From: Phil Koen [redacted]
Sent: Friday, October 08, 2021 12:00 AM
To: Shelley Neis <sneis@losgatosca.gov>; Ron Dickel [redacted]; Kyle Park [redacted]; Rick Tinsley [redacted]; Loreen Huddleston [redacted]; stacey.dell[redacted] Matthew Hudes <MHudes@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; jvannada[redacted] Rick Van Hoesen [redacted]
Subject: Finance Commission Agenda Item #7

EXTERNAL SENDER

Dear Ms. Neis,

Please include this email and the attached Fiscal Impact Analysis (FIA) that was prepared for the City of Menlo Park in the upcoming Finance Commission package. This is an excellent example of an FIA that was specifically prepared to evaluate the fiscal impact of a general plan update.

The Los Gatos Community Alliance is strongly recommending that the Town of Los Gatos perform a FIA before adopting the 2040 General Plan update so the fiscal impacts are fully understood by the Council and residents. The draft 2040 General Plan calls for the development of over 3,900 new housing units and an increase of over 9,300 new residents (30% growth) in a Town that is nearly completely developed. This is accomplished by up zoning 2x -3x all residential land uses, except for Hillside, Town-wide. The dramatic increase in population will severely stress the Town's financial capacity to deliver basic services including but not limited to public safety, senior services, and community development services. Without a proper FIA, the Town will not be able to fully determine the net fiscal impact on the Town from the 2040 General Plan update.

To date the Staff has not agreed to have such an analysis performed. The Finance Commission should discuss the merits of an FIA and make an independent recommendation to the Town Council regarding the importance of conducting such an analysis. We are concerned that unless the Finance Commission becomes directly involved in advising the Council on the merits of performing an FIA, the Council will not be adequately informed. This falls squarely into the charter of the Finance Commission.

Thank you for your attention to this urgent matter.

Los Gatos Community Alliance

ATTACHMENT 1

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bae urban economics

ConnectMenlo

Fiscal Impact Analysis

October 15, 2016

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Summary of Findings

This Fiscal Impact Analysis (FIA) presents the findings by BAE Urban Economics (BAE), a consultant hired by the City of Menlo Park, regarding the fiscal impacts of the proposed General Plan Update (Land Use and Circulation Elements) and M-2 Area Zoning Update, together known as ConnectMenlo (the Project). The Project consists of up to four million square feet of nonresidential development, 400 hotel rooms, and 5,500 residential units, generating an increase of approximately 14,150 new residents and 9,900 new employees. The FIA also analyzes a Reduced Non-Residential Intensity Alternative and a Reduced Intensity Alternative, as well as a No Project Alternative that considers the impacts of buildout of the remaining development potential from the City's existing General Plan, which is included in the total development potential of the Project and Reduced Non-Residential Intensity and Reduced Intensity Alternatives.

The FIA addresses the net increase in revenues and expenditures and resulting net fiscal impact of the Project for the:

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

Selected FIA findings are summarized in the following table (other special districts are not included below because of the negligible fiscal impact or benefits they would experience; information on the fiscal impact they would experience is presented in Appendix B of this FIA).

As shown below, the FIA estimates that the Project would result in a net positive annual fiscal impact to the City of Menlo Park General Fund totaling $8.3 million per year, $2.6 million of which would result from buildout of the remaining development potential under the City's existing General Plan. Both the Reduced Non-Residential Intensity and Reduced Intensity Alternative would also generate a net positive fiscal impact to the City of Menlo Park General Fund.

The Project and Reduced Non-Residential Intensity and Reduced Intensity Alternatives would also generate a net positive fiscal impact to the Menlo Park Fire Protection District, but a net negative fiscal impact to the Sequoia Union High School District, Las Lomitas Elementary School District, and Menlo Park City Elementary School District. Buildout of the remaining development potential under the City's existing General Plan would generate a net positive fiscal impact to the Menlo Park Fire Protection District and a slight net positive fiscal impact to the Sequoia Union High School District, but a negative fiscal impact to the Las Lomitas Elementary School District and Menlo Park City Elementary School District. There would be no net fiscal impact to the Ravenswood Elementary School District and the Redwood City School District from the Project or alternatives because both are revenue limit districts.

Selected Net Fiscal Impact Findings for the Project at Buildout in 2040

All figures in 2015 dollars Project	Existing General Plan Development Potential	Proposed M-2 Area Changes	Total (b)
City of Menlo Park	**$2,621,400**	**$5,685,500**	**$8,306,900**
Special Districts			
Menlo Park Fire Protection District	$1,226,500	$1,191,200	$2,417,700
Sequoia Union High School District	$245,600	($6,195,900)	($5,950,300)
Ravenswood Elementary School District	N/A	N/A	N/A
Redwood City Elementary School District	N/A	N/A	N/A
Las Lomitas Elementary School District	($672,600)	$0	($672,600)
Menlo Park City Elementary School District	($3,398,200)	$0	($3,398,200)
Reduced Non-Residential Intensity Alternative			
City of Menlo Park	**$2,621,400**	**$2,566,300**	**$5,187,700**
Special Districts			
Menlo Park Fire Protection District	$1,226,500	$275,100	$1,501,600
Sequoia Union High School District	$245,600	($7,701,600)	($7,456,000)
Ravenswood Elementary School District	N/A	N/A	N/A
Redwood City Elementary School District	N/A	N/A	N/A
Las Lomitas Elementary School District	($672,600)	$0	($672,600)
Menlo Park City Elementary School District	($3,398,200)	$0	($3,398,200)
Reduced Intensity Alternative			
City of Menlo Park	**$2,621,400**	**$4,220,500**	**$6,841,900**
Special Districts			
Menlo Park Fire Protection District	$1,226,500	$867,400	$2,093,900
Sequoia Union High School District	$245,600	($4,679,100)	($4,433,500)
Ravenswood Elementary School District	N/A	N/A	N/A
Redwood City Elementary School District	N/A	N/A	N/A
Las Lomitas Elementary School District	($672,600)	$0	($672,600)
Menlo Park City Elementary School District	($3,398,200)	$0	($3,398,200)

- The Ravenswood and Redwood City Elementary School Districts are revenue limit districts, so all new property tax revenues offset payments to the Districts by the State, and do not result in increased revenue to the Districts.
- See report for explanation of Project and Alternatives, methodologies, and limiting conditions.

Source: BAE, 2015.

Report Organization

The FIA report on the following pages provides a fuller description of the Project, the methodology and analysis used to determine these findings, and discussion of limiting conditions.

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INTRODUCTION

New development brings increased demands on local government services and infrastructure, but also generates new revenues for local government through additional taxes and fees. A fiscal impact analysis describes a systematic approach to analysis of these increased expenditures and revenues in order to evaluate whether proposed new development would generate sufficient new fiscal revenues to cover new fiscal costs associated with provision of public services.

The City of Menlo Park (City) retained BAE Urban Economics (BAE) to conduct a Fiscal Impact Analysis (FIA) for the proposed General Plan Update (Land Use and Circulation Elements) and M-2 Area Zoning Update, together known as ConnectMenlo (the Project). As discussed in the Draft Environmental Impact Report (DEIR) for the Project, the General Plan Land Use Element provides a policy framework to guide the type and scale of development that may occur in Menlo Park over the next 24 years (2016-2040). Land use changes proposed in the General Plan Update and implemented by the Zoning Update are focused in the M-2 Area of the City. The M-2 Area comprises the northern-most portion of Menlo Park, and is generally bounded by San Francisco Bay to the north; Redwood City to the west; East Palo Alto to the southeast; and the Menlo Park neighborhoods of Belle Haven, Flood Triangle, Suburban Park, and Lorelei Manor to the south.

This FIA estimates the fiscal impacts of full buildout of the Project. The baseline condition in this FIA is the existing development built on the ground plus planned and reasonably foreseeable projects (i.e., pending applications, recently approved, or under construction). The FIA addresses the fiscal impact to the City's General Fund from the Project as well as the fiscal impact to special districts that provide services to residents and businesses in Menlo Park. The following sections of the FIA address a series of revenue and expense topics in turn, outline the methodology used for the FIA, and present the findings from the analysis. The appendices contain additional technical information on selected topics.

FISCAL IMPACT METHODOLOGY

The objective of any fiscal impact analysis is the projection of changes in public revenues and costs associated with development of a project. This FIA examines the potential impact that the proposed new development would have on revenues and expenditures accruing to the City's General Fund and the following affected special districts:

- Menlo Park Fire Protection District
- Menlo Park Municipal Water District
- West Bay Sanitary District
- Ravenswood City Elementary School District
- Redwood City Elementary School District
- Sequoia Union High School District
- San Mateo County Office of Education Special District
- San Mateo County Community College District
- Midpeninsula Regional Open Space District
- Sequoia Healthcare District

This analysis focuses on impacts to the City's General Fund and special district operating funds, which represent the portion of municipal and district budgets that finance the ongoing provision of basic services. To pay for these services, the City's General Fund and operating funds are dependent on revenue sources such as property taxes, sales taxes, transient occupancy taxes, and various local taxes, as well as revenues allocated by the State of California and the federal government.

Within this FIA, except as otherwise noted in the text, the annual ongoing fiscal impact of the Project is described in constant 2015 dollars, based on the future point in time when the Project would be fully built out, which is assumed to be in year 2040. In addition, this FIA provides an inflation-adjusted annual projection of fiscal impact through 2040 to describe year-by-year fiscal impacts that could result from the Project.

Throughout this FIA, all revenue and expenditure estimates presented in tables are rounded to the nearest $100 increment. The data and other inputs that are used to calculate revenue and expenditure estimates are not rounded.

Service Population

The cost of providing government services is often based on the number of persons served. 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.

Accepted practice in fiscal impact analysis is to define the service population as 100 percent of residents residing within a jurisdiction plus one third of the employees who work within the jurisdiction. Calculating service population in this manner is intended to reflect that while local employment contributes to a jurisdiction's daytime population, thereby increasing demands for governmental services, the residential population typically generates a larger share of demand for services and is located within the jurisdiction for a longer portion of each day.

While a fiscal impact methodology based on service population is an important and useful means for estimating increased expenditures, in some instances other approaches are more appropriate, such as estimation of the increase in revenue or costs directly attributable to a project. Where other methodologies are used for specific revenues, such as property taxes, these are explained in the relevant sections. Shown in Table 1 are the service populations for Menlo Park, the County, and relevant special districts.

Table 1: Existing Service Population, 2015

Jurisdiction	2015 Residents (a)	2015 Employment (b)
Menlo Park	33,273	31,552
Menlo Park Fire Protection District (c)	87,980	41,150
San Mateo County	753,123	387,483
Midpeninsula Regional Open Space District (d)	658,511	448,296
Sequoia Healthcare District (f)	220,000	N/A

Jurisdiction	2015 Service Population (e)
Menlo Park	43,790
Menlo Park Fire Protection District	101,697
San Mateo County	882,284
Mid Peninsula Open Space District	807,943
Sequoia Healthcare District (f)	220,000

Notes:
(a) Population estimates for Menlo Park, San Mateo County, the Midpeninsula Regional Open Space District, and the Sequoia Healthcare District per CA Dept. of Finance, 2015. Population estimate for the Menlo Park Fire Protection District provided by the Fire District based on analysis from Seifel Consulting.
(b) Employment estimates for Menlo Park, the Midpeninsula Regional Open Space District, and the Sequoia Healthcare District per ACS, 2010-2014. Employment estimates for San Mateo County per ACS, 2014. All employment figures assumed to be within the margin of error for 2015.
(c) The Menlo Park Fire Protection District serves Atherton, East Palo Alto, Menlo Park, portions of unincorporated San Mateo County and some Federal facilities. Population and employment figures for the District are based on analysis by Seifel Consulting for the draft 2015 MPFPD Impact Fee Nexus Study.
(d) Midpeninsula Open Space District includes Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside.
(e) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population for this analysis, each employee is multiplied by 1/3.
(f) The Sequoia Healthcare District serves Atherton, Belmont, Redwood City, Portola Valley, San Carlos, Woodside, and portions of Menlo Park, Foster City, and San Mateo. District population estimate per the Sequoia Healthcare District website. Employment figures not caluculated because the District primarily serves residents rather than workers.
Sources: U.S. Census ACS 2010-2014; California State Department of Finance, 2015; Seifel Consulting Inc., 2015; Sequoia Healthcare District, 2015; BAE, 2016.

Revenue Items

This FIA uses a variety of techniques to estimate revenues. As appropriate, estimates for many revenue items rely on per capita, per employee, or per service population calculations, depending on which populations are associated with particular revenue sources. Other estimation methodologies are based on statutory requirements, such as those for property tax revenues. Detailed information regarding revenue estimation methodologies are provided in each of the relevant sections below.

