fines Revenues at Buildout

	123 Independence Project
Net Change in Service Population (a)	1,061
Franchise Fee and Fines Revenue per Service Population	$58.31
Net Change in Franchise Fee and Fines Revenue	**$61,844**
Assumptions	**FY 2022-23** (b)
Franchise Fee Revenue	$2,430,500
Fines Revenue	$185,000
Total Franchise Fee and Fines Revenue	**$2,615,500**
Current (2022) Cityw ide Service Population (c)	44,858
Revenue Per Service Population	**$58.31**

Notes:
(a) See Table 1.
(b) Revenues based on the FY 2022-23 Adopted Budget.
(c) Service population is defined as all residents plus one-third of employment.

Sources: City of Menlo Park; BAE, 2022.

Summary of Annually Recurring General Fund Revenues

As shown in Table 14, the Proposed Project would increase annual General Fund revenues by approximately $501,700 at buildout. Most of these annual General Fund revenues would be generated through property tax and property tax in lieu of vehicle license fees.

Table 14: Summary of Net Change in Annual General Fund Revenues at Buildout

General Fund Revenues	Annual Revenue	Percent of Total
Property Tax	$281,388	56.1%
ILVLF	$52,520	10.5%
Sales Tax	$65,787	13.1%
Business License Tax	$1,750	0.3%
Utility Users Tax	$38,396	7.7%
Other Revenues	$61,844	12.3%
Total Revenues	**$501,686**	**100.0%**

Source: BAE, 2022.

One-Time/Non-Recurring Revenue Impacts

The City and some special districts collect impact fees and capital facilities charges for public services such as water, sewer, transportation, below market rate housing, and schools. These impact fees are established pursuant to State law, and represent a one-time revenue source from a project, intended to offset impacts to infrastructure systems that are generated by new development. Based on FY 2022-23 impact fee rates, the Proposed Project would generate approximately $11.3 million in impact fees to the City of Menlo Park after accounting for offsetting fee credits (see Table 15). Impact fees to Sequoia Union High School District would total approximately $830,800, while fees to Redwood City Elementary School District would total approximately $1.0 million.

Table 15: Impact Fees from the Proposed Project

FY 2022-23 Impact Fees	Rate	per Unit	Quantity Removed	123 Independence Project: Gross New Quantity	123 Independence Project: Net New Quantity	Total Fees
Transportation						
Office	$21.88	per net sf	0	0	0	$0
R&D	$9.32	per net sf	64,681	0	(64,681)	($602,827)
Warehousing	$3.62	per net sf	0	0	0	$0
Manufacturing	$12.76	per net sf	39,302	0	(39,302)	($501,494)
Multifamily Residential	$6,352	per unit	0	432	432	$2,743,991
Total						**$1,639,670**
Storm Drainage Connection Fees						
Single Family	$450	per lot	0	0	0	$0
Multiple Family	$150	per unit	0	432	432	$64,800
Total						**$64,800**
Recreation In-Lieu Fees (a)						
Multifamily Residential	$78,400	per unit	0	116	116	$9,094,400
Total (b)						**$9,094,400**
Construction Street Impact Fee (c)	0.58%	of construction value		$95,006,265		$551,036
Total City of Menlo Park Impact Fees						**$11,349,906**
Sequoia Union High School Dist.						
Commercial	$0.294	per net sf	103,983	0	(103,983)	($30,571)
Residential	$1.806	per net sf	0	476,962	476,962	$861,393
Total						**$830,822**
Redwood City Elementary School Dist.						
Commercial	$0.366	per net sf	103,983	0	(103,983)	($38,058)
Residential	$2.274	per net sf	0	476,962	476,962	$1,084,612
Total						**$1,046,554**

Notes:
(a) The recreation in-lieu fee is only charged on residential developments that include a subdivision map. The fee would not apply to the multifamily rental units included in the Proposed Project.
(b) The project applicant may be eligible to receive additional fee credits for providing dedicated land and improvements.
(c) The City of Menlo Park uses ICC building valuation data to calculate the Construction Street Impact Fee. The ICC building valuation differs from the projected assessed value of the improvements in Table 7 above.

Sources: City of Menlo Park; Sequoia Union School District; BAE, 2022.

Projected Annual Service Cost Impacts

The City's General Fund expenditures generally increase as the service population increases, with some exceptions for General Fund expenditures that tend to be relatively fixed and would not change based on changes in the service population. BAE analyzed the City's budgeted General Fund expenditures from the FY 2022-23 Adopted Budget to estimate the costs that would likely increase as the service population increases as a result of the Proposed Project. This analysis focused on expenditures for the Human Resources, Library and Community Services, Public Works, and Police Departments, as these departments are most likely to experience increases in demand for services that are funded by the General Fund. For each department, BAE made adjustments to exclude the portion of departmental costs that would not change based on changes in the service population. These "fixed costs" include personnel costs for certain executive positions (i.e., department heads, Chief of Police, etc.) as well as costs to maintain fixed assets, capital outlays, utilities, rental of land and buildings, and most special projects expenditures. The analysis also accounts for charges for service and other department revenues that offset variable costs in each department. As shown in Table 16, the City's net variable costs for the impacted departments total approximately $45.3 million.

