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# Fiscal Impact Analysis Report for Parkline Master Plan

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 Parkline Master Plan Project (Proposed Project). At full buildout, the Proposed Project would include approximately 1.1 million square feet of office/research and development (R&D) and accessory uses and up to 550 residential units. In addition to the Proposed Project, the FIA examines the fiscal impacts of an Increased Residential Density Variant, which would include up to 800 units. The nonresidential component of the Increased Residential Density Variant would remain consistent with the Proposed Project. The FIA analyzes two potential building use scenarios for both the Proposed Project and the Increased Residential Density Variant: an Office Use Scenario that assumes 100 percent of the office/R&D buildings are occupied by office tenants and a Research and Development (R&D) Use Scenario that assumes 100 percent of the office/R&D buildings are occupied by R&D or life science tenants. The FIA addresses the net increase in revenues and expenditures and resulting net fiscal impact of the Proposed Project and the Increased Residential Density Variant on the following:

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

Selected FIA findings are summarized in the following table on the next page. As shown, the FIA estimates that the Proposed Project and the Increased Residential Density Variant would both have a positive net fiscal impact on the City of Menlo Park's annual General Fund operating budget, for both Office and R&D scenarios. The Proposed Project and the Increased Residential Density Variant would also both generate a net positive fiscal impact for the Menlo Park Fire Protection District, Sequoia Union High School District, and the Menlo Park City Elementary School District, for both Office and R&D scenarios. In addition to the ongoing fiscal impacts shown in the table below, the project would be required to pay various impact fees to the City of Menlo Park and the two school districts.

## Selected Net Fiscal Impact Findings for the Project at Buildout

| *All figures in 2024 dollars* | City of Menlo Park | Menlo Park Fire Protection District | Sequoia Union High School District | Menlo Park City Elementary District |
|---|---|---|---|---|
| **Proposed Project** | | | | |
| **Office Scenario** | | | | |
| **Annual Impacts** | | | | |
| New Revenues | $3,229,866 | $3,486,988 | $3,864,324 | $4,118,882 |
| New Expenditures | $2,950,559 | $1,727,735 | $998,695 | $448,840 |
| **Net Fiscal Impact** | **$279,307** | **$1,759,254** | **$2,865,629** | **$3,670,043** |
| **R&D Scenario** | | | | |
| **Annual Impacts** | | | | |
| New Revenues | $3,184,021 | $3,481,219 | $3,864,324 | $4,118,882 |
| New Expenditures | $2,507,218 | $1,468,131 | $998,695 | $448,840 |
| **Net Fiscal Impact** | **$676,802** | **$2,013,087** | **$2,865,629** | **$3,670,043** |
| **Increased Residential Density Variant** | | | | |
| **Office Scenario** | | | | |
| **Annual Impacts** | | | | |
| New Revenues | $3,665,703 | $3,913,764 | $4,340,592 | $4,624,606 |
| New Expenditures | $3,638,272 | $2,130,433 | $1,462,374 | $748,066 |
| **Net Fiscal Impact** | **$27,431** | **$1,783,330** | **$2,878,218** | **$3,876,540** |
| **R&D Scenario** | | | | |
| **Annual Impacts** | | | | |
| New Revenues | $3,619,858 | $3,907,994 | $4,340,592 | $4,624,606 |
| New Expenditures | $3,194,932 | $1,870,830 | $1,462,374 | $748,066 |
| **Net Fiscal Impact** | **$424,926** | **$2,037,164** | **$2,878,218** | **$3,876,540** |

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

Source: BAE, 2024.

# INTRODUCTION

The City of Menlo Park (City) is evaluating the proposed Parkline Master Plan (Proposed Project), and engaged BAE Urban Economics, Inc. (BAE) to conduct a Fiscal Impact Analysis (FIA) of the 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 2024 dollars, based on the future point in time when the project would be fully built out and would have achieved stabilized operations.

## Project Description

Lane Partners, the Project sponsor, is proposing to redevelop SRI International's existing 63.2-acre research campus in the City of Menlo Park. The Parkline Master Plan Project would include a new office/R&D campus with approximately 1.1 million square feet, up to 550 new rental housing units, 2,000 square feet of community-oriented space, and approximately 26 acres of publicly accessible open space. Most of the buildings on SRI International's Campus would be demolished, except for Buildings P, S, and T (encompassing a total of 286,000 square feet), which would remain on the Project site. Upon completion, the non-residential building square footage would remain unchanged from the existing approximately 1,093,602 square feet on the Project site (excluding Buildings P, S and T). The residential units would include up to 168 Below Market Rate (BMR) affordable units, including up to 100 units within a separate 100 percent affordable building. The Project sponsor is proposing to dedicate a one-acre portion of the site to an affordable developer which would construct the proposed 100 percent affordable building.

Consistent with the Draft Environmental Impact Report (DEIR) being prepared for the Project, this analysis also examines the fiscal impacts of an Increased Residential Density Variant that would include an additional 250 residential units on the Project site for a total of up to 800 units. The nonresidential component of the Increased Residential Density Variant would remain consistent with the Proposed Project, but the 250 additional residential units would be accommodated by increasing the massing and heights of the proposed multifamily buildings and expanding the Project site to encompass an additional property at 201 Ravenswood Avenue. Of the 800 units included under the Increased Residential Density Variant, approximately 31 percent (251 units) would be Below Market Rate. The total of 251 BMR units includes an increase in the number of units to be included within the separate 100 percent affordable building from 100 to 154 units. A summary of the development programs

for the Proposed Project and the Increased Residential Density Variant is provided in Table 1 on the next page.

**Table 1: Menlo Park Parkline Master Plan Development Program**

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| **Project Site Area** | | |
| Square Feet | 2,754,035 | 2,797,797 |
| Acres | 63.22 | 64.23 |
| **New Building Square Footage** | | |
| New Office and Accessory Space | 1,091,600 | 1,091,600 |
| Community Amenity Building | 2,002 | (a) |
| Residential | 675,200 | 1,096,000 |
| Townhomes | 37,039 | 127,000 |
| Multifamily Market Rate Buildings | 481,560 | 791,000 |
| 100% Affordable Parcel | 156,601 | 178,000 |
| **Existing Building Square Footage** | | |
| Existing Office/R&D to Remain | 286,730 | 286,730 |
| Existing Office/R&D to be Demolished | (1,093,602) | (1,093,602) |
| Existing Church to be Demolished | N/A | (12,700) |
| **New Residential Units** | **550** | **800** |
| **Townhomes** | **19** | **46** |
| Market Rate Units | 16 | 39 |
| BMR Units (15% Inclusionary) | 3 | 7 |
| **Multifamily** | **531** | **754** |
| Market Rate Units | 366 | 510 |
| BMR Units (15% Inclusionary) | 65 | 90 |
| 100% Affordable Parcel | 100 | 154 |

Notes:
(a) Under the Increased Residential Density Variant, community space would be included within the 100 percent affordable building instead of within a separate community building.
(b) Existing buildings are assumed to be predominately occupied by R&D uses, which include uses that support R&D (e.g., administrative offices, cafeterias, fitness rooms, shipping/receiving areas, etc.). Impact fees discussed in this analysis are an estimate and may be adjusted during project review based on the City's determination of existing conditions.
Sources: City of Menlo Park; Lane Partners and SRI International; BAE, 2024.

The mix of office and R&D or life science uses has not been determined and will be determined in the future in response to tenant needs as the project is built out. Due to the differing employment densities associated with office and R&D uses, the DEIR and the FIA evaluate two building use scenarios for both the Proposed Project and the Increased Residential Density Variant: an Office Use Scenario that assumes 100 percent of the office/R&D buildings are occupied by office tenants and a R&D Use Scenario that assumes 100 percent of the office/R&D buildings are occupied by R&D or life science tenants. Table 2 shows the net change in residents, employees, and the service population associated with the Proposed Project and the Increased Residential Density Variant under both building use scenarios. This 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 in the table, the residential population, on-site employment, and the service population would vary by scenario. At buildout, the Proposed Project would include 1,375 new residents and 4,968 employees under the 100 percent office scenario, resulting in a total service population of 3,031. Under the 100 percent R&D scenario, the Proposed Project would include 3,767 employees, resulting in a total service population of 2,631. Overall, the Proposed Project would result in a net increase of 2,664 service population members under the office scenario and a net increase of 2,264 service population members under the R&D scenario after accounting for the existing employment on the Project site. Buildout of the Increased Residential Density Variant would result in a net increase of 3,285 service population members under the 100 percent office scenario and 2,885 service population members under the 100 percent R&D scenario.

**Table 2: Menlo Park Parkline Master Plan On-Site Service Population**

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| **Existing On-Site Service Population** (a) | **367** | **373** |
| Existing Residents | 0 | 0 |
| Existing Employees (b) | 1,100 | 1,118 |
| **Office Scenario** | | |
| **Projected New On-Site Service Population** (a) | **3,031** | **3,658** |
| Total Residents | 1,375 | 2,000 |
| Total Employees (c) | 4,968 | 4,974 |
| **Net Change in Service Population** (a) | **2,664** | **3,285** |
| Net Change in Residents | 1,375 | 2,000 |
| Net Change in Employees | 3,868 | 3,856 |
| **R&D Scenario** | | |
| **Projected New On-Site Service Population** (a) | **2,631** | **3,258** |
| Total Residents | 1,375 | 2,000 |
| Total Employees (c) | 3,767 | 3,773 |
| **Net Change in Service Population** (a) | **2,264** | **2,885** |
| Net Change in Residents | 1,375 | 2,000 |
| Net Change in Employees | 2,667 | 2,655 |

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) Existing employment under the increased residential density variant includes 18 employees on the church parcel.
(c) Total on-site employment at buildout, including 700 existing SRI employees that would remain on-site. The total projected on-site employment is higher under the Increased Residential Density Variant due to the additional employees associated with the expanded residential uses.

Sources: Keyser Marston Associates Parkline Housing Needs Assessment (April 2024), Table 8-3; BAE, 2024.

# GENERAL FUND FISCAL IMPACTS

This section of the report summarizes the projected ongoing annual fiscal impacts from the Proposed Project and the Increased Residential Density Variant. 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, 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 and the Increased Residential Density Variant.

## 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 3, the City of Menlo Park's population consists of approximately 33,140 residents and 35,133 employees, resulting in a service population of 44,851 (100 percent of residents plus one-third of employees).[1] The fiscal impact analysis uses this service population figure to derive current expenditures and revenues per service population member.

**Table 3: Current Service Population, City of Menlo Park**

| City of Menlo Park | 2024 |
|---|---|
| Residents (a) | 33,140 |
| Employees (b) | 35,133 |
| **Service Population** (c) | **44,851** |

[1] This analysis uses Esri 2023 estimates for current employment in Menlo Park, which may differ from sources used for other studies related to the proposed project. Esri 2023 estimates are used for this study to provide the most current employment estimate available when the FIA was prepared, which corresponds to the fiscal year (2023-2024) for the budget that this analysis uses to estimate current City expenditures and some current City revenues on a service population basis. Use of data from other sources may be appropriate for other studies related to the proposed project due to the nature of the analysis necessary for other studies.