Except as noted, all revenue figures are presented in constant 2015 dollars in order to facilitate comparisons.

Expenditure Items

Expenditure estimates are based on one of two estimation methods. Where practical, specific incremental or “marginal costs” were identified. Marginal costs represent direct estimates of the costs associated with the addition of staff, equipment, and/or supplies needed to provide services to new development. Representatives of City departments, including the Community Services, Library, and Police departments, as well as representatives of the special districts providing fire protection and other services were provided with questionnaires as part of the EIR process, which were used to determine whether marginal cost estimates could be reasonably calculated. BAE also relied on prior fiscal analysis experience with the City of Menlo Park to evaluate the potential impacts of new development on various City departments and special districts.

In cases where it was impractical to identify specific marginal costs, an “average cost” method was used to calculate the impact to public service costs. Calculation of average costs involves the calculation of unit costs on a per service population basis, such as the cost to provide recreation programs and other services in Menlo Park through the Community Services Department. This unit cost is calculated by dividing the entire Community Services Department budget by the jurisdiction’s current service population. The unit cost is then applied to an estimate of the increase in service population projected from new development. Detailed information regarding expenditure estimation methodologies is provided in each of the relevant sections below.

All expenditure figures are presented in constant 2015 dollars, except as noted, in order to facilitate comparisons.

REPORT ORGANIZATION

This report is organized into the following sections:

- ***Development Program Overview.*** This section provides an overview of the Project.
- ***City's General Fund Fiscal Impact Analysis.*** This section provides an analysis focused on the City's General Fund. Specific topics are listed below.
    - *General Fund Revenues.* This section describes methodologies for estimating revenues and provides a detailed source-by-source estimate of the City's revenues.
    - *General Fund Expenditures.* This section describes methodologies for estimating expenditures and provides a detailed, department-by-department estimate of the City's General Fund expenditures.
    - *Summary of Annual Ongoing Net Fiscal Impact.* This section provides an estimate of the annual ongoing net fiscal impact to the City's General Fund resulting from the Project by comparing the findings of the two preceding sections.
    - *24-Year Projection.* This section presents the year-by-year and total net fiscal impact of the Project across a 24-year period (2016-2040), expressed in nominal dollars adjusted for inflation, along with a net present value calculation in constant 2015 dollars.
- ***Special District Fiscal Impact Analysis.*** This section presents methodologies for estimating special district revenues and expenditures and presents the net annual fiscal impact to the operating budget of each of the affected special districts for the Project.

DEVELOPMENT PROGRAM OVERVIEW

The Project analyzed in this FIA and the DEIR consists of the proposed General Plan Update (Land Use and Circulation Elements) and M-2 Area Zoning Update, together known as ConnectMenlo. This FIA estimates the fiscal impacts of the full buildout that would be possible due to the Project, using the existing development built on the ground plus planned and reasonably foreseeable projects (i.e., pending applications, recently approved, or under construction) as the baseline condition.[1] The Project includes both the remaining development potential under the City's current General Plan, which includes development potential in the M-2 area and in the remainder of the City, and the additional development potential that would be allowable with adoption of ConnectMenlo, which would occur in the M-2 area only. The DEIR also analyzes a Reduced Non-Residential Intensity Alternative, a Reduced Intensity Alternative, and a No Project Alternative, which are also analyzed in the FIA. The development programs for the Project and both alternatives are shown in Table 2.

For the Project and the Reduced Non-Residential Intensity and Reduced Intensity Alternatives, the FIA analyzes the fiscal impact of 1) buildout of the remaining development potential under Menlo Park's existing General Plan (i.e., the No Project Alternative in the DEIR), which is the same for the Project and alternatives; 2) the increment of new development that would result from full buildout of the Project or alternatives, using the remaining development potential under the existing General Plan as the baseline condition; and 3) the full buildout of the Project or alternatives, which consists of the buildout of the remaining development potential under the existing General Plan and buildout of the increment of additional development potential under the Project or alternative.

This section provides an overview of the type and quantity of development analyzed in this FIA. It should be noted that all figures presented in this section are estimates representing a conceptual development program that could result from the Project or the Alternatives. The development programs outlined below are based on an in-depth analysis conducted by City staff and the consultant team to identify the likely mix of uses that would result from the Project. However, the specific mix of uses presented in this analysis is not proscriptive, and the actual mix of uses resulting from the Project or alternatives could differ from the development programs presented below, particularly for non-residential uses.

Project Development Program

The buildout projections shown in Table 3-2 of the DEIR form the basis of the development program analyzed in the FIA. The Project buildout projections in the DEIR include the quantity

[1] This FIA does not analyze the impacts of the proposed Facebook campus expansion, which has been analyzed in a separate FIA.

of residential units that would be possible in the M-2 area and elsewhere in Menlo Park; a breakdown of the proposed non-residential buildout potential in the M-2 Area by office, life sciences, and commercial uses; and the number of hotel rooms in the M-2 Area. The development program in the FIA matches these buildout estimates from the DEIR. For non-residential uses outside of the M-2 Area, the DEIR provides the total square footage but not the distribution of these uses across specific non-residential use types. Accordingly, the FIA uses estimates by City staff to determine the distribution of future non-residential development outside of the M-2 (all of which is allowable under the existing General Plan), between office and retail uses.

The FIA does not assume a net increase in hotel rooms from the remaining development potential under the existing General Plan, although the El Camino Real/Downtown Specific Plan does allow for additional hotel development potential. This is a conservative assumption because the FIA therefore does not calculate potential transient occupancy taxes that could result from future new hotel rooms in the El Camino Real/Downtown Specific Plan area.

According to the DEIR, the Project totals 4.015 million square feet of nonresidential uses, 400 hotel rooms, and 5,500 multifamily residential units, as shown in Table 2.[2] The majority of this development would occur in the M-2 area. Of the total development included in the Project, the increment that exceeds the development potential under the City's current General Plan consists of 2.3 million square feet of non-residential uses, 4,500 residential units, and 400 hotel rooms, all of which would be located in the M-2 area.

As discussed in the ConnectMenlo DEIR, future residential units in the M-2 area are expected to consist of multifamily units and up to 1,500 units of employee housing for Facebook employees. Outside of the M-2 area, residential development is expected to consist of multifamily units and single-family units developed as second units on lots where single-family units currently exist. Of the residential units that would not be Facebook employee housing, the FIA assumes that 25 percent (1,000 units) would be for-sale housing, and the remaining 75 percent (3,000 units) would be rental units. The assumed ratio of for-sale to rental units reflects recent trends in multifamily residential development in Menlo Park and neighboring communities, which have generally demonstrated a robust multifamily rental market and a somewhat more moderate market for condominiums.

Alternative Development Programs

Compared to the Project, the Reduced Non-Residential Intensity Alternative and the Reduced Intensity Alternative show a smaller increment of development in excess of the remaining

[2] For the purpose of the FIA, all 200,000 square feet of commercial development are assumed to be comprised of a mix of retail uses.

development potential under the Current General Plan. As with the Project, both alternatives include the remaining full development potential under the City's current General Plan.

Reduced Non-Residential Intensity Alternative

Under the Reduced Non-Residential Intensity Alternative, the increment of non-residential development in excess of the development potential from the current General Plan would be reduced by approximately half. The increment would decrease from 2.3 million square feet of non-residential uses and 400 hotel rooms under the Project to 1.2 million square feet of non-residential uses and 200 hotel rooms under the Reduced Non-Residential Intensity Alternative. The FIA assumes that the reduction in non-residential square footage would be proportional across office, life sciences, and commercial uses. The quantity of residential development would be the same as under the Project.

Reduced Intensity Alternative

Under the Reduced Intensity Alternative, the increment of all development in excess of the development potential from the current General Plan would be reduced by 25 percent. This reduction results in an increment totaling 1.7 million square feet of non-residential uses, 300 hotel rooms, and 3,375 residential units (including up to 1,125 Facebook employee housing units) in excess of the development allowed under the current General Plan. The FIA assumes that the reduction in non-residential square footage would be proportional across office, life sciences, and commercial uses.

Table 2: Development Program, Project and Alternatives

Project	Existing General Plan Buildout Potential (b) M-2 Area	Remainder of City	Proposed M-2 Area Changes (a)	Total Project
Total Non-Residential sq. ft.	**1,360,000**	**355,000**	**2,300,000**	**4,015,000**
Office	585,000	342,000	700,000	1,627,000
Life Sciences	700,000	-	1,400,000	2,100,000
Retail	75,000	13,000	200,000	288,000
Hotel Rooms (c)	**-**	**-**	**400**	**400**
Residential Units (d)	**150**	**850**	**4,500**	**5,500**
Rental Units	113	638	2,250	3,000
Condominiums	38	213	750	1,000
Facebook Employee Housing Units	-	-	1,500	1,500
Reduced Non-Residential Intensity Alternative				
Total Non-Residential sq. ft. (e)	**1,360,000**	**355,000**	**1,200,000**	**2,915,000**
Office	585,000	342,000	365,217	1,292,217
Life Sciences	700,000	-	730,435	1,430,435
Retail	75,000	13,000	104,348	192,348
Hotel Rooms (c)	**-**	**-**	**200**	**200**
Residential Units (d)	**150**	**850**	**4,500**	**5,500**
Rental Units	113	638	2,250	3,000
Condominiums	38	213	750	1,000
Facebook Employee Housing Units	-	-	1,500	1,500
Reduced Intensity Alternative				
Total Non-Residential sq. ft. (e)	**1,360,000**	**355,000**	**1,700,000**	**3,415,000**
Office	585,000	342,000	517,391	1,444,391
Life Sciences	700,000	-	1,034,783	1,734,783
Retail	75,000	13,000	147,826	235,826
Hotel Rooms (c)	**-**	**-**	**300**	**300**
Residential Units (d)	**150**	**850**	**3,375**	**4,375**
Rental Units	113	638	1,688	2,438
Condominiums	38	213	562	812
Facebook Employee Housing Units	-	-	1,125	1,125

Notes:
(a) The Proposed M-2 Area development potential represents increased development potential for the M-2 Area only, but does not include the Facebook Campus Expansion Project.
(b) This represents what could be built if the proposed project were not approved, which is the ongoing development potential of the "No Project" condition discussed in Chapter 5 of the DEIR. The figures dc do not include the Facebook Campus Expansion project.
(c) An unknown number of additional hotel rooms could be proposed under the current General Plan. This analysis assumes that no hotels would be built under the current General Plan. Hotel square footage that would be part of the proposed M-2 Area changes is not included in non residential square feet.
(d) Residential units proposed in the M-2 Area would include multi family units and corporate housing. Residential units proposed throughout the remainder of the city could include multi family units and single family units developed as second units where single family units currently exist.
(e) Total proposed M-2 Area non-residential square footage for each alternative is from the DEIR. The FIA assumes that office, life sciences, and retail development will each account for the same proportion of total non-residenital square footage in the each of the alternatives as in the Project.
Sources: PlaceWorks, 2015; City of Menlo Park, 2016; BAE, 2016.

Population Increase
The DEIR estimates that the Project and the Reduced Non-Residential Intensity Alternative would generate 14,150 net new Menlo Park residents. The Reduced Intensity Alternative would generate 11,258 net new Menlo Park residents. Population growth resulting from buildout of the remaining development potential under the existing General Plan accounts for 2,580 of the residents that the Project or alternatives would generate.

In total, the DEIR estimates that the Project would result in a maximum Citywide population of 50,350 residents by 2040, up from 32,900 residents in 2015.[3] The total estimated increase in population between 2015 and 2040 includes an estimated 3,300 additional residents that would result from reasonably foreseeable projects (i.e., projects that are pending applications, recently approved, or under construction), which are not included in the Project. The Reduced Non-Residential Intensity Alternative would generate the same number of residents as the Project, and therefore would also result in the same maximum Citywide population. The Reduced Intensity Alternative would result in a Citywide population of approximately 47,460 residents, including residents from reasonably foreseeable projects.

Employment Generation
The DEIR estimates that the Project would generate 9,900 net new employees in the City, while the Reduced Non-Residential Intensity Alternative would result in 7,150 net new employees and the Reduced Intensity Alternative would result in 8,525 net new employees. As shown in Table 3, this results in a net increase of 3,300 service population members from new employment under the Project, 2,383 service population members from employment under Reduced Non-Residential Intensity Alternative, and 2,842 service population members from employment under the Reduced Intensity Alternative.[4] Employment growth resulting from buildout of the remaining development potential under the existing General Plan accounts for 4,400 of the employees that the Project or alternatives would generate, resulting in an increase of 1,467 service population members due to buildout of the existing General Plan.