Table 16: Current City of Menlo Park Annual General Fund Operating Expenditures, FY 2022-23 Adopted Budget

Department/Division	Annual General Fund Expenditures	Less: Executive Salary and Benefits (a)	Less: Fixed Assets and Capital Outlay, Utilities, Transfers, and Special Projects (b)	Less: Charges for Service and Other Ofsetting Revenues (c)	Net Variable General Fund Expenditures
Human Resources	$1,267,463	($268,125)	($7,500)	$0	$991,838
Library and Community Svcs	$11,803,980	($292,256)	($601,460)	($2,767,000)	$8,143,264
Police	$22,951,641	($304,405)	($901,073)	($264,000)	$21,482,163
Public Works	$17,403,309	($302,700)	($1,239,500)	($1,135,500)	$14,725,609
Total Expenditures (Impacted Departments)	**$53,426,393**	**($1,167,486)**	**($2,749,533)**	**($4,166,500)**	**$45,342,874**

Notes:
(a) Salary and benefits costs for department/division heads are considered fixed costs that are not expected to increase with new development in the City. Data reflect salaries and benefits for the following positions: Human Resources Manager, Library and Community Services Director, Police Chief, and Public Works Director. Salary and benefit costs are based on 2021 data provided by the State Controller's Office. Data for the Police Chief position were not available for 2021, so the table shows 2020 data for this position.
(b) Reflects General Fund expenditures for Fixed Assets and Capital Outlay, Utilities, Transfers, Rental of Land and Buildings, and Special Projects expenditures. These costs are not anticipated to increase with new development.
(c) Some expenditures are directly recovered through charges for services, license fees, and permit fees. Revenues from these sources directly offset variable expenditures in each department.

Sources: City of Menlo Park; California State Controller; BAE, 2022.

As shown in Table 17, the City's net variable costs for the impacted departments equate to $1,011 per member of the service population. This means that the City would need to add $1,011 to its annual budget for each new member of the service population (i.e., $1,011 per resident and $337 per worker) to maintain current levels of service provided by these departments. Table 17 applies the net variable costs per member of the service population to the net increase in service population associated with the Proposed Project to estimate General Fund expenditure impacts. As shown, the Proposed Project would increase the City's total annual General Fund expenditures by approximately $1.1 million. The projected expenditures solely account for projected increases in ongoing operating costs (e.g., salaries) and do not account for any one-time capital improvements that might be necessary to serve the Proposed Project.

Table 17: City of Menlo Park General Fund Expenditure Impacts at Buildout

Department	General Fund Expenditures Per Service Population (a)	General Fund Impacts Total (b)	% of Total
Human Resources	$22.11	$23,452	2.2%
Library and Community Services	$181.54	$192,549	18.0%
Police	$478.90	$507,949	47.4%
Public Works	$328.27	$348,189	32.5%
Total Dept. Expenditures	**$1,010.82**	**$1,072,139**	**100.0%**

Assumptions	
Net Change in Service Population from Project (c)	1,061

Notes:
(a) Based on the citywide service population shown in Table 2
(b) Equal to net variable General Fund operating expenditures per service population multiplied by the net new service population associated with the Proposed Project shown in Table 1.

Sources: City of Menlo Park; BAE, 2022.

Summary of Net Fiscal Impact to the City of Menlo Park General Fund

Table 18 summarizes the annual recurring net General Fund fiscal impact from the Proposed Project at buildout and full occupancy in 2022 dollars. The Proposed Project would increase the City's annual General Fund revenues by approximately $501,700 and increase the City's annual General Fund expenditures by approximately $1.1 million, resulting in a net negative fiscal impact totaling approximately $570,500 per year once the project is complete and fully occupied. This is equal to approximately 0.7 percent of the City's total 2022/23 Fiscal Year Adopted General Fund budget ($80.4 million). The fiscal impacts shown in the table below reflect the impacts of the Proposed Project itself, irrespective of other changes in the City's population, workforce, property tax base, and other factors that could impact the City's budget. The project will not occur in isolation, and therefore other projects that have a net positive fiscal impact on the City, as well as other factors that affect the City budget, could potentially counterbalance the impacts of the Proposed Project.

Table 18: Annual Net Fiscal Impact to the City of Menlo Park General Fund at Full Buildout and Occupancy

	123 Independence Project
Total Net Change in Revenues	**$501,686**
Property Tax	$281,388
ILVLF	$52,520
Sales Tax	$65,787
Business License Tax	$1,750
Utility Users Tax	$38,396
Other Revenues	$61,844
Total Net Change in Expenditures	**($1,072,139)**
Human Resources	($23,452)
Library and Community Services	($192,549)
Police	($507,949)
Public Works	($348,189)
Net Fiscal Impact	**($570,453)**

Note: Revenues and expenditures are expressed in 2022 dollars at the future point in time when the proposed project would be fully built out and occupied.

Source: BAE, 2022.

Total 10-Year Impact

The estimates in Table 18 do not account for the long-term impact of inflation on revenues, expenditures, and the resulting net fiscal impact to the City. Table 19 provides a longer term view of the potential net fiscal impact to the City's General Fund. The table shows the annual revenues and expenditures that would be attributable to the Proposed Project on a year-by-year basis, adjusted for projected increases in revenues and costs in each year from 2022 to 2031. The fiscal impacts shown in the table below reflect the impacts that are attributable to the Proposed Project itself, irrespective of other changes in the City's population, workforce, property tax base, and other factors that could impact the City's budget. Consistent with standard City Finance Department budgeting practices, the analysis escalates most revenues and expenditures based on an inflation rate of three percent per year.[3] The one exception is property tax revenues, which is inflated at a rate of two percent per year, the maximum allowed by the Proposition 13 limit on annual increases in tax assessments unless a property is transferred or sold.