Notes:
(a) California Department of Finance 1/1/2024 population estimate.
(b) Esri estimate, 2023 Total Employment.
(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: CA Department of Finance; Esri Business Analyst; BAE, 2024.

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.

All cost and revenue projections are expressed in constant 2024 dollars based on a future point in time when the Proposed Project would be fully built out and occupied. This report also presents the net annual fiscal impact to Menlo Park's General Fund over a ten-year period beginning in 2025.

## 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 new residents and workers associated with the Proposed Project make taxable purchases at city retailers. 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.** According to data from the California Department of Tax and Fee Administration shown in
Table 4, residents in San Mateo and Santa Clara Counties, including Menlo Park residents, spend an average of $16,007 per person per year on taxable purchases at retail locations and restaurants in these two counties. This is compared to only $11,071 per person in annual taxable sales generated in Menlo Park. The lower amount of spending in Menlo Park likely

indicates retail "leakage", with Menlo Park residents making retail and restaurant purchases outside of the City leading to higher taxable sales per capita in some surrounding jurisdictions as they capture spending from Menlo Park residents.[2] Meanwhile, the data also indicate that Menlo Park experiences an "injection" of retail sales in some categories (i.e., food and beverage stores, clothing and clothing accessories stores, and gasoline stations), with per-capita taxable sales in Menlo Park exceeding the average for the two-county area.[3]

This analysis assumes that new residents in the Proposed Project will generate total taxable retail sales at a rate equal to the per capita taxable retail spending in the two counties ($16,007 per resident annually). To estimate the share of this total taxable retail spending that would be captured by retailers in Menlo Park, the analysis compares the per-capita taxable sales figures for each retail category in Menlo Park with the figures in the larger two-county benchmark area. The analysis assumes that Menlo Park retailers will capture most of new residents' retail spending in retail categories with low/no retail leakage and less spending in the categories with high retail leakage, based on the current spending patterns in Menlo Park and the two counties summarized in Table 4. For the categories that indicate retail leakage (i.e., home furnishings and appliances, food services and drinking places, and "other retail"), the analysis uses the per-capita spending figure for Menlo Park to estimate the taxable retail sales made by new residents within Menlo Park. For the remaining retail categories, the analysis assumes that new residents will spend up to 85 percent of their total predicted taxable spending at locations within Menlo Park. The analysis assumes a maximum City capture rate of 85 percent instead of 100 percent of new resident spending in all retail categories because new residents in the Proposed Project are likely to make at least some portion of their purchases at locations outside of Menlo Park. Applying these capture rates results in an estimate that the new Menlo Park residents generated by the Proposed Project will spend $8,087 per year in taxable purchases at locations in Menlo Park, with the remainder of their total estimated annual per-capita taxable spending occurring in locations outside of Menlo Park. This figure ($8,087 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.

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[2] Retail leakage indicates that, of the total $16,007 per year in predicted total taxable purchases among Menlo Park residents, a portion is spent in locations outside of Menlo Park due to either a shortage of retailers in Menlo Park to meet the demand for retail goods in specific categories or the presence of retailers outside but near the City limits that are capturing "leaked" sales.

[3] Retail injections indicates that there are likely enough retailers in these categories in Menlo Park to meet all of 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.

## Table 4: Estimated Annual Taxable Sales per Resident, Menlo Park, 2024

| Business Category | 2023 Taxable Sales per Capita (a) Menlo Park | 2023 Taxable Sales per Capita (a) 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 and Appliance Stores | $712 | $1,038 | 31% | 69% | $712 |
| Food and Beverage Stores | $1,686 | $816 | -106% | 85% | $694 |
| Gasoline Stations | $1,740 | $1,364 | -28% | 85% | $1,159 |
| Clothing and Clothing Accessories | $2,350 | $1,173 | -100% | 85% | $997 |
| Food Services and Drinking Places | $2,964 | $3,419 | 13% | 85% | $2,906 |
| Other Retail Group (e) | $1,620 | $8,198 | 80% | 20% | $1,620 |
| **Total** (f) | **$11,071** | **$16,007** | | | **$8,087** |

Notes:
(a) 2023 data inflated to 2024 dollars. Population estimates for 2024 per the California Department of Finance:
Menlo Park: 33,140
San Mateo County: 741,565
Santa Clara County: 1,903,198
(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 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) Other Retail Group includes Motor Vehicle and Parts Dealers, Bldg. Materials, Garden Equip. and Supplies, and General Merchandise Stores categories. City data were unavailable for these categories due to confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store.
(f) 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, 2024.

**Taxable Sales from Worker Spending.** To estimate taxable expenditures made by workers, 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 the ICSC survey findings to estimate the taxable expenditures in Menlo Park made by workers employed on the Project Site. These adjustments include removing 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. The adjustments also account for the available retail offerings in Menlo Park, which affects the extent to which businesses in Menlo Park will capture future worker spending. After accounting for non-taxable purchases and the specific types of retail available in Menlo Park, total annual taxable sales in Menlo Park per employee would average approximately $2,000 per year for employees on the Project site. These figures

were multiplied by the number of new employees in the Proposed Project to estimate the total taxable sales that would be generated by new employee spending at buildout.

**Net Change in General Fund Sales Tax Revenue from Resident and Worker Spending.** Table 5 shows the estimated net change in total taxable sales from resident and worker spending in Menlo Park for the Proposed Project and the Increased Residential Density Variant under both building use scenarios. As shown, annual taxable purchases in Menlo Park would increase by approximately $18.9 million under the Proposed Project with 100 percent Office uses and approximately $16.5 million with 100 percent R&D uses. The Increased Residential Density Variant would increase annual taxable spending in the City by $23.9 million under the 100 percent Office Use Scenario, and approximately $21.5 million under the 100 percent R&D Use Scenario. Applying the City's share of sales tax revenue to these amounts results in projected new annual General Fund sales tax revenue totaling approximately $179,100 under the Proposed Project with 100 percent Office uses and approximately $156,300 with 100 percent R&D uses. Under the Increased Residential Density Variant, annual General Fund sales tax revenue would increase by $226,900 with 100 percent Office uses and approximately $204,100 with 100 percent R&D uses.

**Table 5: Projected Net Change in Annual General Fund Sales Tax Revenue from Resident and Worker Spending**

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| | Office Scenario | R&D Scenario | Office Scenario | R&D Scenario |
| **Resident Spending** | | | | |
| Net Change in Residents | 1,375 | 1,375 | 2,000 | 2,000 |
| Per Capita Taxable Sales in Menlo Park (a) | $8,087 | $8,087 | $8,087 | $8,087 |
| **Net Change in Taxable Resident Spending** | **$11,120,282** | **$11,120,282** | **$16,174,956** | **$16,174,956** |
| **Worker Spending** | | | | |
| Net Change in Workers | 3,868 | 2,667 | 3,856 | 2,655 |
| Taxable Sales in Menlo Park per Worker (b) | $2,000 | $2,000 | $2,000 | $2,000 |
| **Net Change in Taxable Worker Spending** | **$7,735,196** | **$5,333,445** | **$7,711,198** | **$5,309,448** |
| **Annual Sales Tax Revenue** | | | | |
| Net Change in Annual Citywide Taxable Sales | $18,855,478 | $16,453,728 | $23,886,155 | $21,484,404 |
| Menlo Park Share of Sales Tax Receipts | 0.95% | 0.95% | 0.95% | 0.95% |
| **Net Change in Gen. Fund Sales Tax Revenue** | **$179,127** | **$156,310** | **$226,918** | **$204,102** |

Notes:

(a) See Table 4.

(b) Based on data from International Council of Shopping Centers (ICSC), Office-Worker Retail Spending in a Digital Age, 2012. Figures are shown in 2024 dollars. Estimates were adjusted based on 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, 2024.

*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 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 6 shows the effective distribution of the base 1.0 percent property tax to the taxing jurisdictions in TRA 08-001, which covers the Project Site. As shown, Menlo Park receives 10.2 percent of the base 1.0 percent tax, with the remainder going to various other taxing jurisdictions.

**Table 6: Distribution of Base 1% Property Tax Revenue - TRA 08-001**

| Jurisdiction | Pre-ERAF Distribution | ERAF Shift | Effective Distribution |
|---|---|---|---|
| General County Tax | 24.09% | -39.59% | 14.55% |
| City of Menlo Park | 12.22% | -16.44% | 10.21% |
| Menlo Park City Elementary General Purpose | 16.97% | 0.00% | 16.97% |
| Sequoia High School General Purpose | 15.87% | 0.00% | 15.87% |
| San Mateo Community College General Purpose | 6.89% | 0.00% | 6.89% |
| Menlo Park Fire District | 16.01% | -11.00% | 14.25% |
| San Francisquito Creek Flood Zone 2 | 0.23% | -16.21% | 0.20% |
| Midpeninsula Regional Open Space District | 1.87% | 0.00% | 1.87% |
| Bay Area Air Quality Management District | 0.21% | 0.00% | 0.21% |
| County Harbor District | 0.36% | -22.11% | 0.28% |
| San Mateo County Mosquito & Vector Control District | 0.20% | -15.94% | 0.16% |
| Sequoia Hospital District | 1.49% | 0.00% | 1.49% |
| County Education Tax | 3.59% | 0.00% | 3.59% |
| ERAF | 0.00% | | 13.45% |
| | 100.0% | | 100.0% |

Note:
(a) Represents the percentage reduction in property taxes to each jurisdiction to fund ERAF, based on FY 2023-24 figures provided by the San Mateo County Controller's Office.

Sources: San Mateo County Controller; BAE, 2024.

Appendix A shows the current taxable assessed value of the Project site net of existing property tax exemptions. Many of the existing uses on the site qualify for a property tax exemption, however, some uses on the site are not exempt from property tax liability. As of the 2023-2024 tax year, the net taxable assessed value of the Proposed Project site totaled

approximately $49.88 million (after exemptions). The Project site for the Increased Residential Density Variant includes an additional parcel at 201 Ravenswood and has a slightly higher net taxable assessed value of approximately $49.90 million after exemptions.

To estimate future property tax revenues resulting from the Proposed Project and the Increased Residential Density Variant, 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. The following sections summarize the assumptions and methods BAE used to estimate the net change in assessed value associated with buildout of the Proposed Project and the Increased Residential Density Variant.

*Projected Assessed Value of SRI Parcels*

SRI International plans to maintain control of three existing buildings on the Project site and would continue to occupy the buildings along with other tenants. The Proposed Project and the Increased Residential Density Variant are not expected to trigger a reassessment of either the improvement value or the land value of the SRI parcels. BAE estimated the assessed value of the SRI parcels at buildout of the Proposed Project based on the current average improvement value per square foot and the current average land value per square foot of the existing Project site. After accounting for estimated property tax exemptions, the total assessed value of the SRI parcels at buildout is estimated at approximately $3.3 million, as shown in Table 7**Error! Reference source not found.**. The assessed value of the SRI parcels would be the same under the Proposed Project and the Increased Residential Density Variant.