The DEIR estimates that Citywide employment would increase from 30,900 in 2015 to 53,250 in 2040 as a result of implementation of the Project.[5] The total estimated increase in employees between 2015 and 2040 includes an estimated 12,450 additional employees that would result from reasonably foreseeable projects (i.e., projects that are pending applications, recently approved, or under construction), which are not included in the Project. The Reduced Non-Residential Intensity Alternative would result in 50,500 employees Citywide and the

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[3] The DEIR and FIA rely on different data sources to estimate the 2015 population in Menlo Park, resulting in slightly different estimates in the DIER than in Table 1 of the FIA.
[4] As discussed in the methodology section, each new employee is counted as an increase in service population of one-third.
[5] The DEIR and FIA rely on different data sources to estimate the 2015 employment in Menlo Park, resulting in slightly different estimates in the DIER than in Table 1 of the FIA.

Reduced Intensity Alternative would result in 51,875 employees Citywide, including employees from reasonably foreseeable projects.

Table 3: Projected Change to Menlo Park Service Population at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	**4,047**	**13,403**	**17,450**
Net New Service Population from Employees (c)	1,467	1,833	3,300
Net New Service Population from Residents (c)	2,580	11,570	14,150
New Employees (d)	4,400	5,500	9,900
New Residents (d)	2,580	11,570	14,150
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	**4,047**	**12,487**	**16,533**
Net New Service Population from Employees (c)	1,467	917	2,383
Net New Service Population from Residents (c)	2,580	11,570	14,150
New Employees (d)	4,400	2,750	7,150
New Residents (d)	2,580	11,570	14,150
Reduced Intensity Alternative			
Net New Service Population (c)	**4,047**	**10,053**	**14,100**
Net New Service Population from Employees (c)	1,467	1,375	2,842
Net New Service Population from Residents (c)	2,580	8,678	11,258
New Employees (d)	4,400	4,125	8,525
New Residents (d)	2,580	8,678	11,258

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by 1/3.
(d) Net increase in employees and residents based on the ConnectMenlo DEIR.
Sources: PlaceWorks, 2015; BAE, 2016.

CITY GENERAL FUND FISCAL IMPACT ANALYSIS

Annually Recurring General Fund Revenues

The Project would generate revenue for the City and various special districts from a variety of sources, including sales tax and property tax, as well as business licenses, fines, fees, and charges for services.

The following section details the methodology for calculating these revenues and provides an estimate of revenues that would be generated by the Project.

Sales and Use Tax

According to the State Board of Equalization (SBOE), the City receives sales tax revenues equal to 0.95 percent of local taxable expenditures that occur within the City limits. Although the Bradley-Burns Local Sales and Use Tax specifies that one percent of the total sales tax is distributed to the local jurisdiction, cities within many California counties, including San Mateo County, share five percent of sales tax revenues with the county government to cover administrative and other costs, retaining 95 percent of the one percent sales tax, or 0.95 percent of total taxable sales, for themselves. Sales tax revenues associated with the Project would be expected to accrue from new residents' and employees' taxable retail spending at Menlo Park retailers as well as business-to-business taxable transactions resulting from new Menlo Park businesses that are accommodated through the Project.

The Project would include a net increase in retail space. The new retail space is expected to consist primarily of neighborhood-serving retail uses, supported at least in part by the net increase in residents and employees from the Project. The FIA does not include an estimate of sales tax revenue from new retail space that would be included as part of the Project. Because the FIA calculates sales tax revenue from residents' and employee's spending, the FIA does not separately calculate revenues from new retail space to avoid double-counting these revenues.

Sales Tax Revenues from New Residents' Spending

According to the SBOE, in 2013 taxable expenditures were $14,035 per person in Menlo Park and $13,227 per person throughout San Mateo and Santa Clara County.[6] Although overall per capita spending in Menlo Park was similar to spending throughout San Mateo and Santa Clara County, the SBOE data demonstrates variation in the expenditures in particular store categories, indicating that Menlo Park residents had to leave the City to purchase certain

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[6] As of the date that this analysis was completed, 2013 data were the most recent annual SBOE data available. All figures are shown in 2015 dollars. Taxable expenditure estimates shown in this section do not include expenditures in the category that SBOE classifies as "All Other Outlets" because sales in this category consist primarily of business-to-business sales taxes, which are not impacted by population growth.

items, potentially due to limited availability, while other items drew shoppers from outside the City. The SBOE data suggest that Menlo Park residents purchased some portion of home furnishings, building materials, and apparel goods elsewhere in San Mateo and Santa Clara counties, while county residents came to Menlo Park to purchase food, gas, dining, and specialty goods. After accounting for purchases by Menlo Park residents that typically occur outside of Menlo Park, taxable purchases by Menlo Park residents that are made within the City average an estimated $11,683 per resident annually, as shown in Table 4.

Table 4: Estimated Annual Taxable Expenditures per Resident, Menlo Park, 2015

	2013 Taxable Sales Per Capita (a)				
Business Category	**Menlo Park**	**San Mateo & Santa Clara Counties**	**Leakage of Sales out of City (b)**	**Estimated % of Resident Sales in City (c)**	**Estimated New Resident Taxable Sales in Menlo Park (d)**
Retail and Food Services					
Home Furnishings and Appliance Stores	$822	$1,123	27%	73%	$822
Bldg. Matrl. and Garden Equip. and Supplies	$559	$988	43%	57%	$559
Food and Beverage Stores	$1,968	$693	(184%)	100%	$693
Gasoline Stations	$2,084	$1,573	(32%)	100%	$1,573
Clothing and Clothing Accessories Stores	$428	$1,242	66%	34%	$428
Food Services and Drinking Places	$2,400	$2,159	(11%)	100%	$2,159
Other Retail Group	$5,774	$5,449	(6%)	100%	$5,449
Total (e)	**$14,035**	**$13,227**			**$11,683**

Notes:
(a) 2013 data inflated to 2015 dollars. Population estimates from the California Department of Finance used to calculate 2013 per capita sales. Population estimates for 2013:

Menlo Park:	32,852
San Mateo County:	739,804
Santa Clara County:	1,844,389

(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; numbers cannot be greater than 100%.
(d) Equals (Taxable Sales per Capita in San Mateo and Santa Clara Counties) x (Estimated % of Residents Sales in City). Assumes that Menlo Park will capture most or all new residents' retail spending in categories with low/no leakage and will capture little spending in high leakage categories, based on current spending patterns, and assumes that the mix of retail offerings in Menlo Park remains relatively consistent.
(e) Total does not include taxable sales in the category that SBOE classifies as "All Other Outlets" because taxable sales in that category consist primarily of business-to-business sales taxes that would not be impacted by population growth.
Sources: CA Department of Finance, 2013; State Board of Equalization, 2013; BAE, 2015.

The FIA assumes that new residents will generate the same amount of annual taxable sales per resident within Menlo Park as existing Menlo Park residents. This figure ($11,683) was multiplied by the number of new residents projected for the Project. As Table 5 shows, sales tax revenues associated with new residents' spending from the Project and Reduced Non-Residential Intensity Alternative is the Reduced Non-Residential Intensity and Reduced Intensity estimated at $1.6 million per year. The Reduced Intensity Alternative would generate an estimated $1.2 million per year in sales tax revenue from new residents' spending. Buildout of the remaining development potential under the existing General Plan accounts for an estimated $286,300 of the total projected increase in sales tax revenues from resident spending from the Project or alternatives.

Table 5: Estimated Annual Sales Tax Revenues to the City of Menlo Park from New Resident Spending at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total New Sales Tax Revenue (c)	**$286,300**	**$1,284,100**	**$1,570,400**
Total Taxable Sales	$30,140,895	$135,166,727	$165,307,622
Number of Net New Residents	2,580	11,570	14,150
Reduced Non-Residential Intensity Alternative			
Total New Sales Tax Revenue (c)	**$286,300**	**$1,284,100**	**$1,570,400**
Total Taxable Sales	$30,140,895	$135,166,727	$165,307,622
Number of Net New Residents	2,580	11,570	14,150
Reduced Intensity Alternative			
Total New Sales Tax Revenue (c)	**$286,300**	**$963,200**	**$1,249,500**
Total Taxable Sales	$30,140,895	$101,380,886	$131,521,781
Number of Net New Residents	2,580	8,678	11,258

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Sales tax rate to the Menlo Park General Fund:
0.95% of total taxable sales.
Source: BAE, 2016.

Sales Tax Revenues from New Employees' Spending

Sales tax revenues associated with new employees' taxable retail spending generally consists of on- and off-site food purchases (e.g., lunches) and other convenience goods retail purchases. The International Council of Shopping Centers (ICSC) publishes a detailed survey of office worker spending patterns, which provides a useful estimate of likely spending by employees that the Project would generate. According to these data, employees at suburban office locations spend an average of $7,912 annually on food and retail purchases near their place of work (both taxable and non-taxable retail sales). Of this total, an estimated $1,576 is spent in drug or grocery stores. Purchases in drug and grocery stores typically consist largely of sales of items that are not taxable in California, with roughly 30 percent of sales in these stores falling into taxable categories. Based on these assumptions, the annual taxable sales per employee is estimated at $6,809.

The FIA assumes that half of employee spending occurs at Menlo Park retail and restaurant locations to account for some spending in neighboring jurisdictions. In addition, reducing employee spending estimates by half accounts for the possibility that some employers may provide employee meals on site free of charge, which would not be taxable, thereby reducing employee lunch purchases at Menlo Park restaurants. However, it is expected that the majority of new employees will not be provided with free meals on site.[7]

As shown in Table 6, the new employee spending from the Project is estimated to generate $320,200 per year in sales tax revenue to the City of Menlo Park. Sales tax revenue from new employee spending would total $231,200 per year under the Reduced Non-Residential Intensity Alternative and $275,700 per year under the Reduced Intensity Alternative. Of the total projected increase in sales taxes from worker spending from the Project and Alternatives, buildout of the remaining development potential under the existing General Plan would total an estimated $142,300.

[7] Facebook is a significant employer that is planning an expansion in Menlo Park and does provide employee meals on site free of charge. However, the fiscal impacts of the proposed Facebook campus expansion are analyzed in a separate FIA and therefore this FIA does not estimate employee spending generated by the proposed Facebook expansion.

Table 6: Estimated Annual Sales Tax Revenues to the City of Menlo Park from New Employee Spending at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Sales Tax Receipts to City of Menlo Park	**$142,300**	**$177,900**	**$320,200**
Net Additional Employment	4,400	5,500	9,900
Estimated Annual Taxable Retail Spending in Menlo Park	$14,979,400	$18,724,300	$33,703,700
Reduced Non-Residential Intensity Alternative			
Sales Tax Receipts to City of Menlo Park	**$142,300**	**$88,900**	**$231,200**
Net Additional Employment	4,400	2,750	7,150
Estimated Annual Taxable Retail Spending in Menlo Park	$14,979,400	$9,362,100	$24,341,500
Reduced Intensity Alternative			
Sales Tax Receipts to City of Menlo Park	**$142,300**	**$133,400**	**$275,700**
Net Additional Employment	4,400	4,125	8,525
Estimated Annual Taxable Retail Spending in Menlo Park	$14,979,400	$14,043,200	$29,022,600
Assumptions			
Annual Spending per Worker Near Workplace(c)			$7,912
Spending per Worker in Drug and Grocery Stores (c)			$1,576
Percent of Drug and Grocery Store Sales that are Taxable (d)			30%
Taxable Worker Spending in Drug and Grocery Stores (d)			$473
Spending per Worker in All Other Outlets (e)			$6,336
Total Taxable Retail Sales per Worker (f)			$6,809
Taxable Sales in Menlo Park per Worker (f)			$3,404
Share of Spending in Menlo Park Retailers (g)			50%
Menlo Park Share of Sales Tax Receipts			0.95%
Menlo Park Sales Tax Revenue from Worker Spending (per worker)			$32.34

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Based on data from International Council of Shopping Centers (ICSC), Office-Worker Retail Spending in a Digital Age, 2012. Spending estimates adjusted to 2015 dollars.
(d) Taxable drug and grocery store spending estimated to total 30 percent of purchases at drug and grocery stores because the remaining sales at these stores are assumed to be non-taxable.
(e) Spending in all other outlets is equal to total annual spending per worker less spending in drug and grocery stores.
(f) Total taxable retail sales per office worker is equal to taxable spending in drug and grocery stores (i.e., 30 percent of drug and grocery store spending) plus spending at all other outlets (assumed to be 100 percent taxable).
(g) Assumption for which portion of spending would occur in Menlo Park rather than East Palo Alto, Redwood City, Atherton, Palo Alto, or other neighboring areas. This share also accounts for some companies that provide employee meals on site free of charge, which would not be taxable.
Sources: ICSC, 2012; BAE, 2015.