As shown in Table 19, the annual fiscal impact associated with the Proposed Project would remain slightly positive during the construction period. Between 2022 and 2027, Table 19 shows a net decrease in revenues from the project site along with a net decrease in City expenditures

[3] As of the writing of this report, the current inflation rate is higher than three percent. However, a three-percent inflation rate is used for this analysis to reflect typical long-term annual inflation, which has typically averaged approximately three percent.

due to demolition of existing improvements and an associated decrease in employment at the project site. Although the City would not actually decrease its operating expenditures in response to a demolition of improvements on the project site, the cost of providing City services based on activity at the project site would be projected to decrease during this period. The Proposed Project would have a negative fiscal impact on the City's General Fund beginning in 2028 following the completion of the first phase of the Proposed Project. Following full buildout of the Proposed Project in year 2029, the annual deficit would total approximately $728,600.

While this type of projection can be useful because it accounts for the effect of inflation on revenues and expenses over time, it should be understood that these long-term estimates are subject to uncertainty and are sensitive to changes in inflation and other factors. Perhaps most importantly, the property tax and property tax ILVLF revenues shown assume that the same entity would retain ownership of the multifamily portion of the Proposed Project through the end of the ten-year period shown below. In addition, these figures are based on an assumption that none of the initial buyers of the townhouse units sell these units within the ten-year timeframe. As a result, these revenues would increase by two percent per year following construction in accordance with Proposition 13. If ownership of any portion of the Proposed Project is transferred to a different entity during this period, that transfer would trigger a reassessment of the project based on market value, which would likely increase the property tax and property tax ILVLF to a greater extent than shown in the table below.

Table 19: Projected Net Fiscal Impact to the City of Menlo Park General Fund, 2022-2031, Proposed Project

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Change in Residential Units	**0**	**0**	**0**	**0**	**0**	**0**	**316**	**432**	**432**	**432**
Net Change in Service Population	**0**	**(49)**	**(49)**	**(49)**	**(49)**	**(49)**	**763**	**1,061**	**1,061**	**1,061**
Total Net Change in Revenues	**$0**	**($12,500)**	**($13,000)**	**($13,300)**	**($13,600)**	**($14,100)**	**$379,000**	**$589,900**	**$603,600**	**$618,000**
Property Tax	$0	($2,700)	($2,800)	($2,900)	($2,900)	($3,000)	$197,400	$323,200	$329,700	$336,300
ILVLF	$0	($500)	($500)	($500)	($500)	($600)	$36,800	$60,300	$61,500	$62,800
Sales Tax	$0	($2,700)	($2,800)	($2,900)	($3,000)	($3,100)	$56,600	$80,900	$83,300	$85,800
Business License Tax	$0	($1,800)	($1,900)	($1,900)	($2,000)	($2,000)	$2,100	$2,200	$2,200	$2,300
Utility Users Tax	$0	($1,800)	($1,900)	($2,000)	($2,000)	($2,100)	$33,000	$47,200	$48,600	$50,100
Other Revenues	$0	($3,000)	($3,100)	($3,100)	($3,200)	($3,300)	$53,100	$76,100	$78,300	$80,700
Total Net Change in Expenditures	**$0**	**$51,300**	**$53,000**	**$54,500**	**$56,100**	**$57,900**	**($920,400)**	**($1,318,500)**	**($1,358,200)**	**($1,398,900)**
Human Resources	$0	$1,100	$1,200	$1,200	$1,200	$1,300	($20,100)	($28,800)	($29,700)	($30,600)
Library and Community Services	$0	$9,200	$9,500	$9,800	$10,100	$10,400	($165,300)	($236,800)	($243,900)	($251,200)
Police	$0	$24,300	$25,100	$25,800	$26,600	$27,400	($436,100)	($624,700)	($643,500)	($662,800)
Public Works	$0	$16,700	$17,200	$17,700	$18,200	$18,800	($298,900)	($428,200)	($441,100)	($454,300)
Net Fiscal Impact	**$0**	**$38,800**	**$40,000**	**$41,200**	**$42,500**	**$43,800**	**($541,400)**	**($728,600)**	**($754,600)**	**($780,900)**

Note: Figures have been inflated based on the following rates:
Property Tax Inflation Rate: 2%
Other Revenue Inflation Rate: 3%
Expenditure Inflation Rate: 3%

All values shown in nominal dollars (i.e., not adjusted to 2022 dollars).

Source: BAE, 2022.

SPECIAL DISTRICT FISCAL IMPACT ANALYSIS

This section of the report provides analysis and findings related to the fiscal impact that the Proposed Project would have on the Menlo Park Fire Protection District and the school districts that serve the project site. Appendix A provides findings from the fiscal impact analysis of the Midpeninsula Regional Open Space District, San Mateo County Community College District, the San Mateo County Office of Education, and the Sequoia Healthcare District.