**Table 7: Projected Assessed Value of SRI Parcels After Exemptions at Buildout**

| | | | SRI Parcels | |
|---|---|---|---|---|
| **Assessed Value of SRI Parcels at Buildout** | | | **Quantity** | **Total Value** |
| Assessed Value of Improvements | $109 | per building sf (a) | 286,730 | $31,253,570 |
| Estimated Assessed Land Value | $222,426 | per acre (b) | 8.0 | $1,779,408 |
| **Total Estimated Assessed Value of SRI Parcels at Buildout** | | | | **$33,032,978** |
| Less: Estimated Exemptions at Buildout | 90% | of total assessed value (c) | | ($29,729,680) |
| **Estimated Assessed Value of SRI Parcels After Exemptions** | | | | **$3,303,298** |

Notes:

(a) Estimated value of existing improvements to remain on the Project site at buildout based on the current average improvement value per square foot on the Project site.
(b) Estimated assessed land value based on the current average land value per acre for the Project site.
(c) Estimated exemptions on SRI parcels at buildout based on information provided by the Project applicant.

Sources: BAE, 2024.

*Projected Assessed Value of Project Site at Buildout*

Lane Partners intends to enter into a 99-year ground lease with the current owner of the project site, SRI International, as part of the redevelopment process. Although this does not technically constitute a sale of the property, the San Mateo County Tax Assessor treats any ground lease agreement term over 35 years as a change of ownership for the purposes of reassessment. Therefore, the ground lease agreement would trigger a reassessment of the land value of the property to market value, while the development of the new buildings would trigger an assessment of the value of the new improvements on the project site. To estimate the new assessed land value of the redeveloped portion of the project site, this analysis uses an average land sale price of $11.8 million per acre, which is the anticipated sale price for the 201 Ravenswood parcel that the Project Sponsor intends to purchase as part of the Increased Residential Density Variant. The Project Sponsor has proposed to donate a one-acre portion of the Project site to a non-profit housing developer as part of the Proposed Project. Since the 100 percent affordable development would be owned and operated by a nonprofit entity and would qualify for a property tax exemption, the donated site would have no taxable assessed land or improvement value following construction of the Proposed Project.

To estimate the assessed value of the new improvements on the Project Site, this analysis uses estimated construction costs, which is typically the most conservative of the three methods used by the County Assessor. As shown in Table 8, hard and soft construction costs are expected to total approximately $1.8 billion for the Proposed Project and approximately $2.1 billion for the Increased Residential Density Variant. After accounting for the estimated new assessed land value of the reassessed parcels and the existing value of the SRI parcels, the total assessed value of the Project site would be $2.5 billion under the Proposed Project and $2.8 billion under the Increased Residential Density Variant.

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

| Assessed Value of Project Site | | | Proposed Project Quantity | Proposed Project Total | Increased Residential Density Variant Quantity | Increased Residential Density Variant Total |
|---|---|---|---|---|---|---|
| Site Improvements | $35 | per site sf (a) | 2,362,000 | $82,670,000 | 2,378,300 | $83,240,500 |
| Multifamily Apartments | $520 | per sf (b) | 481,560 | $250,411,200 | 791,000 | $411,320,000 |
| Townhomes (Rental) | $475 | per net sf | 37,039 | $17,593,525 | 127,000 | $60,325,000 |
| Office/R&D | $925 | per sf (c) | 1,091,600 | $1,009,730,000 | 1,091,600 | $1,009,730,000 |
| Structured Garage Parking | $55,000 | per space | 2,040 | $112,200,000 | 2,330 | $128,150,000 |
| Podium Parking | $65,000 | per space | 401 | $26,065,000 | 827 | $53,755,000 |
| Basement Parking | $90,000 | per space | 260 | $23,400,000 | 180 | $16,200,000 |
| **Total Hard Construction Costs** | | | | **$1,522,069,725** | | **$1,762,720,500** |
| Estimated Soft Costs | 20% | of hard costs | | $304,413,945 | | $352,544,100 |
| **Total Assessed Value of New Improvements** | | | | **$1,826,483,670** | | **$2,115,264,600** |
| Est. New Assessed Land Value | $11,800,000 | per acre (d) | 54.22 | $639,843,893 | 54.60 | $644,259,412 |
| Est. Existing Assessed Value of SRI Parcels at Buildout (e) | | | | $3,303,298 | | $3,303,298 |
| **Total Est. Assessed Value of Project Site at Buildout** | | | | **$2,469,630,861** | | **$2,762,827,310** |

Notes:
(a) Site area excludes the SRI parcels and the 100 percent affordable parcel. The project sponsor intends to dedicate a portion of the site to a non-profit affordable housing developer for the purpose of developing a 100 percent affordable housing project, which would be exempt from property tax.
(b) Multifamily square footages and assessed values on this table exclude affordable units on the 100 percent affordable parcel.
(c) Includes the full costs of tenant improvements.
(d) Estimated land value based on the anticipated sale price of the 201 Ravenswood parcel. Acreage excludes the SRI parcels and the 100 percent affordable parcel, which would be exempt from property tax.
(e) See Table 7.

Sources: Lane Partners, LLC; BAE, 2024.

*Projected Net Change in Annual General Fund Property Tax Revenue*

The total assessed value of the Project site at buildout is shown in Table 8 and includes the estimated value of the SRI parcels and the estimated new value of the redeveloped parcels. At buildout, the total value of the Project site would total $2.5 billion under the Proposed Project and $2.8 billion under the Increased Residential Density Variant after accounting for property tax exemptions. After accounting for the existing assessed value of the Project site, the net change in assessed value associated with buildout of the Proposed Project totals $2.4 billion. The net change in assessed value associated with buildout of the Increased Residential Density Variant totals $2.7 billion. Based on the City's share of the base 1.0 percent property tax where the Project site is located (10.2 percent), the Proposed Project would increase annual General Fund property tax revenue by approximately $2.5 million. The Increased Residential Density Variant would increase annual General Fund property tax revenue by approximately $2.8 million.

## Table 8: Projected Net Change in Property Tax Revenue at Buildout

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| **Assessed Value** | | |
| Total Assessed Value of Project Site at Buildout (after Exemptions) (a) | $2,469,630,861 | $2,762,827,310 |
| Less: Current Assessed Value of Project Site (after Exemptions) (b) | ($49,875,020) | ($49,898,102) |
| **Net Change in Assessed Value of Project Site at Buildout** | **$2,419,755,841** | **$2,712,929,208** |
| | | |
| **Annual Property Tax Revenue** | | |
| Net Change in Base 1% Property Tax Revenue | $24,197,558 | $27,129,292 |
| Menlo Park Share of Base 1% Property Tax (c) | 10.2% | 10.2% |
| **Net Change in City Property Tax Revenue** | **$2,471,097** | **$2,770,491** |

Notes:
(a) See Table 8 and **Error! Reference source not found.**.
(b) See Appendix A.
(c) Based on the City's share of the base 1.0 percent property tax revenue in TRA 008-001, after accounting for ERAF reductions.

Sources: San Mateo County Controller; BAE, 2024.

### *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 9, in fiscal year 2023-24 the City expects to receive approximately $4.7 million in property tax ILVLF revenue. This amounts to approximately $0.17 per $1,000 in assessed value. Based on the estimated total net change in assessed values shown below, the Proposed Project would increase annual General Fund ILVLF revenues by approximately $409,000. The Increased Residential Density Variant would increase annual General Fund ILVLF revenues by approximately $458,600.

**Table 9: Projected Net Change in ILVLF Revenue**

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| Net Change in Assessed Value at Buildout | $2,419,755,841 | $2,712,929,208 |
| **Net Change in ILVLF Revenue** | **$409,004** | **$458,559** |
| | | |
| **Assumptions** | | |
| Total Taxable Assessed Value, FY 23-24 | | $27,527,938,299 |
| FY 23-24 ILVLF Payment | | $4,652,968 |
| ILVLF Revenue per $1,000 in Assessed Value | | $0.17 |

Sources: City of Menlo Park; San Mateo County Assessor's Office; BAE, 2024.

### *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 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.[4]

To estimate annual business license tax revenues associated with the proposed rental apartments, BAE estimated total annual gross receipts for each individual residential parcel based on information provided in the April 2024 Housing Needs Assessment for the Proposed Project and the City's maximum BMR rent limit schedule for 2024. For the Proposed Project, the estimated business license taxes would amount to $6,000 for the multifamily residential buildings and $750 for the townhomes. Under the Increased Residential Density Variant, the business license taxes would amount to $8,500 for the multifamily residential buildings and $2,000 for the townhomes.

The future business license tax revenue generated by the Proposed Project will ultimately depend on the total number of businesses and the types of businesses that occupy space in the Proposed Project. To estimate business license taxes for the future tenants in the new office/R&D buildings, this analysis assumes a total of ten new business license tax paying tenants would occupy the buildings under both building use scenarios. Based on the City's current business license tax rates, each business in the commercial section of the Proposed Project and the Increased Residential Density Variant would pay an estimated $1,250 in business license taxes, for a total of $12,500. This estimate assumes that tenants would pay business license taxes based on the number of employees, consistent with the City's current business license tax schedule.

[4] Menlo Park Municipal Code section 5.12.020.

After accounting for the impacted existing business license tax revenues on the Project site ($1,875 under the Proposed Project and $2,250 under the Increased Residential Density Variant), the net change in annual business license tax revenue is positive for the City in each scenario, as shown in Table 10. At buildout of the Proposed Project, the net increase in annual business license tax revenue totals $17,375 under the 100 percent office scenario as well as the 100 percent R&D scenario. The Increased Residential Density Variant would result in a slightly higher increase in annual business license tax revenue under each building use scenario, totaling $20,750 annually.

**Table 10: Projected Net Change in Annual Business License Tax Revenue**

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| **Office Scenario** | | |
| **New Business License Tax Revenue** | **$19,250** | **$23,000** |
| Multifamily Rental | $6,000 | $8,500 |
| Townhome Rental | $750 | $2,000 |
| Office | $12,500 | $12,500 |
| **Existing Business License Tax Revenue** | **($1,875)** | **($2,250)** |
| **Net Change in Annual Business License Tax Revenue** | **$17,375** | **$20,750** |
| **R&D Scenario** | | |
| **New Business License Tax Revenue** | **$19,250** | **$23,000** |
| Multifamily Rental | $6,000 | $8,500 |
| Townhome Rental | $750 | $2,000 |
| R&D | $12,500 | $12,500 |
| **Existing Business License Tax Revenue** | **($1,875)** | **($2,250)** |
| **Net Change in Annual Business License Tax Revenue** | **$17,375** | **$20,750** |
| **Assumptions** | | |
| **Existing Business License Tax Revenue** | **Proposed Project** | **Variant** |
| Number of Existing Entities Paying Business License Tax | 5 | 6 |
| Average Existing Business License Tax per Entity | $375 | $375 |
| **New Business License Tax Revenue - Residential** | | |
| Number of Multifamily Residential Buildings (Market-Rate) | 3 | 2 |
| Est. Annual Business License Tax per Multifamily Building | $2,000 | $4,250 |
| Number of Townhome Parcels (Rental) | 1 | 2 |
| Est. Annual Business License Tax per Townhome Parcel | $750 | $1,000 |
| **New Business License Tax Revenue - New Office/R&D** | **Office Scenario** | **R&D Scenario** |
| Total Employees | 4,206 | 3,005 |
| Number of Establishments | 10 | 10 |
| Average Employees per Business | 421 | 301 |
| Est. Annual Business License Tax per Business | $1,250 | $1,250 |

Note:

(a) Average gross receipts per employee based on 2017 Economic Census data for establishments in the Research and Development in the Physical, Engineering, and Life Sciences (NAICS 541710) industry in California.