Business-to-Business Sales Tax Revenues

The Project could potentially generate sales tax revenue through business-to-business and other non-retail transactions for which Menlo Park is identified as the point of sale. As opposed to retail transactions where the point of sale is at the retail location, for non-retail sales of taxable goods to final users, the State Board of Equalization defines the point of sale as the seller's location where the principal sales negotiations are carried out – typically the company sales office. This can be a significant source for Silicon Valley companies that sell computers, telecommunications hardware, and other equipment subject to sales tax.

To estimate non-retail sales taxes, BAE examined confidential sales tax data provided by the City of Menlo Park Finance Department for several office and life sciences developments in the City. These developments are listed below and are considered a representative sample of the City's newer office developments. In total, these developments include approximately 2.3 million square feet of office space.

Table 7: Representative Office Developments, Menlo Park, 2016

Address(es)	Gross Floor Area (Sq. Ft.)
275 Middlefield Rd & 155 Linfield Dr	140,830
333 Middlefield Rd	44,386
120-160 Scott Dr	121,940
180-200 Jefferson Dr	210,000
2800 Sand Hill Rd	65,325
2725-2775 Sand Hill Rd	146,000
1000 El Camino Real	38,100
1600 El Camino Real	51,915
3850 Bohannon Dr & 990 Marsh Rd	11,646
3805 Bohannon Dr & 1000 Marsh Rd	40,250
4100-4700 Bohannon Dr	360,000
1601 Willow Road	1,035,840
TOTAL	**2,266,232**

Sources: City of Menlo Park, 2016; BAE, 2016.

Table 8 shows a representative sample of life sciences development in Menlo Park. In total, these developments include approximately 686,800 square feet. Of this total, approximately 41,300 square feet were added to the City's life sciences inventory in 2008, while the rest of the square footage was constructed prior to 2000.

Table 8: Representative Life Sciences Developments, Menlo Park, 2016

Address(es)	Gross Floor Area (Sq. Ft.)
20 Kelly Ct	35,700
125 Constitution Dr	63,600
127 Independence Dr	47,885
171-199 Jefferson Dr	40,000
960 Hamilton Ct	29,902
1050-1098 Hamilton Ct	45,000
1360 O'Brien Dr	109,335
1380 Willow Rd	33,792
1430 O'Brien Dr	65,952
1455 Adams Dr	57,657
3565 Haven Ave	31,168
3885 Bohannon Dr	85,543
4040 Campbell Ave (built 2008)	41,284
Total After 2008	**686,818**
Total Before 2008	**645,534**

Sources: City of Menlo Park; BAE, 2016.

For each of these developments, the Finance Department provided total annual sales tax revenue between 2000 and 2015, excluding sales tax revenues generated in any ground floor retail space. As shown in Table 9, business-to-business sales tax revenues from office developments ranged from a high of approximately $4.5 million to a low of $183,917. Divided by the total amount of square footage in these developments, revenues ranged from $81 to $1,981 per 1,000 square feet of gross floor area. The dramatic year-to-year differences result from sales amounts recorded by a very small number of tenants. When a tenant leaves or enters a development, or when its sales are unusually high or low during a given year, or when the location of the point of sale changes, the amount of business-to-business sales taxes generated varies widely.[8]

[8] State law protects the confidentiality of sales tax data to protect the proprietary information of businesses. Hence individual business names are not provided in this report and all data is aggregated.

Table 9: Business-to-Business Sales Tax Generation from Existing Large Office Developments in Menlo Park

Historic Business-to-Business Sales Tax Revenues (a)	**Total Revenues** (b)	**$ Per 1,000 Sq. Ft.**
Low-Range	$183,917	$81
Median (Mid-Range)	$969,372	$428
High-Range	$4,488,428	$1,981

Notes:
(a) All figures have been adjusted to 2015 dollars based on Bay Area CPI for All Urban Consumers.
(b) Revenues generated in existing large office developments in Menlo Park.
Sources: City of Menlo Park, 2016; BAE, 2016.

As shown in Table 10, business-to-business sales tax revenues from life sciences developments ranged from a high of $915,232 to a low of $146,887. Divided by the total amount of square footage in these developments, revenues ranged from $228 to $1,333 per 1,000 square feet of gross floor area.

Table 10: Business-to-Business Sales Tax Generation from Existing Life Sciences Developments in Menlo Park

Historic Business-to-Business Sales Tax Revenues (a)	**Total Revenues** (b)	**$ Per 1,000 Sq. Ft.**
Low-Range	$146,887	$228
Median (Mid-Range)	$633,044	$957
High-Range	$915,232	$1,333

Notes:
(a) All figures have been adjusted to 2015 dollars based on Bay Area CPI for All Urban Consumers.
(b) Revenues generated in existing large office developments in Menlo Park.
Sources: City of Menlo Park, 2015; BAE, 2016.

Table 11 shows the estimated range of potential annual business-to-business sales tax revenue from the Project, based on data in Table 9 and Table 10 (see Table C-1 for detailed calculations). Assuming revenues at the high end of the range, the Project would annually generate $6,020,800 in business-to-business sales tax revenue, compared to $2,705,600 in the middle range, and $609,800 at the low end. The Reduced Non-Residential Intensity Alternative would generate between $430,400 and $4,465,500 per year in business-to-business sales tax revenue. The Reduced Intensity Alternative would generate $511,900 to $5,172,500 per year in business-to-business sales tax revenue. Buildout of the remaining development potential under the existing General Plan would generate $234,500 to $2,768,800 per year in business-to-business sales tax revenue, which is included in the estimated business-to-business sales tax revenues from the Project and alternatives.

Actual business-to-business sales tax revenue generation would depend on the specific mix of tenants who occupy the space in the Project. Certain types of office tenants tend to generate substantial business-to-business sales tax revenues, including high technology hardware corporations sales offices, while social media and professional and financial services firms tend to generate little or no business-to-business sales tax revenues. The median values shown in Table 11 are used in the FIA to estimate total business-to-business sales tax revenue generated by the Project, Reduced Non-Residential Intensity Alternative, and Reduced Intensity Alternative.

Table 11: Estimated Increase in Annual Business-to-Business Sales Tax Revenues to the City of Menlo Park at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$375,300	$609,800
Median (Mid-Range) Estimate	$1,066,400	$1,639,200	$2,705,600
High Estimate	$2,768,800	$3,252,000	$6,020,800
Reduced Non-Residential Intensity Alternative			
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$195,900	$430,400
Median (Mid-Range) Estimate	$1,066,400	$855,300	$1,921,700
High Estimate	$2,768,800	$1,696,700	$4,465,500
Reduced Intensity Alternative			
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$277,400	$511,900
Median (Mid-Range) Estimate	$1,066,400	$1,211,600	$2,278,000
High Estimate	$2,768,800	$2,403,600	$5,172,400
Estimated Business-to-Business Sales Tax per 1,000 sq. ft.			
Office			
Low Range			$81
Median			$428
High Range			$1,981
Life Sciences			
Low Range			$228
Median			$957
High Range			$1,333

Notes:
See Appendix C for detailed calculations.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Source: BAE, 2016.

Property Taxes

Property taxes are a key source of the City's General Fund revenues, as well as the primary revenue source for a number of special districts. Property taxes are applicable to real property, defined as land and the buildings attached to it, and certain types of personal property, including furniture, fixtures, and equipment (FF&E) owned by businesses.[9] Property in California is subject to a base 1.0 percent property tax rate, which is shared among various local jurisdictions including the County, City, and special districts, as well as the State, which is allocated a portion of funds known as Education Revenue Augmentation Funds ("ERAF").

In addition to the base 1.0 percent tax rate, within certain areas of the County and local jurisdictions supplemental property taxes apply. The Project site is subject to supplemental property taxes to pay for bonds issued for school district, community college district, and City parks and recreation purposes. Supplemental property taxes are restricted for specific uses and apply only to real property and not to business or personal property. This analysis focuses on the City's General Fund revenues and does not calculate supplemental taxes for non-discretionary services.

The distribution of the base 1.0 percent property tax revenues varies based on the Tax Rate Area (TRA) that a property is located in, as do the supplemental taxes that apply to the property. Table 12 shows the median share of the base 1.0 percent property tax to the City of Menlo Park across all TRAs in the City, along with the median share to the special districts analyzed in the FIA. Some special districts (e.g., each of the elementary school districts) cover only portions of the City, and therefore collect property taxes only from those TRAs within the jurisdiction of the district. For these special districts, the figures in Table 12 show the median across all TRAs in the City that fall within the district, rather than across all TRAs in the City.

To estimate future property tax revenues resulting from new development, one must estimate the new assessed value that the San Mateo County Assessor's office would assign to the new development, calculate the base property tax payment, and then allocate it to each jurisdiction based on its share. Because the specific location of new development resulting from the Project will be determined in part by property owner interest in developing particular land uses on individual sites, it is not possible to definitively determine which TRAs will accommodate new uses. The FIA therefore uses the median share of the base 1.0 percent property tax to calculate property tax revenues to the City and special districts.

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[9] All San Mateo County businesses with personal property worth $100,000 or more are required to file an annual personal property tax statement.

Table 12: Distribution of Base 1% Property Tax Assessment, 2016

Jurisdiction (a)	**Pre-ERAF Distribution** (b)	**ERAF Shift** (c)	**Post-ERAF Distribution** (d)
City of Menlo Park	10.98%	17.24%	9.08%
Las Lomitas Elementary School District	20.58%	0.00%	20.58%
Menlo Park City Elementary School District	18.24%	0.00%	18.24%
Ravenswood Elementary School District	32.70%	0.00%	32.70%
Redwood City Elementary School District	22.49%	0.00%	22.49%
Sequoia Union High School District	15.18%	0.00%	15.18%
San Mateo Community College District	6.59%	0.00%	6.59%
Menlo Park Fire District	15.10%	11.22%	13.40%
Midpeninsula Regional Open Space District	1.79%	0.00%	1.79%
Sequoia Hospital District	1.49%	0.00%	1.49%
County Office of Education	3.43%	0.00%	3.43%

Note:
(a) Only those jurisdictions analyzed in the FIA are shown.
(b) Pre-ERAF distribution reflects the median of all tax rate areas in Menlo Park that are within each of the jurisdictions shown. Percentages sum to more than 100 percent because each TRA is in only one of the four elementary school districts.
(c) The ERAF shift shown represents the percentage reduction of property taxes to each jurisdiction to fund ERAF, based on FY 2014-15 figures provided by the San Mateo County Controller's Office.
(a) Percentages shown for each jurisdiction after any reductions due to ERAF shifts.
Sources: San Mateo County Controller; BAE, 2015.

The assessed value of real property consists of two components: land value and improvement value. Proposition 13 provides that the value of each of these components cannot increase by more than two percent per year, except when a property is transferred to a new ownership entity, in which case it is reappraised at current market value; or for construction of new improvements, in which case the assessed value is increased by the value of the construction.

BAE used current market data and standard development assumptions to estimate the assessed value of development that could result from the Project. The valuation of rental residential units and nonresidential development is based on the projected net operating income for each use type, using standard assumptions regarding rental rates, occupancy, operating expenses, and cap rates. Rental rate assumptions are based on BAE market research, including review of data from CoStar and other published sources, recent BAE experience with development projects in Menlo Park, and interviews with real estate professionals with expertise in each use type.

For each nonresidential and rental residential development type, the current average rental rate used to estimate the assessed value is ten percent lower than current average rental rates, but within the range that developers would be likely to require in order to undertake development projects. Because the valuation is meant to capture the market trends necessary to support new development, which would drive the initial assessed property value after development, the rental rate assumptions used in this analysis may be slightly higher than would be expected based on averages during the past seven to ten years. Nonetheless, these assumptions likely represent a slight underestimate of current property values in Silicon Valley, which are high at present due to current strong market conditions. Overall, these assumptions provide a conservative estimate that accounts for potential market variation over the 24-year time horizon for the FIA.

The FIA assumes that a portion of new rental units will be affordable to moderate- and lower-income households. Among units that are not owned by nonprofit affordable housing operators, the FIA assumes that 15 percent will be affordable to very low-, low-, or moderate-income households. This assumption may overstate the share of affordable units among those not owned by nonprofit affordable housing operators, and therefore leads to a more conservative analysis for the total increase in assessed value from the Project or alternatives. These affordable units would likely consist largely of affordable units incorporated into market-rate developments pursuant to the State Density Bonus Law or into mixed-use market-rate developments to satisfy the City of Menlo Park's Below Market Rate Housing requirements for commercial development. To a lesser extent, some of these units may be affordable due to small unit sizes or other unit-specific features.