Menlo Park Fire Protection District

The Menlo Park Fire Protection District (MPFPD) provides fire protection services to Menlo Park, Atherton, East Palo Alto, portions of unincorporated San Mateo County, and federal facilities such as the veteran's hospital, United States Geological Survey facility, and the Stanford Linear Accelerator, covering approximately 30 square miles. The MPFPD also has agreements with neighboring departments, including the cities of Palo Alto, Redwood City, Fremont, and the Woodside Fire District, to provide automatic aid. According to population and employment figures from Esri Business Analyst, the MPFPD serves approximately 90,328 residents and 46,668 employees, for a service population of 105,884.[4]

The District operates three fire stations in Menlo Park, two fire stations in unincorporated San Mateo County, one station in Atherton, and one station in East Palo Alto. Each of the seven fire stations is equipped with a heavy fire engine and is continuously staffed by three crew members, and two of the seven are equipped with aerial apparatus. Two stations—Station 2 in East Palo Alto and Station 6 in downtown Menlo Park—were recently reconstructed. Station 77 is located at 1467 Chilco Street in the Bayfront Area of Menlo Park and is slated to add more sleeping rooms. The District plans to rebuild Stations 4 and 1 within the next decade, though District leadership reports that plans are currently on hold due to the impact of the COVID-19 pandemic. Station 1 is located on Middlefield Road in Menlo Park, while Station 4 is located outside City limits in the unincorporated community of West Menlo Park.

MPFPD currently employs 12 chief officers, 30 captains, and 66 engineers/firefighters, for a total of 108 fire safety personnel. The MPFPD also employs an administrative support staff of 22. To support its fire safety personnel, the MPFPD also employs a fire-prevention staff of 10. In addition, the MPFPD is part of the greater San Mateo County boundary-drop plan, which means the closest unit responds to each call, regardless of the department.

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[4] Service population is defined as all residents plus one third of all employees.

Revenue Impacts from the Project

Property taxes are the primary source of revenue for the MPFPD. Other sources of General Fund revenues for the MPFPD include licenses and permits, monies from intergovernmental transfers, current service charges, and use of money and property. For this FIA, revenues from licenses, permits, and service charges are assumed to be the only revenue source other than property tax that would be affected by new development.

The MPFPD receives approximately 13.3 percent of the 1.0 percent base property tax collected in the TRA where the Proposed Project is located. Based on the projected net increase in assessed value from the Proposed Project shown in Table 20, the MPFPD would receive additional annual property tax revenue of approximately $392,700 following buildout of the Proposed Project. Other revenues from licenses, permits, and service charges were projected at approximately $1.6 million in the MPFPD's FY 2022-23 Adopted Budget, averaging $14.72 per member of the service population. Based on the estimated net increase in service population associated with the Proposed Project, additional MPFPD revenues from licenses, permits, and service charges from the Proposed Project would total approximately $15,600 per year.

Expenditure Impacts from the Project

This study estimates the costs that the Proposed Project would generate for the MPFPD on a per service population basis. Unlike the analysis of City expenditures presented above, the analysis of the MPFPD includes most MPFPD General Fund expenditures in the variable cost estimate, including executive compensation, which may overestimate the potential cost impacts for the MPFPD. This approach provides a relatively conservative assessment to avoid underestimating potential impacts on the District. The MPFPD budget for the 2022-23 fiscal year includes $65.6 million in expenditures (net of expenditures on fixed assets and transfers) from its General Fund, at an average rate of $620 per member of the service population. Assuming that costs increase in accordance with service population, the Proposed Project would generate additional annual District expenditures of approximately $657,400.

Net Fiscal Impact from the Project

Based on the revenue and expenditure estimates shown in Table 20, the Proposed Project would have a negative net fiscal impact on the MPFPD. The deficit associated with the Project is estimated to total $249,080 annually, which amounts to approximately 0.4 percent of MPFPD's FY 2022-23 General Fund operating budget (excluding transfers and expenses on fixed assets). As with the analysis of the fiscal impacts to the City, the fiscal impacts shown in the table below do not reflect the impacts of other changes in the District that could potentially counterbalance the fiscal impacts of the Proposed Project.

The Menlo Park Fire Protection District has adopted an Emergency Services and Fire Protection Impact Fee to fund the District's fire protection capital facilities. Although the City has not formally adopted this fee, for illustrative purposes this analysis includes a calculation of the impact fee revenue that the Proposed Project would generate for the MPFPD if the City of Menlo

Park had adopted the impact fee proposed by the MPFPD before the application for the Proposed Project had been deemed complete. Assuming the City had adopted this fee before the application for the project was deemed complete, the Proposed Project would generate approximately $242,000 in one-time impact fee revenue to the District (approximately $283,000 from the new residential units less a credit totaling $41,000 based on the net decrease in non-residential space shown in Table 15). However, it should be noted that this fee will not actually apply to the Proposed Project.

Table 20: Projected Net Fiscal Impact to Menlo Park Fire Protection District

	123 Independence Project
Project Net Change in Service Population	1,061
Project Net Change in Assessed Value	$294,298,966
Net Change in Property Tax Revenues	$392,703
Net Change in License, Permit, and Service Charge Revenues	$15,618
Less: Net Change in Projected Expenditures	($657,401)
Projected Net Fiscal Impact to MPFPD	**($249,080)**
Assumptions	
MPFPD Service Population, 2022	105,884
Revenues	
MPFPD Share of Base 1% Property Tax Revenue (a)	13.3%
License and Permit Revenues, FY 22-23 Preliminary Budget	$1,100,000
Current Service Charge Revenues, FY 22-23 Preliminary Budget	$459,100
Licenses, Permits, and Service Charges per Service Population	$14.72
Expenditures	
General Fund Operating Expenditures, FY 2022-23 Adopted Budget (b)	$65,626,900
Expenditures per Service Population	$619.80

Note:
(a) This is the MPFPD's share of the base 1.0 percent property tax in the TRA where the project site is located, after accounting for the reduction in property tax revenues to fund ERAF. This figure does not account for excess ERAF revenues that the County refunds to the District when its ERAF balance exceeds K-14 educational funding needs. Many taxing entities do not consider excess ERAF to be a reliable revenue source due to its volatility, difficulty to predict, and likelihood of being eliminated by State action in coming years. Not including excess ERAF when determining property tax share results in a slightly lower, more conservative property tax revenue estimate.
(b) Does not include transfers or expenses on fixed assets not expected to increase with service population.