Sources: City of Menlo Park; BAE, 2024.

### *Other Revenues*

According to the FY 2023-24 Adopted Budget, the City generates approximately $2.5 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 11, General Fund revenues from franchise fees and fines in FY 2023-24 totaled approximately $2.6 million, or $57.52 per member of the service population. Assuming a commensurate increase in the amount of revenue collected each year, the Proposed Project would generate additional annual franchise fee and fines revenues of approximately $153,300 under the 100 percent office scenario, and $130,200 under the 100 percent R&D scenario. The Increased Residential Density Variant would generate additional annual franchise fee and fines revenues totaling approximately $189,000 under the 100 percent office scenario, and $166,000 under the 100 percent R&D scenario.

**Table 11: Projected Change in Other General Fund Revenue at Buildout**

| **Proposed Project** | **Office Scenario** | **R&D Scenario** |
|---|---|---|
| Net Change in Service Population | 2,664 | 2,264 |
| Franchise Fee and Fines Revenue per Service Pop. | $57.52 | $57.52 |
| **Net Change in Franchise Fee & Fines Revenue** | **$153,263** | **$130,234** |
| | | |
| **Increased Residential Density Variant** | | |
| Net Change in Service Population | 3,285 | 2,885 |
| Franchise Fee and Fines Revenue per Service Pop. | $57.52 | $57.52 |
| **Net Change in Franchise Fee & Fines Revenue** | **$188,985** | **$165,956** |

| **Assumptions** | **FY 2023-24** (a) |
|---|---|
| Franchise Fee Revenue | $2,400,000 |
| Fines Revenue | $180,000 |
| **Total Franchise Fee and Fines Revenue** | **$2,580,000** |
| | |
| Current (2024) Citywide Service Population (b) | 44,851 |
| **Revenue Per Service Population** | $57.52 |

Notes:
(a) Revenues based on the FY2023-24 Adopted Budget.
(b) Service population is defined as all residents plus one-third of employees.

Sources: City of Menlo Park; BAE, 2024.

*Summary of Annually Recurring General Fund Revenues*

As shown in Table 12, the Proposed Project would increase annual General Fund revenues by approximately $3.2 million under both building use scenarios. The Increased Residential Density Variant would increase annual General Fund revenues by approximately $3.7 million under the 100 percent office use scenario and approximately $3.6 million under the 100 percent R&D use scenario. For all four scenarios, most of the annual General Fund revenue would be generated through property tax and property tax in lieu of vehicle license fees (ILVLF).

**Table 12: Summary of Net Change in Annual General Fund Revenues at Buildout**

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| General Fund Revenues | Annual Revenue | Percent of Total | Annual Revenue | Percent of Total |
| **Office Scenario** | | | | |
| Property Tax | $2,471,097 | 76.5% | $2,770,491 | 75.6% |
| ILVLF | $409,004 | 12.7% | $458,559 | 12.5% |
| Sales Tax | $179,127 | 5.5% | $226,918 | 6.2% |
| Business License Tax | $17,375 | 0.5% | $20,750 | 0.6% |
| Other Revenues | $153,263 | 4.7% | $188,985 | 5.2% |
| **Total Revenues** | **$3,229,866** | **100.0%** | **$3,665,703** | **100.0%** |
| **R&D Scenario** | | | | |
| Property Tax | $2,471,097 | 77.6% | $2,770,491 | 76.5% |
| ILVLF | $409,004 | 12.8% | $458,559 | 12.7% |
| Sales Tax | $156,310 | 4.9% | $204,102 | 5.6% |
| Business License Tax | $17,375 | 0.5% | $20,750 | 0.6% |
| Other Revenues | $130,234 | 4.1% | $165,956 | 4.6% |
| **Total Revenues** | **$3,184,021** | **100.0%** | **$3,619,858** | **100.0%** |

Source: BAE, 2024.

## 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 2023-24 impact fee rates, the Proposed Project would generate approximately $20.8 million in impact fees to the City of Menlo Park under the Office scenario, and approximately $17.3 million under the R&D scenario (see Table 13). Transportation Impact Fees for the Proposed Project would total approximately $17.2 million under the Office scenario, and approximately $3.5 million under the R&D scenario. The Construction Street Impact Fee for the Proposed Project would total approximately $3.1 million under both the

Office and R&D scenarios. Impact fees to Sequoia Union High School District would total approximately $1.4 million under both the Office and R&D scenarios, while fees to Menlo Park City Elementary School District would total approximately $2.1 million.

Under the Increased Residential Density Variant, the impact fees to the City of Menlo Park would total approximately $23.1 million under the Office scenario, and approximately $9.3 million under the R&D scenario. This would include approximately $18.8 million from Transportation Impact Fees under the Office scenario, and approximately $5.1 million under the R&D scenario. The Increased Residential Density Variant would generate approximately $3.7 million from Construction Street Fees under both the Office and R&D scenarios. Like the Proposed Project, the Increased Residential Density Impact fees to Sequoia Union High School District and Menlo Park City Elementary School District would total approximately $2.3 million and $3.4 million, respectively, under both the Office and R&D scenarios.

## Table 13: Impact Fees from Proposed Project

| FY 2023-24 Impact Fees | Rate | Unit | Quantity Removed | Proposed Project Office Scenario | | | Proposed Project R&D Scenario | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross New | Net Change | Total Fees | Gross New | Net Change | Total Fees |
| Transportation | | | | | | | | | |
| Office | $21.91 | per net new sf | 0 | 1,093,602 | 1,093,602 | $23,960,820 | 0 | - | $0 |
| Research and Development | $9.33 | per net new sf | 1,093,602 | 0 | (1,093,602) | ($10,203,307) | 1,093,602 | - | $0 |
| Multi-Family Residential | $6,358.18 | per unit | 0 | 550 | 550 | $3,496,999 | 550 | 550 | $3,496,999 |
| **Total** | | | **1,093,602** | | | **$17,254,512** | | | **$3,496,999** |
| Storm Drainage Fees | | | | | | | | | |
| Multi-Family Residential | $150.00 | per unit | 0 | 550 | 550 | $82,500 | 550 | 550 | $82,500 |
| Commercial | $0.24 | per sf imperv. | - | 1,514,146 | | $363,395 | 1,514,146 | | $363,395 |
| Construction Street Fee (a) | 0.58% | pct of constr. value | | $534,780,000 | | $3,101,724 | $534,780,000 | | $3,101,724 |
| **Total City of Menlo Park Impact Fees** | | | | | | **$20,802,131** | | | **$7,044,618** |
| Sequoia Union High School Dist. | | | | | | | | | |
| Residential | $2.07 | per net new sf | 0 | 675,200 | 675,200 | $1,397,664 | 675,200 | 675,200 | $1,397,664 |
| Commercial | $0.33 | per net new sf | 1,093,602 | 1,093,602 | 0 | $0 | 1,093,602 | 0 | $0 |
| **Total** | | | | | | **$1,397,664** | | | **$1,397,664** |
| Menlo Park Elementary School Dist. | | | | | | | | | |
| Residential | $3.10 | per net new sf | 0 | 675,200 | 675,200 | $2,093,120 | 675,200 | 675,200 | $2,093,120 |
| Commercial | $0.51 | per net new sf | 1,093,602 | 1,093,602 | 0 | $0 | 1,093,602 | 0 | $0 |
| **Total** | | | | | | **$2,093,120** | | | **$2,093,120** |

Notes:
(a) The City 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 Tables 7 and 8 above.

Sources: City of Menlo Park; Sequoia Union School District; ICC; BAE, 2024.

## Table 14: Impact Fees from the Increased Residential Density Variant

| FY 2023-24 Impact Fees | Rate | Unit | Increased Residential Density Variant Office Scenario | | | Increased Residential Density Variant R&D Scenario | | |
|---|---|---|---|---|---|---|---|---|
| | | | Gross New | Net Change | Total Fees | Gross New | Net Change | Total Fees |
| Transportation | | | | | | | | |
| Office | $21.91 | per net new sf | 1,093,602 | 1,093,602 | $23,960,820 | 0 | 0 | $0 |
| Research and Development | $9.33 | per net new sf | 0 | (1,093,602) | ($10,203,307) | 1,093,602 | 0 | $0 |
| Multi-Family Residential | $6,358.18 | per unit | 800 | 800 | $5,086,544 | 800 | 800 | $5,086,544 |
| **Total** | | | | | **$18,844,057** | | | **$5,086,544** |
| Storm Drainage Fees | | | | | | | | |
| Multi-Family Residential | $150.00 | per unit | 800 | 800 | $120,000 | 800 | 800 | $120,000 |
| Commercial | $0.24 | per sf imperv. | 1,514,146 | | $363,395 | 1,514,146 | | $363,395 |
| Construction Street Fee (a) | 0.58% | pct of constr. value | $643,923,000 | | $3,734,753 | $643,923,000 | | $3,734,753 |
| **Total City of Menlo Park Impact Fees** | | | | | **$23,062,206** | | | **$9,304,692** |
| Sequoia Union High School Dist. | | | | | | | | |
| Residential | $2.07 | per net new sf | 1,096,000 | 1,096,000 | $2,268,720 | 1,096,000 | 1,096,000 | $2,268,720 |
| Commercial | $0.33 | per net new sf | 1,091,600 | (2,002) | ($661) | 1,091,600 | (2,002) | ($661) |
| **Total** | | | | | **$2,268,059** | | | **$2,268,059** |
| Menlo Park Elementary School Dist. | | | | | | | | |
| Residential | $3.10 | per net new sf | 1,096,000 | 1,096,000 | $3,397,600 | 1,096,000 | 1,096,000 | $3,397,600 |
| Commercial | $0.51 | per net new sf | 1,091,600 | (2,002) | $0 | 1,091,600 | (2,002) | $0 |
| **Total** | | | | | **$3,397,600** | | | **$3,397,600** |

Notes:
(a) The City 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 Tables 7 and 8.

Sources: City of Menlo Park; Sequoia Union School District; ICC; BAE, 2024.

## 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. For this analysis, BAE analyzed the City's budgeted General Fund expenditures from the FY 2023-24 Adopted Budget to estimate the costs that would likely increase as the service population increases as a result of the Proposed Project and the Increased Residential Density Variant. This analysis focused on expenditures for the Administrative Services, 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 certain 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, and most special projects. The analysis also accounts for charges for service and other department revenues that offset variable costs in each department. As shown in Table 15, the City's net variable costs for the impacted departments total approximately $49.7 million.