All capitalization rate assumptions are based on published sources and prior BAE research.[10] This analysis relies on conservative cap rate assumptions that may understate the current value of both residential and non-residential use types in order to account for potential market variation over the long-term planning horizon for the Project.

The assumed valuation of Facebook employee housing units is equal to 65 percent of the value of standard market-rate units. The employee housing units would likely lead to a smaller increase in assessed value than standard rental units in part because the employee housing would be developed on property that Facebook already owns. This analysis assumes that Facebook will retain ownership of this property and any employee housing that is developed on the property over the long term, and therefore development of any employee units would not have an impact on the assessed value of the underlying land during the Project planning horizon. In addition, dormitory-style employee housing may potentially be valued lower than standard rental units due to the product type itself, depending on the particular features of the development. Since the specific characteristics of these units are not known as of the writing of this report, the FIA conservatively assumes a lower value for dormitory-style units as compared to standard rental units.

The projected valuation of market-rate for sale condominiums is based on the median sale price for recently-constructed (built in 2010 or later) condominiums sold in Redwood City, Palo Alto, Menlo Park, and Mountain View between January and November 2015, according to data

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[10] A capitalization rate is defined as the net operating income that a property generates divided by the sale price or estimated value of the property. Capitalization rates are a common metric used to estimate the value of properties based on net operating income, and vary by land use type, location, and other property-specific characteristics.

from Redfin. Because the Project is a longer-term plan, the median sale price used in the FIA is 10 percent lower than the median sale price shown in the data to account for potential fluctuations in the market over time.

The FIA assumes that 15 percent of all for sale residential units (206 units) would be offered for below market rates (BMR units) in accordance with the City's Below Market Rate Housing program. The City's BMR Housing Program stipulates that BMR for-sale condominiums are assumed to be restricted to remain affordable to households earning 110 percent of the median household income. These units are valued based on the maximum affordable sale price for a household earning 110 percent of the median income for a four-person household in San Mateo County, assuming that mortgage payments, property taxes, insurance, and homeowner association fees do not exceed 30 percent of household income, pursuant to the provisions of the City's existing BMR Housing program.

Table 13: Assessed Value Assumptions, Nonresidential and Rental Residential Uses, Menlo Park, 2015

Office	
NNN Rent (per sq. ft. per year) (a)	$55
Vacancy Rate (b)	5%
NOI (per sq. ft.) (c)	$52
Capitalization Rate (d)	6.00%
Estimated Value (per sq. ft.) (e)	**$871**

Life Sciences	
NNN Rent (per sq. ft. per year) (a)	$55
Vacancy Rate (b)	5%
NOI (per sq. ft.) (c)	$52
Capitalization Rate (d)	6.00%
Estimated Value (per sq. ft.) (e)	**$871**

Commercial	
NNN Rent (per sq. ft. per year) (a)	$30
Vacancy Rate (b)	5%
NOI (per sq. ft.) (c)	$29
Capitalization Rate (d)	5.75%
Estimated Value (per sq. ft.) (e)	**$496**

Hotel	
Average RevPar (f)	$200
Other revenue as a % of total revenue (g)	20%
Gross Revenue per occupied room night	$250
Occupancy Rate (h)	72%
Expenses as a % of Revenue (g)	64%
NOI (per sq. ft.) (c)	$23,605
Capitalization Rate (d)	6.75%
Estimated Value (per room) (e)	**$349,699**

Rental Residential	
Standard Market-Rate Units	
Average Monthly Rent (i)	$3,800
Vacancy Rate (b)	5%
Average Annual Expenses per Unit (k)	$13,000
Capitalization Rate (d)	5.00%
NOI (per unit) (c)	$30,320
Average Capitalized Value (e)	$606,400
Privately-Owned Affordable Units (j)	
Average Monthly Rent (j)	$1,878
Vacancy Rate (b)	5%
Average Annual Expenses per Unit (k)	$13,000
Capitalization Rate (d)	5.00%
NOI (per unit) (c)	$8,409
Average Capitalized Value (e)	$168,184
Privately-Owned Affordable Units as a % of Market-Rate Units (j)	15%
Weighted Avg Value per Privately-Owned Standard Rental Unit (l)	**$540,668**
Estimated Value per Facebook Employee Housing Unit (m)	**$394,160**

Notes:
(a) Rent net of operating expenses. All figures are approximately 10 percent lower than current market rents, rounded to the nearest $5 increment, to provide a conservative estimate of assessed value.
developer
(b) Vacancy rates per standard assumptions and bank underwriting criteria.
(c) Net operating income (NOI) = annual gross income expenses and vacancy.
(d) Capitalization rates based on current market conditions. Rates are slightly higher than current rates for comparable projects to provide a conservative estimate of assessed value.
(e) Value = NOI/capitalization rate. Average value of residential rental units applies to privately-owned units only. Affordable units owned by nonprofits are exempt from property tax and therefore would have no assessed value for the purpose of calculating property tax.
(f) Average daily room rate based on STR data for hotels in the Menlo Park market area. Figure represents the October 2014-September 2015 average, discounted by 10 percent to provide a conservative estimate of assessed value.
(g) Other revenue and expenses as a % of total revenue based on STR market data.
(h) Hotel occupancy rate based on bank underwriting criteria for hotel properties.
(i) Average monthly rent based on BAE market research. Rental rate is 10 percent lower than current market rents to provide a conservative estimate of assessed value.
(j) Privately-owned affordable units could include affordable units incorporated into market-rate developments pursuant to the State Density Bonus Law, units incorporated into residential portions of mixed-use developments to satisfy Menlo Park's BMR requirements for commercial development, or units that are affordable to lower-income households due to unit size, amenities, or other unit features. Average rent assumption for these units is based on the maximum monthly rental cost for a one-bedroom BMR unit, according to the 2015 City of Menlo Park BMR Housing Program Guidelines.
(k) Average annual expenses per unit in market-rate residential developments based on BAE market research.
(l) Weighted average assuming 85 percent of standard privately-owned rental units at market rate and 15 percent of units affordable to lower-income households.
(m) Value of Facebook employee housing units is assumed to be 65 percent of the value of standard rental units because development of employee housing units will not include sale and re-assessment of land and because the dormitory-style housing product type could potentially have a lower market value than standard rental units.
Sources: CoStar, 2015; STR, 2015; BAE, 2016.

Based on the assumptions shown in Table 12, Table 13 and Table 14, the projected increase in assessed value associated with the Project would total $6.51 billion at buildout, as shown in Table 14. The projected increase in assessed value would total $5.52 billion from the Reduced Non-Residential Intensity Alternative and $5.38 billion from the Reduced Intensity Alternative. The projected increase in assessed values associated with buildout of the remaining development potential under the existing General Plan totals $2.06 billion, which is included in the total increase in assessed values associated with the Project and alternatives.

The assessed values shown in Table 14 assume that in addition to any affordable units owned by for-profit entities (e.g., affordable units in mixed-income projects), 15 percent of all new rental units are affordable units owned and operated by nonprofit entities, and therefore are not subject to property tax. However, the total estimated assessed value for residential units could reflect a range of possible scenarios related to affordable housing, including a larger number of nonprofit-owned affordable units and fewer privately-owned affordable units. Overall, these assumptions lead to a conservative estimate of the increase in assessed value from the Project and Alternatives by assuming that a sizable share of new residential units will be affordable to lower-income households and therefore have lower assessed values than market-rate units.

The net increase in assessed value for the Project and each of the Alternatives could differ from the amounts shown if market fluctuations lead to significantly different sale prices or rental rates. These figures provide the basis for calculating the projected increase in property tax revenues resulting from the Project.

Since the tenants that would occupy new development resulting from the Project or alternatives are not known at this time, the assessed values shown in Table 14 do not include the value of items that would be subject to personal property tax, which would vary substantially in value depending on the specific tenants. The exclusion of items subject to personal property tax leads to a more conservative analysis because the inclusion of the value of personal property would increase the assessed value and property tax revenues associated with the Project and alternatives.

Table 14: Projected Increase in Assessed Property Values at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Increase in Property Value	**$ 2,058,652,500**	**$ 4,455,727,500**	**$ 6,514,380,000**
Office	$ 806,490,000	$ 609,000,000	$ 1,415,490,000
Life Sciences	$ 609,000,000	$ 1,218,000,000	$ 1,827,000,000
Commercial	$ 44,000,000	$ 100,000,000	$ 144,000,000
Hotel	$ -	$ 140,000,000	$ 140,000,000
Residential	$ 599,162,500	$ 2,388,727,500	$ 2,987,890,000
Condominiums	$ 254,275,000	$ 762,825,000	$ 1,017,100,000
Rental Units	$ 344,887,500	$ 1,034,662,500	$ 1,379,550,000
Facebook Employee Housing Units	$ -	$ 591,240,000	$ 591,240,000
Reduced Non-Residential Intensity Alternative			
Net Increase in Property Value	**$ 2,058,652,500**	**$ 3,464,118,804**	**$ 5,522,771,304**
Office	$ 806,490,000	$ 317,739,130	$ 1,124,229,130
Life Sciences	$ 609,000,000	$ 635,478,261	$ 1,244,478,261
Commercial	$ 44,000,000	$ 52,173,913	$ 96,173,913
Hotel	$ -	$ 70,000,000	$ 70,000,000
Residential	$ 599,162,500	$ 2,388,727,500	$ 2,987,890,000
Condominiums	$ 254,275,000	$ 762,825,000	$ 1,017,100,000
Rental Units	$ 344,887,500	$ 1,034,662,500	$ 1,379,550,000
Facebook Employee Housing Units	$ -	$ 591,240,000	$ 591,240,000
Reduced Intensity Alternative			
Net Increase in Property Value	**$ 2,058,652,500**	**$ 3,320,571,348**	**$ 5,379,223,848**
Office	$ 806,490,000	$ 450,130,435	$ 1,256,620,435
Life Sciences	$ 609,000,000	$ 900,260,870	$ 1,509,260,870
Commercial	$ 44,000,000	$ 73,913,043	$ 117,913,043
Hotel	$ -	$ 105,000,000	$ 105,000,000
Residential	$ 599,162,500	$ 1,791,267,000	$ 2,390,429,500
Condominiums	$ 254,275,000	$ 571,610,200	$ 825,885,200
Rental Units	$ 344,887,500	$ 776,226,800	$ 1,121,114,300
Facebook Employee Housing Units	$ -	$443,430,000	$ 443,430,000

Assumptions (c)	
Average Assessed Improvement Value per Square Foot of Office	$870
Average Assessed Improvement Value per Square Foot of Life Sciences	$870
Average Assessed Improvement Value per Square Foot of Commercial	$500
Average Assessed Improvement Value per Hotel Room	$350,000
Average Assessed Improvement Value per Residential Unit	
Condominium	$1,120,000
BMR Condominium	$434,000
Rental Unit	$541,000
Facebook Employee Housing	$394,160
BMR Share of Condominiums (d)	15%
Nonprofit-Owned Affordable Rental Units as a Share of Total Rental Units (e)	15%

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Assessed value assumptions for nonresidential and rental residential uses per calculations in Table 11. Market rate condominium assessed value assumptions based on 2015 home sale prices in Menlo Park and the surrounding market area. BMR Condominium sale price based on the maximum affordable sale price for a household earning 110% of AMI for a four-person household in San Mateo County.
(d) Per City of Menlo Park BMR program requirements.
(e) Estimated share of total rental unit buildout that could consist of affordable rental units owned by nonprofits, which would be exempt for property tax. This analysis reduces the total assessed value of new residential rental units by this proportion to account for affordable units that would be exempt from property tax.
Source: BAE, 2016.

Based on the City's share of property tax revenues as shown in Table 12, the City would receive approximately $5.9 million in annual property tax revenues from the Project at build out, as shown in Table 15. The Reduced Non-Residential Intensity Alternative would result in approximately $5.0 million in annual property taxes to the City, and the Reduced Intensity Alternative would result in approximately $4.9 million in annual property taxes to the City. Buildout of the remaining development potential under the existing General Plan would account for $1.9 million of the total property tax revenues in the Project and alternatives.

Table 15: Projected Increase in Annual Property Tax Revenues to the City of Menlo Park General Fund at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
City of Menlo Park Property Tax Revenue	**$1,869,800**	**$4,047,000**	**$5,916,800**
Net Change in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
1% Property Tax Base	$20,586,525	$44,557,275	$65,143,800
Reduced Non-Residential Intensity Alternative			
City of Menlo Park Property Tax Revenue	**$1,869,800**	**$3,146,300**	**$5,016,100**
Net Change in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
1% Property Tax Base	$20,586,525	$34,641,188	$55,227,713
Reduced Intensity Alternative			
City of Menlo Park Property Tax Revenue	**$1,869,800**	**$3,016,000**	**$4,885,800**
Net Change in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
1% Property Tax Base	$20,586,525	$33,205,713	$53,792,238
Assumptions			
Menlo Park Share of 1% Property Tax Base			9.1%

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Sources: San Mateo County Assessor's Office, 2015; BAE, 2016.