Sources: Menlo Park Fire Protection District; San Mateo County Controller; Esri Business Analyst; BAE, 2022.

School Districts Serving the Project Site

This section evaluates the fiscal impacts that the Proposed Project would have on the two school districts that serve the project site. Elementary and middle school students that live in the project would be assigned to the Redwood City School District, while high school students would be assigned to the Sequoia Union High School District. In general, potential impacts from the growth in households associated with the Proposed Project could include the additional costs of instruction for new students, which are typically wholly or partially offset by property tax revenues or State funding. In addition, growth in households could lead to a need for additional facilities to accommodate more students. This analysis focuses on the ongoing operating costs associated with providing instruction for new students, though some information regarding potential new facilities needs is also summarized below.

In addition to the Proposed Project, there are a range of other demographic and socioeconomic factors that can affect near- and long-term school district enrollment. Thus, the findings in this section are meant to provide general order-of-magnitude estimates of the potential ongoing fiscal impacts to the two school districts from the Proposed Project. The estimates are not intended to be a projection of the future fiscal or facility impacts that will be experienced by the school districts that serve Menlo Park residents.

California School District Operating Revenues

Under California's funding system for public school districts, the impact that new development has on instructional operating costs depends in part on whether or not a district is a "Basic Aid" district. In California, most public school districts are not Basic Aid districts, meaning that local property taxes are not sufficient to meet the minimum funding requirement for the district based on the statewide Local Control Funding Formula (LCFF). Therefore, in non-Basic Aid districts, local property taxes are supplemented with State funds to meet required funding levels. Within non-Basic Aid districts, as local property tax revenues increase (including from new development), State funding is reduced by a commensurate amount such that these districts do not actually realize increased revenues. Conversely, any increase in the gap between the minimum funding requirement and property tax revenues, due to either increased enrollment or reduced property tax revenue, is met with a commensurate increase in State aid.

By comparison, if local property taxes are sufficient to exceed the funding requirement established by the State LCFF, a district becomes a "Basic Aid" district and receives only minimal State funding. Within Basic Aid districts, as assessed property values increase, the district generally retains any 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, a district's Basic Aid or non-Basic Aid status determines whether it can retain new operating revenues as a result of new development that increases the local property tax rolls.

Redwood City School District

The Redwood City School District transitioned from a non-Basic Aid to a Basic school district beginning in the 2019-20 fiscal year. The Redwood City School District's student generation rates for elementary schools are 0.36 students per unit for single family detached units, 0.18 students per unit for single-family attached units, and 0.10 students per unit for multi-family units. The District's student generation rates for middle schools are 0.10 students per unit for single-family detached units, 0.06 students per unit for single-family attached units, and 0.04 students per unit for multi-family units. Applying these student generation rates to the units in the Proposed Project results in an estimate that the Project will generate 72 new students in the District. The estimated ADA associated with this new enrollment is 68.3 based on the District's budgeted attendance rate of 95 percent as of the 2022-23 school year.

Revenue Impacts from the Project. The Proposed Project would generate property tax revenue and a small amount of State funding for the District. In the TRA where the project site is located, the District's share of the base one-percent property tax is 22.5 percent. Based on this percentage and the estimated net increase in assessed values shown in Table 21, the Proposed Project would increase annual property tax revenues to the District by approximately $661,900. In addition to funding from property tax revenues, the Redwood City School District would receive a small amount of State funding per student on an annual basis (approximately $27,200).

Expenditure Impacts from the Project. Based on the District's approved budget for FY 2022-23, unrestricted expenditures average $16,435 per enrolled student. The projected net change in enrolled students due to the Proposed Project (72 students) would generate new annual unrestricted expenditures totaling $865,700.

Net Fiscal Impact from the Project. As shown in Table 21, the Proposed Project would have a net negative annual fiscal impact on the District. Projected annual expenditures would exceed offsetting revenues by approximately $176,700. This annual deficit is equivalent to approximately 0.2 percent of the District's 2022-23 unrestricted General Fund budget.

In addition to these ongoing fiscal impacts, the Proposed Project would generate one-time impact fees to the District totaling approximately $1.0 million (see Table 15).

Table 21: Projected Fiscal Impacts to the Redwood City School District

	123 Independence Project
Project Net Change in Residential Units	432
Single-Family Attached	116
Multifamily	316
Project Net Change in Enrolled Students	72
Project Net Change in ADA	68.3
Project Net Change in Assessed Value	$294,298,966
Net Change in Annual Property Tax Revenues	$661,854
Net Change in Annual State Revenues from ADA	$27,182
Less: Net Change in Projected Annual Expenditures from Enrollment	($865,696)
Projected Net Fiscal Impact to Redwood City ESD (Annual)	**($176,659)**
One-Time Impact Fee Revenue	
Assumptions	
Redwood City ESD Student Generation per Unit (a)	
Single-Family Attached	0.24
Multifamily	0.14
Estimated Average Daily Attendance (ADA) per Enrolled Student (b)	0.95
Redwood City ESD Share of Base 1% Property Tax Revenue (c)	22.5%
Unrestricted Revenues per ADA, FY 2022-23	$397.94
Unrestricted State Local Control Funding Formula (LCFF) Funds per ADA (d)	$0.00
Unrestricted State Educational Protection Account Funds per ADA	$200.00
Unrestricted State Lottery Funds per ADA	$163.00
Unrestricted State Mandated Costs Block Grant per ADA	$34.94
Unrestricted General Fund Expenditures, FY 2022-23 Adopted Budget	$74,594,126
Estimated Enrolled Regular Students, FY 2022-23 Adopted Budget	6,204
Estimated Regular P-2 ADA, FY 2022-23 Adopted Budget	5,885.82
Unrestricted Expenditures per Enrolled Student	$12,024