**Table 15: General Fund Expenditures by Department, City of Menlo Park**

| Department/Division | Annual General Fund Expenditures | Less: Executive Salary and Benefits (a) | Less: Fixed Assets and Capital Outlay, Utilities, and Special Projects (b) | Less: Charges for Service and Other Offsetting Revenues (c) | Net Variable General Fund Expenditures |
|---|---|---|---|---|---|
| Administrative Services | $4,635,563 | ($557,530) | ($12,990) | $0 | $4,065,043 |
| Library and Community Svcs | $12,514,500 | ($297,123) | ($643,560) | ($3,039,500) | $8,534,317 |
| Police | $23,472,699 | ($309,318) | ($760,546) | ($264,000) | $22,138,835 |
| Public Works | $17,817,586 | ($302,700) | ($1,423,600) | ($1,160,200) | $14,931,086 |
| **Total Expenditures (Impacted Departments)** | **$58,440,349** | **($1,466,671)** | **($2,840,696)** | **($4,463,700)** | **$49,669,282** |

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: Finance Director, Human Resources Manager, Information Technology Manager, Library and Community Services Director, Police Chief, and Public Works Director. Salary and benefit costs are based on 2022 data provided by the State Controller's Office.
(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, 2024.

As shown in Table 16, the City's net variable costs for the impacted departments equate to $1,107 per member of the service population. This means that the City would need to add $1,107 to its annual budget for each new member of the service population (i.e., $1,107 per resident and $369 per worker) to maintain current levels of service provided by these departments. Table 16 applies the net variable costs per member of the service population to

the net increase in service population associated with the Proposed Project and the Increased Residential Density Variant to estimate General Fund expenditure impacts under both building use scenarios. As shown, the Proposed Project would increase the City's total annual General Fund expenditures by approximately $3.0 million under the office scenario, and $2.5 million under the R&D scenario. For the Increased Residential Density Variant, annual General Fund expenditures would increase by approximately $3.6 million under the office scenario, and $3.2 million under the R&D scenario. These estimated expenditures solely account for estimated 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 new development.

**Table 16: City of Menlo Park General Fund Expenditure Impacts from the Proposed Project**

| Department | General Fund Expenditures Per Service Population (a) | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|---|
| | | Total | % of Total | Total | % of Total |
| **Office Scenario** | | | | | |
| Administrative Services | $90.63 | $241,480 | 8.2% | $297,764 | 10.1% |
| Library and Community Services | $190.28 | $506,973 | 17.2% | $625,138 | 21.2% |
| Police | $493.61 | $1,315,138 | 44.6% | $1,621,668 | 55.0% |
| Public Works | $332.90 | $886,968 | 30.1% | $1,093,701 | 37.1% |
| **Total Dept. Expenditures** | **$1,107** | **$2,950,559** | **100.0%** | **$3,638,272** | **123.3%** |
| **R&D Scenario** | | | | | |
| Administrative Services | $90.63 | $205,196 | 8.2% | $261,480 | 8.2% |
| Library and Community Services | $190.28 | $430,797 | 17.2% | $548,962 | 17.2% |
| Police | $493.61 | $1,117,530 | 44.6% | $1,424,061 | 44.6% |
| Public Works | $332.90 | $753,695 | 30.1% | $960,429 | 30.1% |
| **Total Dept. Expenditures** | **$1,107** | **$2,507,218** | **100.0%** | **$3,194,932** | **100.0%** |

| **Assumptions** | |
|---|---|
| Net Change in Service Population, Proposed Project Office Scenario | 2,664 |
| Net Change in Service Population, Proposed Project R&D Scenario | 2,264 |
| Net Change in Service Population, Increased Residential Density Variant Office Scenario | 3,285 |
| Net Change in Service Population, Increased Residential Density Variant R&D Scenario | 2,885 |

Notes:
(a) Based on the citywide service population shown in Table 3.

Source: BAE, 2024.

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

Table 17 summarizes the annual recurring net General Fund fiscal impact from the Proposed Project and the Increased Residential Density Variant, for both the office and R&D scenarios, at full build out and occupancy in 2024 dollars. All four scenarios would have positive net fiscal impacts on the City's General Fund. The surplus would equal approximately $279,300 for the Proposed Project under the Office scenario, and $676,800 under the R&D scenario. For the Increased Residential Density Variant, the surplus would equal approximately $27,400 under the office scenario, and $424,900 under the R&D scenario.

**Table 17: Projected Annual Net Fiscal Impact to the City of Menlo Park General Fund from Project**

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| | Office Scenario | R&D Scenario | Office Scenario | R&D Scenario |
| **Total Net Change in Revenues** | **$3,229,866** | **$3,184,021** | **$3,665,703** | **$3,619,858** |
| Property Tax | $2,471,097 | $2,471,097 | $2,770,491 | $2,770,491 |
| ILVLF | $409,004 | $409,004 | $458,559 | $458,559 |
| Sales Tax | $179,127 | $156,310 | $226,918 | $204,102 |
| Business License Tax | $17,375 | $17,375 | $20,750 | $20,750 |
| Other Revenues | $153,263 | $130,234 | $188,985 | $165,956 |
| **Total Net Change in Expenditures** | **$2,950,559** | **$2,507,218** | **$3,638,272** | **$3,194,932** |
| Administrative Services | $241,480 | $205,196 | $297,764 | $261,480 |
| Library and Community Services | $506,973 | $430,797 | $625,138 | $548,962 |
| Police | $1,315,138 | $1,117,530 | $1,621,668 | $1,424,061 |
| Public Works | $886,968 | $753,695 | $1,093,701 | $960,429 |
| **Net Fiscal Impact** | **$279,307** | **$676,802** | **$27,431** | **$424,926** |

Sources: BAE, 2024.

*Total 10-Year Impact*

The estimates in Table 17 do not account for the long-term impact of inflation on revenues, expenditures, and the resulting net fiscal impact to the City. Table 18 and Table 19 provide longer term views of the potential net fiscal impact to the City's General Fund over the next ten years. The tables show the annual revenues and expenditures that would be attributable to the Proposed Project and the Increased Residential Density Variant on a year-by-year basis, adjusted for projected increases in revenues and costs in each year from 2025 to 2034. The fiscal impacts shown in the tables below reflect the impacts that are attributable to the buildout of the Proposed Project and the Increased Residential Density Variants themselves, irrespective of other changes in the City's population, workforce, property tax base, and other factors that could impact the City's budget. The analysis escalates most revenues and expenditures based on an escalation rate of three percent per year.[5] The one exception is property tax revenue, 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 18, the annual fiscal impact associated with the Proposed Project would remain positive in each year during the ten-year projection period. Between 2025 and 2028, Table 18 shows a net increase in revenues from the project site along with a net decrease in City expenditures due to demolition of existing improvements and an associated decrease in

[5] 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.

employment at the project site. While the City would not decrease expenditures in response to a demolition of improvements on the project site, the cost of providing City services based on service population activity at the project site would decrease. The annual General Fund surplus would total approximately $48,500 under the Office scenario and approximately $567,200 under the R&D scenario during the last year of the projection period in 2034.

Unlike the Proposed Project, the net fiscal impact associated with the Increased Residential Density Variant would be negative under the office scenario and positive under the R&D scenario once the project is fully built out in 2034. This is largely due to the different service populations projected under each building use scenario and the costs of providing City services to the projected service populations on the project site. The projected annual General Fund deficit in 2034 would total $318,400 under the office scenario. Under the R&D scenario, the annual General Fund surplus would total approximately $200,300. While this type of projection can be useful because it accounts for changes in revenues and expenses over time, it is important to note that these long-term estimates are subject to uncertainty and are extremely sensitive to changes in the assumptions, inflation, and other factors.

## Table 18: Projected Annual Net Fiscal Impact to the City of Menlo Park General Fund from Proposed Project, 2025-2034

| Proposed Project - Office Scenario | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Net Change in Revenues** | **$807,072** | **$823,042** | **$839,326** | **$855,931** | **$2,244,948** | **$2,292,147** | **$2,385,693** | **$3,738,498** | **$3,817,569** | **$3,898,351** |
| Property Tax | $707,169 | $721,312 | $735,738 | $750,453 | $1,728,843 | $1,763,420 | $1,803,174 | $2,838,514 | $2,895,284 | $2,953,190 |
| ILVLF | $117,047 | $119,388 | $121,776 | $124,211 | $286,150 | $291,873 | $298,453 | $469,817 | $479,214 | $488,798 |
| Sales Tax | ($7,599) | ($7,827) | ($8,062) | ($8,304) | $121,531 | $125,177 | $151,867 | $220,304 | $226,913 | $233,720 |
| Business License Tax | ($1,875) | ($1,931) | ($1,989) | ($2,049) | $11,114 | $11,448 | $11,791 | $21,369 | $22,010 | $22,670 |
| Other Revenues | ($7,670) | ($7,900) | ($8,137) | ($8,381) | $97,310 | $100,229 | $120,407 | $188,494 | $194,148 | $199,973 |
| **Total Net Change in Expenditures** | **($147,657)** | **($152,087)** | **($156,649)** | **($161,349)** | **$1,873,370** | **$1,929,571** | **$2,318,040** | **$3,628,815** | **$3,737,680** | **$3,849,810** |
| Administrative Services | ($12,085) | ($12,447) | ($12,821) | ($13,205) | $153,321 | $157,920 | $189,714 | $296,990 | $305,900 | $315,077 |
| Library and Community Services | ($25,371) | ($26,132) | ($26,916) | ($27,723) | $321,888 | $331,544 | $398,292 | $623,513 | $642,219 | $661,485 |
| Police | ($65,814) | ($67,789) | ($69,823) | ($71,917) | $835,008 | $860,058 | $1,033,208 | $1,617,453 | $1,665,977 | $1,715,956 |
| Public Works | ($44,387) | ($45,719) | ($47,090) | ($48,503) | $563,154 | $580,049 | $696,826 | $1,090,858 | $1,123,584 | $1,157,292 |
| **Net Fiscal Impact** | **$954,729** | **$975,129** | **$995,976** | **$1,017,280** | **$371,578** | **$362,576** | **$67,652** | **$109,682** | **$79,889** | **$48,541** |

| Proposed Project - R&D Scenario | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Net Change in Revenues** | **$807,072** | **$823,042** | **$839,326** | **$855,931** | **$2,226,904** | **$2,273,561** | **$2,366,549** | **$3,682,114** | **$3,759,494** | **$3,838,534** |
| Property Tax | $707,169 | $721,312 | $735,738 | $750,453 | $1,728,843 | $1,763,420 | $1,803,174 | $2,838,514 | $2,895,284 | $2,953,190 |
| ILVLF | $117,047 | $119,388 | $121,776 | $124,211 | $286,150 | $291,873 | $298,453 | $469,817 | $479,214 | $488,798 |
| Sales Tax | ($7,599) | ($7,827) | ($8,062) | ($8,304) | $112,550 | $115,927 | $142,340 | $192,242 | $198,009 | $203,950 |
| Business License Tax | ($1,875) | ($1,931) | ($1,989) | ($2,049) | $11,114 | $11,448 | $11,791 | $21,369 | $22,010 | $22,670 |
| Other Revenues | ($7,670) | ($7,900) | ($8,137) | ($8,381) | $88,245 | $90,893 | $110,791 | $160,171 | $164,976 | $169,926 |
| **Total Net Change in Expenditures** | **($147,657)** | **($152,087)** | **($156,649)** | **($161,349)** | **$1,698,871** | **$1,749,838** | **$2,132,915** | **$3,083,562** | **$3,176,069** | **$3,271,351** |
| Administrative Services | ($12,085) | ($12,447) | ($12,821) | ($13,205) | $139,039 | $143,211 | $174,562 | $252,366 | $259,936 | $267,735 |
| Library and Community Services | ($25,371) | ($26,132) | ($26,916) | ($27,723) | $291,905 | $300,662 | $366,483 | $529,826 | $545,721 | $562,093 |
| Police | ($65,814) | ($67,789) | ($69,823) | ($71,917) | $757,229 | $779,946 | $950,693 | $1,374,421 | $1,415,653 | $1,458,123 |
| Public Works | ($44,387) | ($45,719) | ($47,090) | ($48,503) | $510,698 | $526,019 | $641,176 | $926,950 | $954,758 | $983,401 |
| **Net Fiscal Impact** | **$954,729** | **$975,129** | **$995,976** | **$1,017,280** | **$528,032** | **$523,723** | **$233,634** | **$598,551** | **$583,425** | **$567,182** |

Note: Figures have been inflated based on the following rates:
Property Tax Growth Rate: 2%
Other Revenue Growth Rate: 3%
Expenditure Escalation Rate: 3%
All values shown in nominal dollars (i.e., not adjusted to 2024 dollars).