The figures in Table 15 are reasonable estimates based on real estate market trends and the anticipated type and location of future new development, and could vary from the actual revenues that the Project, Reduced Non-Residential Intensity Alternative, and Reduced Intensity Alternative would generate. Due to the conceptual nature of the Project and alternatives, several factors will impact the actual future increases in property tax revenues to the City, including but not limited to: changes in rents, vacancy rates, home sale prices, and/or capitalization rates; the share of new units that are affordable to lower-income households; the share of new units that are owned and operated by nonprofit entities; and the City's share of property taxes in the TRAs where new development occurs.

Property Tax In-Lieu of Vehicle License Fee Revenues

Beginning in FY2005-2006, 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 FY2004-2005. As a result of the complicated 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 what is known as property tax in-lieu of vehicle license fees (ILVLF). This State-funded revenue source is tied to a city's total assessed valuation. In FY2005-2006, former VLF revenues were swapped for ILVLF revenues, which set the 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.

In order to calculate the incremental increase in ILVLF revenues that would result from the Project, the analysis first determines the total assessed value within the City, and the City's current ILVLF revenues. The analysis then determines the percentage by which the Project would increase the City's assessed valuation, and applies the percentage increase to the current ILVLF revenues in order to determine the incremental amount of ILVLF attributable to the Project.

The Project would generate a 49 percent increase in the City's total assessed value. Applied to the ILVLF payment for FY 2015-2016, this would result in Project-generated ILVLF revenues of approximately $1.6 million per year. The Reduced Non-Residential Intensity Alternative would result in $1.3 million in ILVLF revenues to the City per year and the Reduced Intensity Alternative would also result in $1.3 million in ILVLF revenues to the City per year. Buildout of the remaining development potential under the existing General Plan would generate an estimated $494,200 of the ILVLF revenue in the Project and alternatives. Table 16 shows the projected ILVLF revenues from the Project based on the current allocation formula.

Table 16: Projected Increase in Property Tax In Lieu of VLF Revenues at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
ILVLF Revenue to City of Menlo Park (c)	**$494,200**	**$1,069,500**	**$1,563,700**
Projected Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Percent Increase in Total Menlo Park Assessed Value	15.3%	33.2%	48.5%
Reduced Non-Residential Intensity Alternative			
ILVLF Revenue to City of Menlo Park (c)	**$494,200**	**$831,500**	**$1,325,700**
Projected Net Increase in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
Percent Increase in Total Menlo Park Assessed Value	15.3%	25.8%	41.2%
Reduced Intensity Alternative			
ILVLF Revenue to City of Menlo Park (c)	**$494,200**	**$797,000**	**$1,291,200**
Projected Net Increase in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
Percent Increase in Total Menlo Park Assessed Value	15.3%	24.7%	40.1%
Assumptions			
Total Assessed Value in Menlo Park, FY 15-16			$13,420,964,589
ILVLF Payment FY 15-16			$3,221,593

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Percent increase in total Citywide assessed value multiplied by the 2015-16 payment.
Sources: City of Menlo Park, BAE; 2016.

Transient Occupancy Taxes (TOT)

The City collects Transient Occupancy Taxes (TOT), or lodging “room taxes”, when visitors stay in local hotels. The Project includes 400 hotel rooms, which would generate new TOT revenues for the City’s General Fund. The City’s current TOT rate is 12 percent, applicable to all room and parking revenues.

BAE used data from STR to estimate hotel room revenues that would be subject to TOT. The hotel market data used for this FIA is based on actual room and occupancy rates for 12 upscale and upper upscale Silicon Valley hotels with 150 to 248 rooms. The hotels included in the STR sample are shown in Table 17.

Table 17: Comparable Hotels in Menlo Park Market Area, 2015

Hotel Name, City (a)	Affiliation Date (b)	Number of Rooms
Hilton Garden Inn, Cupertino	1998	164
Juniper Hotel, Cupertino	2015	224
Hilton Garden Inn, Mountain View	1999	160
Westin, Palo Alto	2000	184
Crowne Plaza, Palo Alto	1998	195
Joie De Vivre Avatar, Santa Clara	2010	168
Plaza Suites, Santa Clara	2001	219
Hyatt House, Santa Clara	2012	150
Joie De Vivre Wild Palms, Sunnyvale	2000	204
Sheraton, Sunnyvale	1999	173
Residence Inn I, Sunnyvale	1985	248
Residence Inn II, Sunnyvale	1983	231
Total		**2,320**

Notes:
(a) List includes comparable upscale and upper upscale hotels with 150-250 rooms in Cupertino, Mountain View, Palo Alto, Santa Clara and Sunnyvale.
(b) Affiliation date refers to the date when the property began operating under its current brand.
Source: Smith Travel Research, 2015; BAE, 2015.

The hotel trend data that the FIA uses to estimate future TOT revenues cover the period from October 2008 through September 2015, and therefore include data on trends during the recent recession and subsequent economic recovery, demonstrating a range of potential outcomes based on varying market conditions. Between 2008 and 2015, annual occupancy at the hotels in the sample ranged from 62 to 83 percent. As shown, 2008-2009 was the low-revenue year, with revenue per available room (RevPAR) of $96 per night. By comparison, 2014-2015 is the high-revenue year, with RevPAR of $182 per night. During this entire seven-year period, the average daily rate was $178 and occupancy averaged 78 percent for the hotels in the sample.

Table 18: Hotel Occupancy and Room Rate Trends, Menlo Park Market Area, 2008-2015

		Average Daily Rate		RevPar (b)
Time Period	Occupancy	Nominal $	2015 $ (a)	2015$
Oct 2008-Sept 2009	62.9%	$132.87	$153.25	$96.38
Oct 2009-Sept 2010	75.6%	$131.04	$149.10	$112.67
Oct 2010-Sept 2011	77.0%	$148.92	$165.15	$127.21
Oct 2011-Sept 2012	81.2%	$160.85	$173.71	$141.09
Oct 2012-Sept 2013	81.9%	$176.32	$186.25	$152.56
Oct 2013-Sept 2014	82.8%	$195.57	$200.87	$166.33
Oct 2014-Sept 2015	82.0%	$221.78	$221.78	$181.83
Low	62.9%		$149.10	$96.38
High	82.8%		$221.78	$181.83
Average	77.6%		$178.59	$139.72

Notes:
(a) Figures have been adjusted to 2015 dollars based on Bay Area CPI for All Urban Consumers.
(b) Revenue per available room (RevPAR) is calculated by multiplying the average daily rate by the average occupancy. This figure represents average daily revenue for all rooms in the sample after accounting for vacancy.
Source: Smith Travel Research, 2015; BAE, 2016.

Table 19 shows the estimated TOT that the Project would generate for the City of Menlo Park. As shown, the Project is estimated to generate between $1.7 million and $3.2 million per year in TOT revenue to the City of Menlo Park. The low end of this range is based on the low annual average room rate and occupancy levels shown in Table 18, while the high end of the range is based on the high annual averages. Annual TOT revenues would range from $844,300 and $1.6 million under the Reduced Non-Residential Intensity Alternative and from $1.3 million and $2.4 million under the Reduced Intensity Alternative. Actual TOT revenues would likely fall somewhere within these ranges for each development scenario.

Since the FIA assumes that buildout of the remaining development potential under the existing General Plan would not generate a net increase in hotel rooms, all of the TOT revenue from the Project and Alternatives would result from the proposed changes in the M-2 Area. As described above, this is a conservative assumption, since the remaining existing General Plan development potential could allow for a net increase in hotel rooms that is not included in the development program used in the FIA.

To calculate net fiscal impacts from the Project in subsequent sections of this report, the FIA assumes that TOT revenues will average $2.4 million at buildout, which reflects the estimated revenues based on the 2008-2015 average room and occupancy rates shown in Table 18. Similarly, the FIA uses the average values to estimate the TOT revenues that would be generated by both alternatives. Because these averages include data from recession years as well as from economic boom years, this assumption accounts for potential shifts in hotel market trends over the long-term planning horizon for the Project.

Table 19: Projected Annual Transient Occupancy Tax Revenues to Menlo Park at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Estimated Increase in TOT Revenues			
Average	$0	$2,448,000	$2,448,000
Low Estimate	$0	$1,688,600	$1,688,600
High Estimate	$0	$3,185,700	$3,185,700
Annual Hotel Revenues Subject to TOT			
Average	$0	$20,399,761	$20,399,761
Low Estimate	$0	$14,071,704	$14,071,704
High Estimate	$0	$26,547,306	$26,547,306
Hotel Rooms	0	400	400
Reduced Non-Residential Intensity Alternative			
Estimated Increase in TOT Revenues			
Average	$0	$1,224,000	$1,224,000
Low Estimate	$0	$844,300	$844,300
High Estimate	$0	$1,592,800	$1,592,800
Annual Hotel Revenues Subject to TOT			
Average	$0	$10,199,881	$10,199,881
Low Estimate	$0	$7,035,852	$7,035,852
High Estimate	$0	$13,273,653	$13,273,653
Hotel Rooms	0	200	200
Reduced Intensity Alternative			
Estimated Increase in TOT Revenues			
Average	$0	$1,836,000	$1,836,000
Low Estimate	$0	$1,266,500	$1,266,500
High Estimate	$0	$2,389,300	$2,389,300
Annual Hotel Revenues Subject to TOT			
Average	$0	$15,299,821	$15,299,821
Low Estimate	$0	$10,553,778	$10,553,778
High Estimate	$0	$19,910,480	$19,910,480
Hotel Rooms	0	300	300
Assumptions			
RevPAR (c)			
Average			$139.72
Low Estimate			$96.38
High Estimate			$181.83
City of Menlo Park TOT Rate			12%

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) RevPAR based on STR research of 12 150- to 250-room upscale and upper upscale hotel properties in the market area for the years 2009 to 2015.
Source: City of Menlo Park, 2015; Smith Travel Research, 2015; BAE, 2016.

Utility User Tax

The City currently collects a Utility User Tax (UUT) at a rate of one percent, assessed on gas, electric, water, wireless, cable, and telephone bills. For business entities with more than $1.2 million in annual combined electric, gas and water bills, the City Council has established a maximum combined electric, gas, and water UUT payment of $12,000 (i.e., one percent of $1.2 million) per year. The cap applies separately to each location that a particular entity operates, meaning that a business with multiple locations in Menlo Park could pay $12,000 per year in electric, gas, and water UUT for each location in the City that generates at least $1.2 million in combined electric, gas, and water utility expenditures., Utility service users may combine all gas, water, and electric billings from a contiguous location for the purposes of calculating the maximum tax amount.

Table 20 shows estimated utility expenditures per resident and per employee that are subject to UUT, based on total estimated revenues in the 2015-2016 fiscal year. These figures are based on actual revenues collected rather than estimated utility expenditures, and therefore account for the impact of the UUT cap on electric, gas, and water expenditures. UUT revenues were split between residential and commercial users based on information provided by utility service providers for the 2011-2012 fiscal year, the most recent year for which these estimates are available.

Table 20: Per Capita and Per Employee Utility User Tax Revenues, FY 2015-16

	Estimated Revenues, FY 2015-16		
Citywide Revenues	**Total**	**Residential** (b)	**Commercial** (b)
Water, Gas, and Electric User Tax Revenues (a)			
Electric	$473,339	$117,988	$355,351
Gas	$118,335	$72,316	$46,018
Water	$139,294	$100,062	$39,232
Total Water, Gas, and Electric User Tax Revenues	$730,968	$290,366	$440,601
Est. Annual Water, Gas, & Electric Expenditures in Residential Subject to UUT, per Resident			$873
Est. Annual Water, Gas, & Electric Expenditures in Non-Residential Subject to UUT, per Employee			$1,396
Other Utility Tax Revenues			
Telecommunications	$143,909	$57,166	$86,743
Wireless	$215,929	$85,775	$130,155
Cable	$92,541	$83,287	$9,254
Total Other Utility Tax Revenues	$452,379	$226,228	$226,152
Est. Annual Other Utility Expenditures in Residential, per Resident			$680
Est. Annual Other Utility Expenditures in Non-Residential, per Employee			$717
Utility Tax Rate	1.0%		

Note:
(a) The City of Menlo Park caps the combined total of electric, gas, and water expenditures that are subject to UUT at $1,200,000 per year per address ($12,000 in UUT revenue); other utility taxes are based on 1% of expenditures (no cap).
(b) Split between residential and commercial use is based on split in the 2011-2012 fiscal year, the most recent year for which this information is available.
Sources: City of Menlo Park, 2011; BAE, 2015.