Notes:
(a) Based on a 2015 report prepared by Decision Insite. According to the report, the single family attached category includes townhomes, condominiums, and duplexes.
(b) This figure was calculated by dividing the District's FY 2022-23 estimated regular P-2 ADA by its projected enrollment.
(c) This is Redwood City SD's share of the base 1.0 percent property tax in TRA 08-010.
(d) Redwood City SD is a "basic aid" district. Basic aid districts, also known as "community-funded" districts, collect enough property tax revenues to meet their state-determined LCFF minimum funding targets without state support. Though basic aid districts are entitled to other state funds tied to ADA (listed separately) and a minimum level of guaranteed state support (not tied to growth), they will not receive LCFF state aid to offset the costs generated by additional ADA. For that reason, BAE assumes zero state LCFF funds per ADA.

Sources: Decision Insite, 2015; Redwood City School District; San Mateo County Controller; BAE, 2022.

Sequoia Union High School District

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. The Sequoia Union High School District has not established its own student generation rate, and instead uses the statewide figure of 0.2 students per dwelling unit for high school districts established by the State's School Facility Program. Using the 0.2 student per unit ratio results in an estimated increase of 86 new students from the Proposed Project. The estimated ADA associated with this new enrollment is 78.2 based on the district's budgeted attendance rate of 91 percent in the 2022-23 adopted budget.

Revenue Impacts from the Project. Because the Sequoia Union High School District is a Basic Aid district, the district gets the bulk of its revenue from property taxes, with a minimal amount of funding from other state and local sources. In the TRA where the project site is located, the district's share of the base one percent property is 14.9 percent. Based on this percentage and the estimated net increase in assessed values shown in Table 22, the Proposed Project would increase annual property tax revenue by approximately $437,300.

In addition to funding from property tax revenues, the Sequoia Union High School District would receive a small amount of State funding per student on an annual basis. These sources include the minimum State Educational Protection Account entitlement, State Lottery Funds, and the State Mandated Costs Block Grant, all of which are allocated based on ADA. Annual revenues from these sources would total approximately $34,700 due to the estimated increase in enrollment from the Proposed Project.

Expenditure Impacts from the Project. As shown in Table 22, the District budget for FY 2022-23 includes $143.7 million in total unrestricted General Fund expenditures, at a rate of $16,435 per enrolled student. Applying this figure to the increase in enrollment attributable to the Proposed Project (86 students) yields additional Sequoia Union High School District expenditures of approximately $1.4 million.

Net Fiscal Impact from the Project. After accounting for the projected increases in annual revenues and expenditures, the Proposed Project would have a negative fiscal impact on the District, generating an annual fiscal deficit equal to approximately $941,400. This is equivalent to approximately 0.7 percent of the District's 2022-23 unrestricted General Fund budget net of transfers.

In addition to these ongoing operating impacts, the Proposed Project would also generate one-time impact fees to the District totaling approximately $830,800 (see Table 15).

Table 22: Projected Fiscal Impacts to the Sequoia Union High School District

	123 Independence Project
Project Net Change in Multifamily Residential Units	432
Project Net Change in Enrolled Students	86
Project Net Change in ADA	78.2
Project Net Change in Assessed Value	$294,298,966
Net Change in Annual Property Tax Revenues	$437,314
Net Change in Annual State Revenues from ADA	$34,742
Less: Net Change in Projected Annual Expenditures from Enrollment	($1,413,433)
Projected Net Fiscal Impact to Sequoia Union HSD (Annual)	**($941,378)**
One-Time Impact Fee Revenue	**$830,822**
Assumptions	
Sequoia Union HSD Student Generation per Unit (a)	0.20
Estimated Average Daily Attendance (ADA) per Enrolled Student (b)	0.91
Sequoia Union HSD Share of Base 1% Property Tax Revenue (c)	14.9%
Unrestricted Revenues per ADA, FY 2022-23	$444.29
Unrestricted State Local Control Funding Formula (LCFF) Funds per ADA (d)	$0
Unrestricted State Educational Protection Account Funds per ADA	$213.98
Unrestricted State Lottery Funds per ADA	$163.00
Unrestricted State Mandated Costs Block Grant per ADA	$67.31
Unrestricted General Fund Expenditures, FY 2022-23 Adopted Budget	$143,693,521
Estimated Enrolled Regular Students, FY 2022-23 Adopted Budget	8,743
Estimated Regular P-2 ADA, FY 2022-23 Adopted Budget	7,949.60
Unrestricted Expenditures per Enrolled Student	$16,435

Notes:
(a) This student generation rate was reported by the District Associate Superintendent of Administrative Services and is derived from the statewide yield average calculated by the State Office of Public School Construction.
(b) This figure was calculated by dividing the District's FY 2022-23 projected ADA by its projected enrollment.
(c) This is Sequoia Union High School District’s share of the base 1.0 percent property tax in TRA 08-010.
(d) Sequoia Union HSD is a "basic aid" district. Basic aid districts, also known as "community-funded" districts, collect enough property tax revenues to meet their state-determined LCFF minimum funding targets without state support. Though basic aid districts are entitled to other state funds tied to ADA (listed separately) and a minimum level of guaranteed state support (not tied to growth), they will not receive LCFF state aid to offset the costs generated by additional ADA. For that reason, BAE assumes zero state LCFF funds per ADA.