## Table 19: Projected Annual Net Fiscal Impact to the City of Menlo Park General Fund from Increased Residential Density Variant, 2025-2034

| Increased Residential Density Variant - Office Scenario | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Net Change in Revenues** | **$812,053** | **$828,112** | **$844,487** | **$861,183** | **$878,208** | **$895,567** | **$2,788,180** | **$2,847,203** | **$2,981,503** | **$4,428,747** |
| Property Tax | $712,354 | $726,601 | $741,133 | $755,955 | $771,074 | $786,496 | $2,112,559 | $2,154,810 | $2,205,093 | $3,310,993 |
| ILVLF | $117,905 | $120,264 | $122,669 | $125,122 | $127,625 | $130,177 | $349,661 | $356,654 | $364,977 | $548,020 |
| Sales Tax | ($7,941) | ($8,179) | ($8,425) | ($8,678) | ($8,938) | ($9,206) | $173,567 | $178,774 | $221,657 | $296,077 |
| Business License Tax | ($2,250) | ($2,318) | ($2,387) | ($2,459) | ($2,532) | ($2,608) | $15,821 | $16,296 | $16,785 | $27,074 |
| Other Revenues | ($8,015) | ($8,255) | ($8,503) | ($8,758) | ($9,021) | ($9,292) | $136,572 | $140,669 | $172,992 | $246,582 |
| **Total Net Change in Expenditures** | **($154,302)** | **($158,931)** | **($163,699)** | **($168,610)** | **($173,668)** | **($178,878)** | **$2,629,228** | **$2,708,105** | **$3,330,384** | **$4,747,120** |
| Administrative Services | ($12,628) | ($13,007) | ($13,397) | ($13,799) | ($14,213) | ($14,640) | $215,182 | $221,637 | $272,566 | $388,515 |
| Library and Community Services | ($26,513) | ($27,308) | ($28,127) | ($28,971) | ($29,840) | ($30,735) | $451,761 | $465,314 | $572,236 | $815,664 |
| Police | ($68,776) | ($70,839) | ($72,965) | ($75,154) | ($77,408) | ($79,730) | $1,171,912 | $1,207,070 | $1,484,435 | $2,115,910 |
| Public Works | ($46,385) | ($47,776) | ($49,209) | ($50,686) | ($52,206) | ($53,773) | $790,372 | $814,084 | $1,001,147 | $1,427,032 |
| **Net Fiscal Impact** | **$966,355** | **$987,043** | **$1,008,185** | **$1,029,793** | **$1,051,876** | **$1,074,445** | **$158,952** | **$139,098** | **($348,881)** | **($318,373)** |

| Increased Residential Density Variant - R&D Scenario | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Net Change in Revenues** | **$812,053** | **$828,112** | **$844,487** | **$861,183** | **$878,208** | **$895,567** | **$2,769,036** | **$2,827,485** | **$2,961,193** | **$4,368,929** |
| Property Tax | $712,354 | $726,601 | $741,133 | $755,955 | $771,074 | $786,496 | $2,112,559 | $2,154,810 | $2,205,093 | $3,310,993 |
| ILVLF | $117,905 | $120,264 | $122,669 | $125,122 | $127,625 | $130,177 | $349,661 | $356,654 | $364,977 | $548,020 |
| Sales Tax | ($7,941) | ($8,179) | ($8,425) | ($8,678) | ($8,938) | ($9,206) | $164,040 | $168,961 | $211,549 | $266,307 |
| Business License Tax | ($2,250) | ($2,318) | ($2,387) | ($2,459) | ($2,532) | ($2,608) | $15,821 | $16,296 | $16,785 | $27,074 |
| Other Revenues | ($8,015) | ($8,255) | ($8,503) | ($8,758) | ($9,021) | ($9,292) | $126,955 | $130,764 | $162,790 | $216,535 |
| **Total Net Change in Expenditures** | **($154,302)** | **($158,931)** | **($163,699)** | **($168,610)** | **($173,668)** | **($178,878)** | **$2,444,102** | **$2,517,425** | **$3,133,984** | **$4,168,661** |
| Administrative Services | ($12,628) | ($13,007) | ($13,397) | ($13,799) | ($14,213) | ($14,640) | $200,031 | $206,032 | $256,492 | $341,172 |
| Library and Community Services | ($26,513) | ($27,308) | ($28,127) | ($28,971) | ($29,840) | ($30,735) | $419,953 | $432,551 | $538,490 | $716,271 |
| Police | ($68,776) | ($70,839) | ($72,965) | ($75,154) | ($77,408) | ($79,730) | $1,089,397 | $1,122,079 | $1,396,894 | $1,858,076 |
| Public Works | ($46,385) | ($47,776) | ($49,209) | ($50,686) | ($52,206) | ($53,773) | $734,722 | $756,763 | $942,107 | $1,253,142 |
| **Net Fiscal Impact** | **$966,355** | **$987,043** | **$1,008,185** | **$1,029,793** | **$1,051,876** | **$1,074,445** | **$324,934** | **$310,060** | **($172,790)** | **$200,268** |

Note: Figures have been inflated based on the following rates:
Property Tax Growth Rate: 2%
Other Revenue Growth Rate: 3%
Expenditure Escalation Rate: 3%
All values shown in nominal dollars (i.e., not adjusted to 2024 dollars).

# SPECIAL DISTRICT FISCAL IMPACT ANALYSIS

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

## 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 a total of 90,676 residents and 48,646 employees, for a service population of 106,891.[6]

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. 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.

### *Revenue Impacts from the Proposed Project*

After accounting for the ERAF shift, the MPFPD receives approximately 14.3 percent of the 1.0 percent base property tax collected in the TRA in which the project is located. Based on the estimated net increase in assessed values shown in Table 20, the MPFPD would receive approximately $3.4 million in additional annual property tax revenue at buildout of the

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

Proposed Project, and approximately $3.9 million under the Increased Residential Density Variant.

Other sources of General Fund revenues for the MPFPD that would increase with service population include licenses and permits and service charges. MPFPD's FY 2023-24 Adopted Budget projected approximately $1.5 million in combined annual license, permit, and service charge revenues, averaging $14.41 per member of the service population. Applying this estimate to the net increase in service population associated with buildout of the Proposed Project would total $38,400 annually under the 100 percent Office scenario, and $32,600 under the 100 percent R&D scenario. For the Increased Residential Density Variant, the net increase in service population would generate license, permit and service charge revenues of $47,400 under the Office scenario, and $41,600 under the R&D scenario.

*Expenditure Impacts from the Proposed Project*

Unlike the analysis of City expenditures presented above, the analysis considers all MPFPD General Fund expenditures to be variable, 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 2023-2024 fiscal year includes $69.3 million in expenditures from its General Fund, at an average rate of $648 per member of the service population, as shown in Table 20. Assuming that costs increase in accordance with service population, the Proposed Project would generate approximately $1.7 million in annual costs to the District under the Office scenario, and approximately $1.5 million in annual costs under the R&D scenario. The net change in service population associated with the Increased Residential Density Variant would generate approximately $2.1 million in annual costs under the Office scenario, and approximately $1.9 million in annual costs under the R&D scenario.

*Net Fiscal Impact from the Proposed Project*

Based on the revenue and expenditure estimates shown in Table 20, the Proposed Project and the Increased Residential Density Variant would both have a positive net fiscal impact on the MPFPD under both building use scenarios. The fiscal surplus would range from approximately $1.8 million to $2.0 million annually under all analyzed scenarios. This amounts to 2.5 percent to 2.9 percent of MPFPD's FY 2023-24 General Fund operating budget.

The MPFPD has adopted an Emergency Services and Fire Protection Impact Fee to fund the District's fire protection capital facilities. While the City of Menlo Park has not adopted the 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 adopted the impact fee proposed by the MPFPD and if this fee applied to the Proposed Project. Based on the fee rates that the MPFPD has proposed, the Proposed Project would generate approximately $360,300 in one-time impact fee revenue to the District assuming the fees applied to the Proposed Project. The Increased Residential Density Variant would generate approximately

$522,900 in one-time impact fee revenue assuming the fees applied. However, the fee would not apply to the project unless the City adopts the fee.

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

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| | Office Scenario | R&D Scenario | Office Scenario | R&D Scenario |
| Projected Net Change in Service Population | 2,664 | 2,264 | 3,285 | 2,885 |
| Net Change in Assessed Value | $2,419,755,841 | $2,419,755,841 | $2,712,929,208 | $2,712,929,208 |
| Net Change in Property Tax Revenues | $3,448,588 | $3,448,588 | $3,866,413 | $3,866,413 |
| Net Change in Other Revenues | $38,400 | $32,631 | $47,351 | $41,581 |
| Less: Net Change in Expenditures | ($1,727,735) | ($1,468,131) | ($2,130,433) | ($1,870,830) |
| **Projected Net Fiscal Impact to MPFPD** | **$1,759,254** | **$2,013,087** | **$1,783,330** | **$2,037,164** |

| **Assumptions** | |
|---|---|
| Menlo Park Fire Protection District Service Population, 2024 | 106,891 |
| **Revenues** | |
| Fire District Share of Base 1% Property Tax (a) | 14.3% |
| License and Permit Revenues, FY 23-24 Adopted Budget | $1,084,400 |
| Current Service Charge Revenues, FY 23-24 Adopted Budget | $456,200 |
| Licenses, Permits, and Service Charges per Service Population | $14.41 |
| **Expenditures** | |
| General Fund Operating Expenditures, FY 2023-24 Adopted Budget | $69,315,600 |
| Expenditures per Service Population | $648.47 |

Notes:
(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.

Sources: Menlo Park Fire Protection District; San Mateo County Controller; Esri Business Analyst; BAE, 2024.

## School Districts Serving the Project Site

This study evaluates the fiscal impacts that the Proposed Project and Increased Residential Density Variant would have on the two school districts that serve the project site. Elementary and middle school students that live in the Proposed Project would be assigned to the Menlo Park 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.

*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 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 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.