As shown in Table 21, based on typical utility usage, the Project would result in a net increase in annual City UUT revenues of approximately $428,900 at buildout. UUT revenues from the Reduced Non-Residential Intensity Alternative and the Reduced Intensity Alternative would total approximately $370,800 and $354,900 per year, respectively. Of the total increase in UUT from the Project and alternatives, buildout of the remaining development potential under the existing General Plan would generate an estimated $133,000. Since the figures in Table 21 are based on the average taxable UUT expenditures shown in Table 20, these estimates account for the impact of the UUT cap on electric, gas, and water expenditures.

Table 21: Projected Increase in Annual Utility User Tax Revenues to the City of Menlo Park at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Projected Total Utility User Tax Revenues	**$133,000**	**$295,900**	**$428,900**
Projected New Gas, Electric, and Water Expenditures	$8,395,800	$17,777,200	$26,173,000
New Other Utility Expenditures	$4,907,900	$11,808,800	$16,716,700
Total Expenditures Subject to Utility User Tax (c)	$13,303,700	$29,586,000	$42,889,700
Net New Residents	2,580	11,570	14,150
Net New Employees	4,400	5,500	9,900
Reduced Non-Residential Intensity Alternative			
Projected Total Utility User Tax Revenues	**$133,000**	**$237,800**	**$370,800**
Projected New Gas, Electric, and Water Expenditures	$8,395,800	$13,937,100	$22,332,900
New Other Utility Expenditures	$4,907,900	$9,837,700	$14,745,600
Total Expenditures Subject to Utility User Tax (c)	$13,303,700	$23,774,800	$37,078,500
Net New Residents	2,580	11,570	14,150
Net New Employees	4,400	2,750	7,150
Reduced Intensity Alternative			
Projected Total Utility User Tax Revenues	**$133,000**	**$221,900**	**$354,900**
Projected New Gas, Electric, and Water Expenditures	$8,395,800	$13,333,400	$21,729,200
New Other Utility Expenditures	$4,907,900	$8,857,000	$13,764,900
Total Expenditures Subject to Utility User Tax (c)	$13,303,700	$22,190,400	$35,494,100
Net New Residents	2,580	8,678	11,258
Net New Employees	4,400	4,125	8,525

Notes:
All figures are in net constant 2015 dollars.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) The City of Menlo Park caps the combined total of electric, gas, and water expenditures that are are subject to UUT at $1,200,000 per year per address ($12,000 in UUT revenue); other utility taxes are based on 1% of expenditures (no cap).
Sources: City of Menlo Park, 2012 & 2015; BAE, 2016.

Other Revenues

<u>*Charges for Service, Franchise Fees, and Fines*</u>
The City generates approximately 17 percent of General Fund revenues from charges for service, four percent of General Fund revenues from franchise fees[11] and two percent of General Fund revenues from fines. Each of these revenues tend to increase as the City's service population grows. The City collects charges for service to recover some or all of the costs associated with providing certain City services. Examples of charges for service include fees that the Community Services Department charges for certain recreation classes and planning fees paid by developers to cover the cost for processing of development applications. 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 can be expected to increase as the residential and employment base of the City grows.

According to the FY2015-2016 budget, the City anticipates receiving approximately $256 per person in the service population in charges for service, fines, and franchise fee revenues. The Project would be expected to generate new service population based on the calculations set forth in Table 3. Assuming a commensurate increase in the amount of charges for service, franchise fees, and fines collected each year, the Project would generate additional fines and franchise fees revenues of $4.5 million annually, as shown in Table 22 (see Table C-2 for detailed calculations). The Reduced Non-Residential Intensity Alternative would generate $4.2 million annually from these revenue sources, while the Reduced Intensity Alternative would generate $3.6 million annually. An estimated $1.0 million in charges for service, fines, and franchise fee revenues from the Project and alternatives would result from buildout of the remaining development potential from the existing General Plan.

<u>*Property Transfer Tax Revenues*</u>
When a property changes ownership, the City collects property transfer taxes. These taxes total $1.10 per $1,000 of assessed value, which is split evenly between the City and County. This analysis assumes that residential property changes ownership every 11 years, or turns over at an annual rate of nine percent, while commercial property changes ownership every 15 years, or turns over at an annual rate of seven percent. Table 22 shows the projected property transfer tax revenues from the proposed Project on a stabilized basis after buildout (see Table C-2 for detailed calculations). As shown, the City would receive approximately $230,800 in average annual property transfer tax revenues on an ongoing basis from the Project. Annual property transfer tax revenues to the City would total approximately $194,400 from the Reduced Non-Residential Intensity Alternative or $192,000 from the Reduced Intensity Alternative. Of the total property transfer tax in the Project and alternatives, an estimated

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[11] Franchise fees or local access fees are paid by utilities to local governments in exchange for the right to provide service within a community. PG&E is the largest payer of franchise fees in the City.

$78,900 would result from buildout of the remaining development potential under the existing General Plan.

Business License Revenues
Business license fees are charged to businesses operating in the City at varying rates based on business types. The City charges administrative offices based on the number of employees at the business, with fees ranging from $50 per year for businesses with five employees or less to $1,250 per year for businesses with over 200 employees. Most businesses, including retail outlets, 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.

The FIA uses two different methods to estimate business license fee revenue to the City of Menlo Park. For retail businesses and hotels, the FIA estimates gross receipts and derives the business license fee revenue based on the City of Menlo Park's fee schedule. For office and life sciences businesses, the City of Menlo Park provided BAE with the total business license revenue generated in the 2015/16 fiscal year by businesses in the office buildings shown in Table 7 and the life sciences buildings shown in Table 8. BAE used these data to calculate the average business license fee revenue per 1,000 square feet of each use, and applied this average to the new square footage that would be included in the Project, Reduced Non-Residential Project Alternative, and Reduced Project Alternative.

As shown in Table 22, the Project is projected to generate $248,800 per year in additional business license fee revenue to the City (see Table C-2 for detailed calculations). The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would generate $182,400 and $214,100 per year in additional business license fee revenue to the City, respectively. An estimated $111,600 in business license fee revenues from the Project and alternatives would result from buildout of the remaining development potential from the existing General Plan.

Table 22: Other Projected Annually Recurring Revenues to the City of Menlo Park General Fund at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Other Revenue	**$1,224,800**	**$3,715,100**	**$4,939,900**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	$1,034,300	$3,426,000	$4,460,300
New Property Transfer Tax Revenues (d)	$78,900	$151,900	$230,800
Net New Business License Fee Revenue	$111,600	$137,200	$248,800
Reduced Non-Residential Intensity Alternative			
Total Other Revenue	**$1,224,800**	**$3,378,000**	**$4,602,800**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	$1,034,300	$3,191,700	$4,226,000
New Property Transfer Tax Revenues	$78,900	$115,500	$194,400
Net New Business License Fee Revenue	$111,600	$70,800	$182,400
Reduced Intensity Alternative			
Total Other Revenue	**$1,224,800**	**$2,785,200**	**$4,010,000**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	$1,034,300	$2,569,600	$3,603,900
New Property Transfer Tax Revenues	$78,900	$113,100	$192,000
Net New Business License Fee Revenue	$111,600	$102,500	$214,100
Assumptions			**FY 2015-16**
Franchise Fees, Fines, Forfeitures & Charges for Service			
Franchise Fees			$1,940,013
Fines and Forfeitures			$1,067,643
Charges for Service			$8,185,335
Total Franchise Fee, Fines, Forfeiture, and Charges for Service Revenues			$11,192,991
2015 Citywide Service Population (c)			43,790
Revenue Per Service Population			**$255.60**
Property Transfer Tax			
Transfer Tax Rate per $1 Assessed Value:			$0.00055
Holding Period for Residential (Years)			11
Holding Period for Non-Residential (Years)			15
Business License Fees			
Avg. Business License Fee Revenue per 1,000 SF of Office (e)			$82
Avg. Business License Fee Revenue per 1,000 SF of Life Sciences (f)			$31
Avg. Sq. Ft. per Retail Business			5,000
Estimated Retail Sales per Sq. Ft.			$350
Estimated Annual Gross Reciepts per Retail Business			$1,750,000
Estimated Business License Fee Revenue per Hotel			$750
Avg. # of rooms per hotel			200
Average RevPAR (per night) (g)			$140
Estimated Annual Gross Reciepts per Hotel			$10,199,881
Estimated Business License Fee Revenue per Hotel			$3,000

Notes:
See Appendix C for detailed calculation tables.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus one third of all employment.
(d) Transfer tax revenues assume development of 1,500 units of Facebook employee housing, and that Facebook will retain ownership of these units throughout the planning period.
(e) Average across office buildings shown in Table 7. 2015/16 revenues from City of Menlo Park.
(f) Average across life sciences buildings shown in Table 8. 2015/16 revenues from City of Menlo Park.
(g) RevPAR is based on STR research of twelve comparable properties in the market area, 2009-2015.
Sources: City of Menlo Park, 2016; STR, 2015; BAE, 2016.

Summary of Annually Recurring Revenues

Based on the revenues discussed in this section, Table 23 shows that the Project would generate approximately $19.9 million annually in new revenues for the City's General Fund. Of this total, $5.2 million would be from buildout of the remaining development potential under the existing General Plan and $14.7 million would be from the M-2 Area changes that are proposed as part of the Project. The Reduced Non-Residential Intensity Alternative would generate $16.3 million annually in City General Fund revenues, including $5.2 million from buildout of the remaining development potential under the existing General Plan. The Reduced Intensity Alternative would generate $16.2 million annually in City General Fund revenues, including $5.2 million from buildout of the remaining development potential under the existing General Plan. The actual amount generated by the Project and alternatives would depend on a number of factors, including hotel room and occupancy rates, the extent to which projects developed pursuant to the Project generate business-to-business sales tax revenues, and extent to which new employees make taxable purchases in the City.

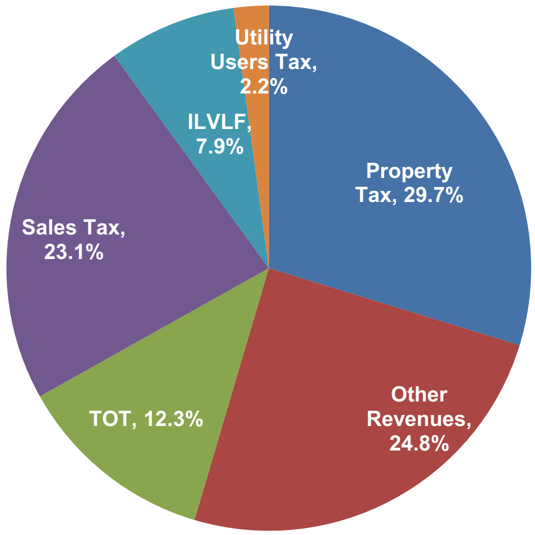
Table 23: Summary of Annually Recurring General Fund Revenues to the City of Menlo Park at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Revenues	**$5,216,800**	**$14,676,700**	**$19,893,500**
Sales Tax	$1,495,000	$3,101,200	$4,596,200
Property Tax	$1,869,800	$4,047,000	$5,916,800
ILVLF	$494,200	$1,069,500	$1,563,700
TOT	$0	$2,448,000	$2,448,000
Utility Users Tax	$133,000	$295,900	$428,900
Other Revenues	$1,224,800	$3,715,100	$4,939,900
Reduced Non-Residential Intensity Alternative			
Total Revenues	**$5,216,800**	**$11,045,900**	**$16,262,700**
Sales Tax	$1,495,000	$2,228,300	$3,723,300
Property Tax	$1,869,800	$3,146,300	$5,016,100
ILVLF	$494,200	$831,500	$1,325,700
TOT	$0	$1,224,000	$1,224,000
Utility Users Tax	$133,000	$237,800	$370,800
Other Revenues	$1,224,800	$3,378,000	$4,602,800
Reduced Intensity Alternative			
Total Revenues	**$5,216,800**	**$10,964,300**	**$16,181,100**
Sales Tax	$1,495,000	$2,308,200	$3,803,200
Property Tax	$1,869,800	$3,016,000	$4,885,800
ILVLF	$494,200	$797,000	$1,291,200
TOT	$0	$1,836,000	$1,836,000
Utility Users Tax	$133,000	$221,900	$354,900
Other Revenues	$1,224,800	$2,785,200	$4,010,000

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Source: BAE, 2016.

Figure 1 shows the relative share of annual revenues generated by the Project from each of the categories in Table 23.

Figure 1: Distribution of Added Annual City General Fund Revenues from Project at Build Out



Source: BAE, 2016.