Sources: Sequoia Union High School District; San Mateo County Controller; BAE, 2022.

APPENDIX A: FISCAL IMPACTS TO 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 is a member agency of Silicon Valley Clean Water Joint Powers Authority which serves the communities of Redwood City, Belmont, San Carlos, and the West Bay Sanitary District.

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.

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 spanning 17 cities, including the City of Menlo Park. To date, the district has preserved nearly 65,000 acres of public land and created 26 open space preserves, of which 24 are open to the public year-round.

Revenue Impacts from the Project

Property taxes are the primary source of revenue to the District, accounting for over 90 percent of operating revenues. The District's other sources of revenue, such as grants, interest income, and rental income, are comparatively small and not projected to be impacted by the Proposed Project. The district's share of the base one percent property tax is 1.7 percent in the TRA where the Project site is located. At buildout, the Proposed Project is projected to increase annual property tax revenues by approximately $51,400.

Expenditure Impacts from the Project

This analysis assumes that the District 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 the project. As a result, salaries, benefits, services, and supplies, which total approximately $39.0 million in the FY 2022-23 budget, are the only District expenditures that are likely to be impacted by growth. This results in estimated expenditures equal to $42 per member of the service population. Annual expenditures would thus be expected to increase by $44,700 following buildout of the Proposed Project.

Net Fiscal Impact from the Project

As detailed in Table A- 1, the Proposed Project would generate a small positive net fiscal impact on Midpeninsula Regional Open Space District (approximately $6,700 annually).

Table A- 1: Projected Net Fiscal Impact to Midpeninsula Regional Open Space District

	123 Independence Project
Project Net Change in Service Population	1,061
Project Net Change in Assessed Value	$294,298,966
Net Change in Property Tax Revenues	$51,421
Less: Net Change in Projected Expenditures	($44,728)
Projected Net Fiscal Impact to Open Space District	**$6,694**
Assumptions	
Open Space District Service Population, 2022	925,581
Open Space District Share of Base 1% Property Tax Revenue (a)	1.7%
General Fund Operating Expenditures, FY 2022-23 Adopted Budget (b)	$39,031,112
Expenditures per Service Population	$42.17

Notes:
(a) This is the Open Space District's share of the base 1.0 percent property tax in the TRA where the project site is located. Open Space District property tax revenues are not reduced to fund ERAF.
(b) Includes salaries, benefits, services, and supplies only. Does not include capital and project expenses because these expenses are not expected to increase with service population.

Sources: Midpeninsula Regional Open Space District; San Mateo County Controller; Esri Business Analyst; BAE, 2022.

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. As of the 2022-23 school year, the District had 12,327 Resident Full Time Equivalent Students (FTES), which amounts to approximately 0.014 Resident FTES per member of the District's total service population. Assuming the same student generation rate for the net new service population associated with the Project, the Project would result in 14.71 new FTES.

Revenue Impacts from the Project
SMCCD became a Basic Aid district beginning in FY 2012-2013. Similar to Basic Aid elementary and high school districts, Basic Aid community college districts collect local property taxes and student enrollment fees in excess of their State-determined funding target and, therefore, do not receive a general apportionment of funds from the State. State funding is mainly limited to specific small entitlements, several of which accrue to the district's unrestricted General Fund, as well as categorical funds, which do not contribute to the 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 detailed in Table A-2, SMCCCD receives approximately 6.5 percent of the base one percent property tax in the TRA where the Project site is located. In the District's 2022-23 adopted budget, resident student enrollment fees were projected to total approximately $7.9 million, or approximately $636 per Resident FTES. Based on this figure and the estimated student generation described above, resident student fees from new enrollment are estimated to increase by approximately $9,400 from the Proposed Project. The new enrollment generated by the Project would also increase funding from three state entitlements, which are unrestricted and allocated on a per-FTES basis. These include the Educational Protection Account funds ($100 per FTES), unrestricted State Lottery funds ($163 per FTES), and State Mandated Cost Block Grant funds ($32.68 per FTES). As shown below, revenues from these sources would increase by approximately $4,300.

Expenditure Impacts from the Project
In the 2022-23 Adopted Budget, the District budgeted approximately $242.7 million in unrestricted General Fund expenditures, or $18,106 per Total District FTES. Assuming the District maintains this per-FTES spending level, the new FTES generated by the Proposed Project (14.71 FTES) would increase the District's operating expenditures by approximately $266,300.

Net Fiscal Impact from the Project
As reported in Table A-2, the Proposed Project would have a negative net fiscal impact on SMCCCD, totaling $62,700 per year. This is equal to just 0.02 percent of the District's unrestricted General Fund expenditures reported in the 2022-23 Adopted Budget.