*Menlo Park City School District*

The Menlo Park City School District is a basic aid district, and therefore the Proposed Project and the Increased Residential Density Variant would generate property tax revenue which would contribute to the District's unrestricted General Fund. According to information provided by the District in December 2023, the District's current student generation rates are 0.42 students per townhome and .04 students per multifamily unit. These rates yield an additional 30 students for the Proposed Project and 50 students for the Increased Residential Density Variant. Based on currently available capacity and enrollment estimates, the district has additional capacity to accommodate the increase in new students potentially generated by the Proposed Project and the Increased Residential Density Variant within its existing facilities.

**Revenue Impacts from the Proposed Project.** The Proposed Project and the Increased Residential Density Variant would both generate property tax revenue for the District. In the TRA where the project site is located, the District's share of the base one-percent property tax is 17 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 $4.1 million, while the Increased Residential Density Variant would increase annual property tax revenue by approximately $4.6 million. In addition to funding from property tax revenues, Menlo Park City School District would receive a small amount of State funding per student on an annual basis. These state revenues would total approximately $12,300 under the Proposed Project and $20,400 under the Increased Residential Density Variant.

**Expenditure Impacts from the Proposed Project.** Based on the FY 2023-24 projected enrollment of 2,753 students, unrestricted expenditures per enrolled student average $14,961. Under the Proposed Project, the projected net change in enrolled students (30 students) would generate new unrestricted expenditures totaling approximately $448,800. Under the Increased Residential Density Variant, the net change in enrolled students (50 students) would generate unrestricted expenditures of $748,100.

**Net Fiscal Impact from the Proposed Project.** Both the Proposed Project and the Increased Residential Density Variant would result in annual property tax revenues that exceed the net change in projected expenditures from new student enrollment at buildout. Because Menlo Park City Elementary School District is a Basic Aid district, the District will directly benefit from the increases in assessed value associated with the Proposed Project. The net fiscal impact to the district totals approximately $3.7 million under the Proposed Project and approximately $3.9 million under the Increased Residential Density Variant. As shown in Table 13 and Table 14 above, one-time impact fees to the District would total approximately $2.1 million for the Proposed Project and approximately $3.4 million for the Increased Residential Density Variant.

## Table 21: Projected Net Fiscal Impact to the Menlo Park City Elementary School District

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| Number of New Townhome Units | 19 | 46 |
| Number of New Multifamily Apartment Units | 531 | 754 |
| | | |
| Projected Net Change in Enrolled Students | 30.0 | 50.0 |
| Projected Net Change in ADA | 29.0 | 48.3 |
| | | |
| Net Change in Assessed Value from Project | $2,419,755,841 | $2,712,929,208 |
| | | |
| Net Change in Menlo Park City ESD Property Tax Revenue | $4,106,624 | $4,604,175 |
| Net Change in State Revenues from ADA | $12,258 | $20,430 |
| Less: Net Change in Projected Expenditures from Enrollment | ($448,840) | ($748,066) |
| **Projected Net Fiscal Impact to Menlo Park City ESD** | **$3,670,043** | **$3,876,540** |

| **Assumptions** | |
|---|---|
| Menlo Park City ESD Student Generation per Unit (a) | |
| Townhomes | 0.42 |
| Multifamily Apartments | 0.04 |
| | |
| Estimated Average Daily Attendance (ADA) per Enrolled Student (b) | 97% |
| | |
| Menlo Park City ESD Share of Base 1% Property Tax (c) | 17.0% |
| | |
| Unrestricted Revenues per ADA, 2023-24 Budget | $423.37 |
| Unrestricted State Local Control Funding Formula (LCFF) Funds per ADA (d) | $0 |
| Unrestricted State Educational Protection Account Funds per ADA | $208.56 |
| Unrestricted State Lottery Funds per ADA | $177.00 |
| Unrestricted State Mandated Costs Block Grant per ADA | $37.81 |
| | |
| Unrestricted General Fund Expenditures, 2023-24 Approved Budget | $41,188,508 |
| Projected Enrolled Students, 2023-24 | 2,753 |
| Estimated Regular P-2 ADA, 2023-24 | 2,657 |
| Unrestricted Expenditures per Enrolled Student | $14,961 |

Note:
(a) Student generation rates provided by the District in December 2023.
(b) This figure was calculated by dividing the District's 2023-24 projected ADA by its projected enrollment.
(c) Based on the District's share of the base 1.0 percent property tax revenue in TRA 008-001.
(d) Menlo Park City ESD 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: Menlo Park City Elementary School District; San Mateo County Controller; BAE, 2024.

*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. According to information provided by the District in January 2024, the District calculates student generation at a rate of 0.14 students per Single Family Detached unit, 0.09 students per Single Family Attached unit and 0.10 students per multifamily unit. These rates yield an additional 56 students from the Proposed Project and 82 students from the Increased Residential Density Variant.

**Revenue Impacts from the Proposed 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 tax is 15.9 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 $3.8 million. Under the Increased Residential Density Variant, annual property tax revenue to the district would increase by approximately $4.3 million.

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. Revenues from these sources would total approximately $23,500 for the Proposed Project and approximately $34,500 for the Increased Residential Density Variant.

**Expenditure Impacts from the Proposed Project.** As shown in Table 22, the district budget for FY 2023-24 includes $152.5 million in total unrestricted General Fund expenditures, at a rate of $17,800 per enrolled student. Applying this figure to the increase in enrollment attributable to the Proposed Project (56 students) yields an estimated $998,700 in additional Sequoia Union High School District expenditures. The enrollment attributable to the Increased Residential Density Variant (82 students) would increase annual district expenditures by approximately $1.5 million.

**Net Fiscal Impact from the Proposed Project.** After accounting for the projected increase in annual revenues and expenditures, the Proposed Project and the Increased Residential Density Variant would generate fiscal surpluses of approximately $2.9 million annually. This is equivalent to approximately 1.9 percent of the District's FY 2023-24 unrestricted General Fund budget.

In addition to these ongoing operating impacts, the Proposed Project would also generate one-time impact fees to the District totaling approximately $1.4 million. The Increased Residential

Density Variant would generate one-time impact fees totaling approximately $2.3 million (see Table 13 and Table 14).

## Table 22: Projected Net Fiscal Impact to Sequoia Union High School District

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| Number of New Townhome Units | 19 | 46 |
| Number of New Multifamily Apartment Units | 531 | 754 |
| | | |
| Projected Net Change in Enrolled Students | 56.0 | 82.0 |
| Projected Net Change in ADA | 51.9 | 76.0 |
| | | |
| Net Change in Assessed Value from Project | $2,419,755,841 | $2,712,929,208 |
| | | |
| Net Change in Sequoia Union HSD Property Tax Revenue | $3,840,794 | $4,306,138 |
| Net Change in Annual State Revenues from ADA | $23,530 | $34,455 |
| Less: Net Change in Projected Annual Expenditures from Enrollment | ($998,695) | ($1,462,374) |
| **Projected Net Fiscal Impact to Sequoia Union HSD (Annual)** | **$2,865,629** | **$2,878,218** |

| **Assumptions** | |
|---|---|
| Sequoia Union HSD Student Generation per Unit (a) | |
| Single Family Detached | 0.14 |
| Single Family Attached | 0.09 |
| Multifamily | 0.10 |
| Estimated Average Daily Attendance (ADA) per Enrolled Student (b) | 0.93 |
| | |
| Sequoia Union HSD Share of Base 1% Property Tax Revenue (c) | 15.9% |
| | |
| Unrestricted Revenues per ADA, 2023-24 Budget | $453.13 |
| Unrestricted State Local Control Funding Formula (LCFF) Funds per ADA (d) | $0.00 |
| Unrestricted State Educational Protection Account Funds per ADA | $203.29 |
| Unrestricted State Lottery Funds per ADA | $177.00 |
| Unrestricted State Mandated Costs Block Grant per ADA | $72.84 |
| | |
| Unrestricted General Fund Expenditures, 2023-24 Approved Budget | $152,532,763 |
| Enrolled Regular Students, 2023-24 | 8,553 |
| Estimated Regular P-2 ADA, 2023-24 | 7,931 |
| Unrestricted Expenditures per Enrolled Student | $17,834 |

Notes:
(a) Student generation rates reported by the District in January 2024. This analysis uses the student generate rate for single family detached units (0.14) to estimate student enrollment associated with the townhomes.
(b) This figure was calculated by dividing the District's FY 2023-24 projected ADA by its projected enrollment
(c) This is Sequoia Union HSD's share of the base 1.0 percent property tax in the TRA where the Project site is located.
(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, 2024.

# APPENDIX A: CURRENT (2024) ASSESSED VALUE OF PROJECT SITE

**Table A - 1: Project Site Assessed Value, 2024**

| | FY 2023-24 Assessed Value | | | | | | |
|---|---|---|---|---|---|---|---|
| APN | Land | Improvements | Fixtures | Personal Property | Total Value | Exemptions | Value After Exemptions |
| **Parkline Master Plan** | | | | | | | |
| 062-390-660 | $854,332 | $141,591 | $0 | $0 | $995,923 | $730,618 | $265,305 |
| 062-390-670 | $649,379 | $12,085,693 | $0 | $0 | $12,735,072 | $9,494,122 | $3,240,950 |
| 062-390-730 | $1,228,611 | $31,350,309 | $0 | $0 | $32,578,920 | $24,287,909 | $8,291,011 |
| 062-390-760 | $3,789,661 | $59,696,468 | $7,348,297 | $24,212,521 | $95,046,947 | $70,858,447 | $24,188,500 |
| 062-390-780 | $7,540,679 | $47,036,134 | $0 | $0 | $54,576,813 | $40,687,559 | $13,889,254 |
| **Proposed Master Plan Site Total** | **$14,062,662** | **$150,310,195** | **$7,348,297** | **$24,212,521** | **$195,933,675** | **$146,058,655** | **$49,875,020** |
| **Increased Residential Density Variant** | | | | | | | |
| 062-390-660 | $854,332 | $141,591 | $0 | $0 | $995,923 | $730,618 | $265,305 |
| 062-390-670 | $649,379 | $12,085,693 | $0 | $0 | $12,735,072 | $9,494,122 | $3,240,950 |
| 062-390-730 | $1,228,611 | $31,350,309 | $0 | $0 | $32,578,920 | $24,287,909 | $8,291,011 |
| 062-390-760 | $3,789,661 | $59,696,468 | $7,348,297 | $24,212,521 | $95,046,947 | $70,858,447 | $24,188,500 |
| 062-390-780 | $7,540,679 | $47,036,134 | $0 | $0 | $54,576,813 | $40,687,559 | $13,889,254 |
| 062-390-050 | $204,275 | $1,261,370 | $0 | $13,180 | $1,478,825 | $1,455,743 | $23,082 |
| **Residential** | **$14,266,937** | **$151,571,565** | **$7,348,297** | **$24,225,701** | **$197,412,500** | **$147,514,398** | **$49,898,102** |

Sources: San Mateo County Tax Collector; BAE, 2024.

# APPENDIX B: FISCAL IMPACTS ON OTHER SPECIAL DISTRICTS

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

## Water and Sanitary Districts

Menlo Park Municipal Water (MPMW), which is an enterprise operated by the City of Menlo Park, owns and operates its distribution system and purchases water from the San Francisco Public Utilities Commission. MPMW serves approximately one-half of the City's population, covering the Sharon Heights area and portions of the City north of El Camino Real.