Table A-2: Projected Net Fiscal Impact to San Mateo County Community College District

	123 Independence Project
Project Net Change in Service Population	1,061
Project Net Change in Full-Time Equivalent Students (FTES)	14.71
Project Net Change in Assessed Value	$294,298,966
Net Change in Property Tax Revenues	$189,903
Net Change in Student Fee Revenues	$9,358
Net Change in State Revenues from FTES	$4,348
Less: Net Change in Projected Expenditures	($266,277)
Projected Net Fiscal Impact to SMCCCD	**($62,667)**
Assumptions	
SMCCCD Service Population, 2022	897,194
Projected Resident Full-Time Equivalent Students (FTES), 2022-23 Adopted Budget	12,440
Resident FTES per Service Population Member	0.014
Revenues	
SMCCCD Share of Base 1% Property Tax Revenue (a)	6.5%
Resident Student Fee Revenues, 2022-23 Adopted Budget	$7,916,079
Student Fee Revenues per Resident FTES	$636.34
Unrestricted State Revenues per Resident FTES, 2022-23 Adopted Budget	$295.68
Unrestricted State Educational Protection Account Funds per FTES	$100.00
Unrestricted State Lottery Funds per FTES	$163.00
Unrestricted State Mandated Costs Block Grant per FTES	$32.68
Expenditures	
Unrestricted General Fund Expenditures, 2022-23 Adopted Budget (b)	$242,674,080
Projected Total District Full-Time Equivalent Students (FTES), 2022-23 Adopted Budget (c)	13,403
Unrestricted Expenditures per Total District FTES	$18,106

Notes:
(a) This is the San Mateo County CCD's share of the base 1.0 percent property tax in the TRA where the project site is located.
(b) This figure omits capital outlay expenditures as they are not impacted by growth in FTES.
(c) Total District FTES includes Resident, Out of State, and International Full-Time Equivalent Students (FTES).

Sources: San Mateo County Community College District; San Mateo County Controller; Esri Business Analyst; BAE, 2022.

San Mateo County Office of Education

The San Mateo County Office of Education (SMCOE) 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. SMCOE also provides direct educational services to students with severe disabilities, incarcerated students through juvenile court schools, and at-risk students through community schools.

Revenue Impacts from the Project

Like K-12 school districts, SMCOE is funded through a combination of local property taxes and State funds, as determined by the LCFF. SMCOE is a Basic Aid entity, meaning that its property tax revenues exceed its LCFF funding entitlement. The State provides a fixed minimum level of funding, as well as some minor unrestricted and categorical funds, but does not adjust its funding to offset changes in SMCOE's revenues or expenditures. Consequently, SMCOE could potentially experience fiscal impacts from new development, including the Proposed Project.

This analysis assumes that property tax is the only unrestricted SMCOE revenue source that would be impacted by the Project. Though SMCOE receives several minor unrestricted state funds, such as lottery and Educational Protection Account funds, these funds are tied to ADA for SMCOE-operated schools only. The project is unlikely to generate significant new enrollment at SMCOE-operated schools, given the very low enrollment these schools constitute as a percentage of countywide enrollment.[5] As summarized in Table A-3, SMCOE's share of the base 1.0 percent property tax in the TRA where the Project site is located is approximately 3.4 percent. Annual property tax revenue to SMCOE would increase by an estimated $98,800 from the Proposed Project.

Expenditure Impacts from the Project

In FY 2022-23, SMCOE budgeted $37.9 million in unrestricted expenditures, omitting capital outlay and transfers. These expenditures amount to approximately $438 per enrolled student in San Mateo County as of the 2021-22 school year. The Project would generate 158 new students in Redwood City School District and Sequoia Union High School District combined. As shown in Table A-3, estimated growth-related expenditures would total approximately $69,200 from the Proposed Project.

Net Fiscal Impact from the Project

As detailed in Table A-3, the Proposed Project would produce an annual fiscal surplus for SMCOE totaling approximately $29,600.

Table A-3: Projected Net Fiscal Impact to San Mateo County Office of Education

[5] SMCOE-operated schools enroll about 250, or 0.27 percent, of San Mateo County's approximately 90,315 students, according to 2020-21 enrollment data from the California Department of Education.

	123 Independence Project
Project Net Change in Enrolled Students	158
Project Net Change in Enrolled Students, Redwood City ESD (a)	72
Project Net Change in Enrolled Students, Sequoia Union HSD (b)	86
Project Net Change in Assessed Value	$294,298,966
Net Change in Property Tax Revenues	$98,829
Less: Net Change in Projected Expenditures from Enrollment	($69,204)
Projected Net Fiscal Impact to San Mateo COE	**$29,625**
Assumptions	
San Mateo COE Share of Base 1% Property Tax Revenue (c)	3.4%
Unrestricted Central Office Expenditures, FY 2022-23 Adopted Budget (d)	$37,852,567
Service Population (i.e., Enrolled Students Countywide) (e)	86,422
Unrestricted Expenditures per Service Population	$438.00

Notes:
(a) See Redwood City SD fiscal impact table for details.
(b) See Sequoia Union HSD fiscal impact table for details.
(c) This is San Mateo COE's share of the base 1.0 percent property tax in the TRA where the project site is located.
(d) Expenditures for all unrestricted funds, excluding capital outlay and transfers.
(e) 2021-22 academic year Census day enrollment for all K-12 public schools, including charter schools, in San Mateo County, as reported by the California Department of Education.

Sources: San Mateo County Office of Education; San Mateo County Controller; California Department of Education; BAE, 2022.