West Bay Sanitary District provides wastewater collection and conveyance services to the City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District conveys raw wastewater, via the Menlo Park Pump Station and force main, to Silicon Valley Clean Water (SVCW) for treatment and discharge to the San Francisco Bay. 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.

MPMW and the West Bay Sanitary District operate on a cost recovery basis, covering operational costs through user fees and surcharges. As such, the Proposed Project and the Increased Residential Density Variant are not anticipated to have an ongoing fiscal impact to the two districts. The Proposed Project and the Increased Residential Density Variant would generate connection fees for MPMW and West Bay Sanitary District, providing one-time fee revenue to cover the cost of service connections. MPMW 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 and includes 17 cities, including the City of Menlo Park. To date, the District has preserved more than 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 Proposed Project*

Property taxes are the primary source of revenue for 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. At buildout, the Proposed Project is projected to generate new property tax revenues for the District totaling approximately $451,600 annually. The Increased Residential Density Variant would generate approximately $506,300 annually.

*Expenditure Impacts from the Proposed Project*

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 Proposed Project and the Increased Residential Density Variant. In addition, the District's debt service expenditures would not increase due to the Proposed Project and the Increased Residential Density Variant. As a result, salaries, benefits, services, and supplies, which total approximately $40.9 million in the FY 2023-24 budget, are the only District expenditures that are likely to be impacted by growth. This results in estimated expenditures equal to $44 per member of the service population. The Proposed Project and Increased Residential Density Variant would generate new expenditures totaling between $99,600 and $144,500 annually depending on the variant and the building use scenario.

*Net Fiscal Impact from the Proposed Project*

As detailed in Table B - 1, the Proposed Project is expected to have a positive net fiscal impact on the Open Space District totaling $334,400 per year under the Office scenario and $352,100 under the R&D scenario. For the Increased Residential Density Variant, the Office and R&D scenarios would generate fiscal surpluses totaling $361,900 and $379,500, respectively.

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

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| | **Office Scenario** | **R&D Scenario** | **Office Scenario** | **R&D Scenario** |
| Project Net Change in Service Population | 2,664 | 2,264 | 3,285 | 2,885 |
| Net Change in Assessed Value from Project | $2,419,755,841 | $2,419,755,841 | $2,712,929,208 | $2,712,929,208 |
| Net Change in Property Tax Revenues | $451,617 | $451,617 | $506,335 | $506,335 |
| Less: Net Change in Projected Expenditures | ($117,170) | ($99,564) | ($144,480) | ($126,874) |
| **Projected Net Fiscal Impact** | **$334,447** | **$352,053** | **$361,855** | **$379,460** |

| **Assumptions** | |
|---|---|
| Open Space District Service Population, 2024 | 929,362 |
| Open Space District Share of Base 1% Property Tax (a) | 1.9% |
| Operating Expenditures, FY 2023-24 Adopted Budget (b) | $40,870,741 |
| Operating Expenditures per Service Population | $43.98 |

Notes:
(a) This is the 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.

Sources: Midpeninsula Regional Open Space District; San Mateo County Controller; Esri Business Analyst; BAE, 2024.

## 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 2023-24 school year, the District had 14,030 Resident Full Time Equivalent Students (FTES)[7], which amounts to approximately 0.015 Resident FTES per member of the District's total service population. Assuming the same the proportion of new service population members enrolls in District community colleges, the Proposed Project and Increased Residential Density Variant would generate between 35 and 51 new FTES (see Table B-2).

*Revenue Impacts from the Proposed Project*

SMCCCD 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.

The District's share of the base 1.0 percent property tax is approximately 6.9 percent in the TRA where the Proposed Project is located. The Proposed Project is projected to generate a $1.7 million increase in annual property tax revenue to the District at buildout, as detailed in Table B - 2. The Increased Residential Density Variant would generate a $1.9 million increase in annual property tax revenue to the District.

In the FY 2023-24 Adopted Budget, SMCCCD's resident student enrollment fees are projected to total $9.6 million, or approximately $683 per Resident FTES. Based on this figure and the Proposed Project's estimated student generation, described above, the Proposed Project at buildout is projected to generate additional student fee revenues ranging from $24,000 to $28,200. For the Increased Residential Density Variant, new student fee revenue would range from $30,500 to $34,800. The new enrollment would also increase funding from three state entitlements, which are unrestricted and allocated on a per-Resident FTES basis. These are the Educational Protection Account funds ($100 per FTES), unrestricted State Lottery funds

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

($163 per FTES), and State Mandated Cost Block Grant funds ($35 per FTES). The Proposed Project is projected to generate an additional $12,300 from these sources under the Office scenario, and $10,500 under the R&D scenario. For the Increased Residential Density Variant these additional funding sources are expected to total $15,200 and $13,300 for the Office and R&D scenarios, respectively.

*Expenditure Impacts from the Proposed Project*

In FY 2023-24, the District's budgeted unrestricted General Fund expenditures totaled approximately $235.7 million, or $15,380 per FTES. Assuming the District maintains this per-FTES spending, the new FTES associated with the Proposed Project would generate additional annual expenditures totaling $635,000 with 100 percent office uses and $539,600 with 100 percent R&D uses. For the Increased Residential Density Variant, new enrollment generated by the Proposed Project would generate additional expenditures totaling $783,000 under the office scenario and $687,600 under the R&D scenario.

*Net Fiscal Impact from the Proposed Project*

As reported in Table B - 2, the Proposed Project would result in a positive net fiscal impact to SMCCCD, totaling approximately $1.1 million per year under the Office scenario, and $1.2 million under the R&D scenario. The Increased Residential Density Variant would also result in a net positive fiscal impact to SMCCCD totaling $1.1 million per year under the Office scenario and $1.2 million under the R&D scenario.

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

| | Proposed Project | | Increased Residential Density Variant | |
|---|---|---|---|---|
| | Office Scenario | R&D Scenario | Office Scenario | R&D Scenario |
| Project Net Change in Service Population | 2,664 | 2,264 | 3,285 | 2,885 |
| Project Net Change in FTES | 41.29 | 35.08 | 50.91 | 44.71 |
| Project Net Change in Assessed Value | $2,419,755,841 | $2,419,755,841 | $2,712,929,208 | $2,712,929,208 |
| Net Change in Property Tax Revenue | $1,667,864 | $1,667,864 | $1,869,940 | $1,869,940 |
| Net Change in Student Fee Revenue | $28,198 | $23,961 | $34,771 | $30,534 |
| Net Change in State Revenue from FTES | $12,319 | $10,468 | $15,190 | $13,339 |
| Less: Net Change in Projected Expenditures | ($635,011) | ($539,597) | ($783,019) | ($687,605) |
| **Projected Net Fiscal Impact to SMCCCD** | **$1,073,370** | **$1,162,696** | **$1,136,881** | **$1,226,208** |

| **Assumptions** | |
|---|---|
| SMCCCD Service Population, 2023 | 905,386 |
| Resident Full-Time Equivalent Students (FTES), P1 2023-24 | 14,030 |
| Resident FTES per Service Population Member | 0.015 |
| **Revenues** | |
| SMCCCD Share of Base 1% Property Tax Revenue (a) | 6.9% |
| Resident Student Fee Revenues, 2023-24 Adopted Budget | $9,582,215 |
| Student Fee Revenues per Resident FTES | $682.98 |
| Unrestricted State Revenues per Resident FTES, 2023-24 Adopted Budget | $298.37 |
| Unrestricted State Educational Protection Account Funds per Resident FTES | $100.00 |
| Unrestricted State Lottery Funds per Resident FTES | $163.00 |
| Unrestricted State Mandated Costs Block Grant per Resident FTES | $35.37 |
| **Expenditures** | |
| Unrestricted General Fund Expenditures, 2023-24 Adopted Budget (b) | $235,690,131 |
| Total District Full-Time Equivalent Students (FTES), P1 2023-24 (c) | 15,324 |
| Unrestricted Expenditures per Total District FTES | $15,380 |

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, 2024.

## 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 Proposed 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 and the Increased Residential Density Variant.

This analysis assumes that property tax is the only unrestricted SMCOE revenue source that would be impacted by the Proposed Project and the Increased Residential Density Variant. 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 Proposed Project and the Increased Residential Density Variant are unlikely to generate new enrollment for SMCOE-operated schools, as indicated by the very low enrollment these schools constitute as a percentage of countywide enrollment.

As summarized in Table B - 3, SMCOE receives 3.6 percent of the base one-percent property tax in the TRA where the Project site is located. Annual property tax revenue to SMCOE would increase by approximately $868,000 under the Proposed Project and $973,100 under the Increased Residential Density Variant.

*Expenditure Impacts from the Proposed Project*

To evaluate the Proposed Project's and the Increased Residential Density Variant's potential impacts on SMCOE operations and expenditures, it is useful to distinguish between SMCOE's two service populations. One service population consists of the students enrolled in SMCOE-operated schools, to whom SMCOE provides direct educational services. As noted above, the Proposed Project and the Increased Residential Density Variant are unlikely to produce any change in this particular service population. The other service population is all enrolled K-12 public school students in San Mateo County. This population receives indirect services through the administrative support, training, and other functions SMCOE provides to school districts in the County. The Proposed Project would be expected to generate 84 additional K-12 students—29 in Menlo Park City ESD and 55 in Sequoia Union HSD, as tabulated in their respective fiscal impact models—which would be counted toward SMCOE's broader service population. The Increased Residential Density Variant would be expected to generate 129 additional K-12 students--49 in Menlo Park City ESD and 80 in Sequoia Union HSD.

In FY 2023-24, SMCOE's budgeted unrestricted expenditures to service its central office operations totaled approximately $37.9 million, omitting capital outlay and transfers. Given the Proposed Project's estimated student generation, the Proposed Project would generate new annual expenditures totaling $37,900, while the Increased Residential Density Variant would generate new expenditures totaling $58,100 annually.

*Net Fiscal Impact from the Proposed Project*

The Proposed Project and the Increased Residential Density Variant are expected to result in a positive net fiscal impact to SMCOE, as detailed in the table below.

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

| | Proposed Project | Increased Residential Density Variant |
|---|---|---|
| Project Net Change in Enrolled Students | 86 | 132 |
| Menlo Park City SD | 30 | 50 |
| Sequoia Union HSD | 56 | 82 |
| Project Net Change in Assessed Value | $2,419,755,841 | $2,712,929,208 |
| Net Change in Property Tax Revenues | $867,981 | $973,144 |
| Less: Net Change in Projected Expenditures from Enrollment | ($38,755) | ($59,485) |
| **Projected Net Fiscal Impact to San Mateo COE** | **$829,226** | **$913,660** |
| **Assumptions** | | |
| San Mateo COE Share of Base 1% Property Tax Revenue (a) | | 3.6% |
| Unrestricted Expenditures, FY 23-24 Adopted Budget (b) | | $37,935,104 |
| Service Population (i.e., Enrolled Students Countywide) (c) | | 84,180 |
| Unrestricted Expenditures per Service Population | | $450.64 |

Notes:
(a) This is San Mateo COE's share of the base 1.0 percent property tax in the TRA where the project site is located.
(b) Expenditures for all unrestricted funds, excluding capital outlay and transfers.
(c) 2023-24 academic year annual 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, 2024.