One-Time/Non-Recurring Revenues

In addition to recurring revenues, there are certain revenues that occur only when property is developed or substantially renovated. The following section discusses these revenue sources. These revenues are relatively small over the long term in comparison to recurring revenues, or in the case of development impact fees, are charged to offset the anticipated impacts of new development, including increased traffic and demands on sewer, water, and other infrastructure systems.

Impact Fees and Capital Facilities Charges

The City and some special districts collect impact fees and capital facilities charges for public services such as water, sewer, traffic mitigation, below market rate housing, and schools. These impact fees are established pursuant to State law, and represent a one-time revenue source from the Project and are intended to offset impacts to infrastructure systems that are generated by new development. Based on impact fee rates as of 2015, the Project (including buildout of the remaining development potential from the existing General Plan and the M-2 Area changes proposed as part of the Project) would generate a total of $187.4 million in impact fees and capital facilities charges to the City of Menlo Park, as shown in Table 24. Impact fees paid to the individual school districts would range between $404,900 and $11.2 million.

Each of the alternatives would include a smaller amount of development, and therefore would generate less impact fee revenue than the Project. The Reduced Non-Residential Intensity Alternative would generate $162.0 million in impact fee revenue to the City and $404,900 to $10.9 million in impact fee revenue to each of the school districts that serve Menlo Park, as shown in Table 25. As shown in Table 26, the Reduced Intensity Alternative would result in $153.8 million in impact fee revenue to the City and $404,900 to $9.0 million in impact fee revenue to each of the school districts.

It should be noted that the revenues shown below are an estimate based on current impact fee schedules. Impact fees are adjusted periodically, and the Project calls for an update to the City's impact fees. The impact fees that apply to specific future projects will be based on the fees in effect at the time building permits are issued, which may vary from the City's current fee rates.

The revenues presented in Table 24, Table 25, and Table 26 do not account for any potential waivers or reductions to impact fees which might apply to projects that provide affordable housing, subject to City action to provide such a waiver or reduction. Such waivers or reductions would decrease the impact fee revenue to the City associated with the Project.

Table 24: Impact Fees and Facilities Charges from the Project

Impact Fees and Facility Charges	Rate	Unit	Project Quantity	Project Total Fees
Storm Drainage Connection				
Commercial	$0.24	Impervious Surface sf	(a)	(a)
Transportation				
Office	$4.63	Net New sf	1,627,000	$7,533,000
R&D	$3.33	Net New sf	2,100,000	$6,993,000
Retail & Restaurant	$4.63	Net New sf	288,000	$1,333,400
Hotel	$1,833.73	Per Room	400	$733,500
Multifamily	$1,927.02	Per Unit	5,500	$10,598,600
Total				$27,191,500
BMR Housing In-Lieu Fee				
Office and R&D	$15.57	Net New sf	3,727,000	$58,029,400
Other Commercial or Industrial (b)	$8.45	Net New sf	638,000	$5,391,100
Total				$63,420,500
Recreation In-Lieu Fees (c)	$56,000	Per Unit	1,375	$77,000,000
Building Construction Street Repair Fee (d)	0.58%	Construction Value	$3,410,941,875	$19,783,500
Total City of Menlo Park Impact Fees				**$187,395,500**
Water Capital Facilities Charge (e)		Varies by meter size	(e)	(e)
Sewer Connection Fee (e)		Varies based on usage	(e)	(e)
Las Lomitas Elementary School District				
Commercial (f)	$0.32	Net New sf	114,000	$36,500
Residential (g)	$2.02	Net New sf	182,400	$368,400
Total				$404,900
Menlo Park City Elementary School District				
Commercial (f)	$0.32	Net New sf	241,000	$77,100
Residential (g)	$2.02	Net New sf	896,400	$1,810,700
Total				$1,887,800
Redwood City Elementary School District				
Commercial (f)	$0.31	Net New sf	457,779	$140,100
Residential (g)	$1.92	Net New sf	1,155,600	$2,218,800
Total				$2,358,900
Ravenswood Elementary School District				
Commercial (f)	$0.28	Net New sf	3,552,221	$1,001,700
Residential (g)	$1.78	Net New sf	4,447,200	$7,916,000
Total				$8,917,700
Sequoia Union High School District				
Commercial - in Las Lomitas or MPC ESD (f)	$0.22	Net New sf	355,000	$78,100
Residential - in Las Lomitas or MPC ESD (g)	$1.34	Net New sf	1,078,800	$1,445,600
Commercial - in Redwood City ESD (f)	$0.23	Net New sf	457,779	$107,100
Residential - in Redwood City ESD (g)	$1.44	Net New sf	1,155,600	$1,664,100
Commercial - in Ravenswood ESD (f)	$0.26	Net New sf	3,552,221	$916,500
Residential - in Ravenswood ESD (g)	$1.58	Net New sf	4,447,200	$7,026,600
Total				$11,238,000
Menlo Park Fire Protection District (h)	TBD	TBD	TBD	TBD

Notes:

(a) The storm drainage connection fee applies only when a project results in a net increase in impervious square footage. This analysis assumes that the Project will decrease the square footage of impervious surface, consistent with other recent projects in the Bayfront area, and the fee will therefore not apply.

(b) Analysis assumes two hotels in the M-2 Area with 200 rooms each, totaling 350,000 square feet, inclusive of circulation, lobby, back of house functions, an all other functions.

(c) Recreation in-lieu fee for multi-family units = 0.008 x the number of units x the land value per acre of the development generating the fee. Impact fee calculations use a $7 million per acre land value, based on BAE review of recent land sales and land appraisal reports in Menlo Park and adjacent cities. Fee is charged only on projects that include a subdivision map, and therefore would not apply to multifamily rental units included in the Project.

(d) Assumes construction value = half of assessed value, based on BAE proforma analysis for recent projects in Menlo Park.

(e) This analysis assumes that Water Facilities Charges and Sewer Connection Fees cover the cost of extending services to new development.

(f) Commercial square footage is allocated to each school district based on a parcel-by-parcel evaluation conducted with City staff, Sept. 2015

(g) This analysis assumes an average residential unit size of 1,200 square feet, inclusive of common areas and circulation. Residential units allocated to each elementary school district based on figures shown in the DEIR.

(h) The City of Menlo Park has not yet adopted a Menlo Park Fire Protection District Impact Fee.

Sources: City of Menlo Park, 2015; Sequoia Union School District, 2015; ConnectMenlo DEIR, 2016; BAE, 2016.

Table 25: Impact Fees and Facilities Charges from the Reduced Non-Residential Intensity Alternative

Impact Fees and Facility Charges	Rate	Unit	Project Quantity	Total Fees
Storm Drainage Connection				
Commercial	$0.24	Impervious Surface sf	(a)	(a)
Transportation				
Office	$4.63	Net New sf	1,292,217	$5,983,000
R&D	$3.33	Net New sf	1,430,435	$4,763,300
Retail & Restaurant	$4.63	Net New sf	192,348	$890,600
Hotel	$1,833.73	Per Room	200	$366,700
Multifamily	$1,927.02	Per Unit	5,500	$10,598,600
Total				$22,602,200
BMR Housing In-Lieu Fee				
Office and R&D	$15.57	Net New sf	2,722,652	$42,391,700
Other Commercial or Industrial (b)	$8.45	Net New sf	367,348	$3,104,100
Total				$45,495,800
Recreation In-Lieu Fees (c)	$56,000	Per Unit	1,375	$77,000,000
Building Construction Street Repair Fee (d)	0.58%	Construction Value	$2,915,137,527	$16,907,800
Total City of Menlo Park Impact Fees				**$162,005,800**
Water Capital Facilities Charge (e)		Varies by meter size	(e)	(e)
Sewer Connection Fee (e)		Varies based on usage	(e)	(e)
Las Lomitas Elementary School District				
Commercial (f)	$0.32	Net New sf	114,000	$36,500
Residential (g)	$2.02	Net New sf	182,400	$368,400
Total				$404,900
Menlo Park City Elementary School District				
Commercial (f)	$0.32	Net New sf	241,000	$77,100
Residential (g)	$2.02	Net New sf	896,400	$1,810,700
Total				$1,887,800
Redwood City Elementary School District				
Commercial (f)	$0.31	Net New sf	354,975	$108,600
Residential (g)	$1.92	Net New sf	1,155,600	$2,218,800
Total				$2,327,400
Ravenswood Elementary School District				
Commercial (f)	$0.28	Net New sf	2,380,025	$671,200
Residential (g)	$1.78	Net New sf	4,447,200	$7,916,000
Total				$8,587,200
Sequoia Union High School District				
Commercial - in Las Lomitas or MPC ESD (f)	$0.22	Net New sf	355,000	$78,100
Residential - in Las Lomitas or MPC ESD (g)	$1.34	Net New sf	1,078,800	$1,445,600
Commercial - in Redwood City ESD (f)	$0.23	Net New sf	354,975	$83,100
Residential - in Redwood City ESD (g)	$1.44	Net New sf	1,155,600	$1,664,100
Commercial - in Ravenswood ESD (f)	$0.26	Net New sf	2,380,025	$614,000
Residential - in Ravenswood ESD (g)	$1.58	Net New sf	4,447,200	$7,026,600
Total				$10,911,500
Menlo Park Fire Protection District (h)	TBD	TBD	TBD	TBD

Notes:
(a) The storm drainage connection fee applies only when a project results in a net increase in impervious square footage. This analysis assumes that the Project will decrease the square footage of impervious surface, consistent with other recent projects in the Bayfront area, and the fee will therefore not apply.
(b) Analysis assumes two hotels in the M-2 Area with 100 rooms each, totaling 175,000 square feet, inclusive of circulation, lobby, back of house functions, an all other functions.
(c) Recreation in-lieu fee for multi-family units = 0.008 x the number of units x the land value per acre of the development generating the fee. Impact fee calculations use a $7 million per acre land value, based on BAE review of recent land sales and land appraisal reports in Menlo Park and adjacent cities. Fee is charged only on projects that include a subdivision map, and therefore would not apply to multifamily rental units included in the Project.
(d) Assumes construction value = half of assessed value, based on BAE proforma analysis for recent projects in Menlo Park. (e) This analysis assumes that Water Facilities Charges and Sewer Connection Fees cover the cost of extending services to new development.
(f) Commercial square footage is allocated to each school district based on a parcel-by-parcel evaluation conducted with City staff, Sept. 2015
(g) This analysis assumes an average residential unit size of 1,200 square feet, inclusive of common areas and circulation. Residential units allocated to each elementary school district based on figures shown in the DEIR.
(h) The City of Menlo Park has not yet adopted a Menlo Park Fire Protection District Impact Fee.
Sources: City of Menlo Park, 2015; Sequoia Union School District, 2015; ConnectMenlo DEIR, 2016; BAE, 2016.

Table 26: Impact Fees and Facilities Charges from the Reduced Intensity Alternative

Impact Fees and Facility Charges	Rate	Unit	Project Quantity	Project Total Fees
Storm Drainage Connection				
Commercial	$0.24	Impervious Surface sf	(a)	(a)
Transportation				
Office	$4.63	Net New sf	1,444,391	$6,687,500
R&D	$3.33	Net New sf	1,734,783	$5,776,800
Retail & Restaurant	$4.63	Net New sf	235,826	$1,091,900
Hotel	$1,833.73	Per Room	300	$550,100
Multifamily	$1,927.02	Per Unit	4,375	$8,430,700
Total				$22,537,000
BMR Housing In-Lieu Fee				
Office and R&D	$15.57	Net New sf	3,179,174	$49,499,700
Other Commercial or Industrial (b)	$8.45	Net New sf	498,326	$4,210,900
Total				$53,710,600
Recreation In-Lieu Fees (c)	$56,000	Per Unit	1,094	$61,250,000
Building Construction Street Repair Fee (d)	0.58%	Construction Value	$2,805,065,143	$16,269,400
Total City of Menlo Park Impact Fees				**$153,767,000**
Water Capital Facilities Charge (e)		Varies by meter size	(e)	(e)
Sewer Connection Fee (e)		Varies based on usage	(e)	(e)
Las Lomitas Elementary School District				
Commercial (f)	$0.32	Net New sf	114,000	$36,500
Residential (g)	$2.02	Net New sf	182,400	$368,400
Total				$404,900
Menlo Park City Elementary School District				
Commercial (f)	$0.32	Net New sf	241,000	$77,100
Residential (g)	$2.02	Net New sf	896,400	$1,810,700
Total				$1,887,800
Redwood City Elementary School District				
Commercial (f)	$0.31	Net New sf	536,931	$164,300
Residential (g)	$1.92	Net New sf	866,700	$1,664,100
Total				$1,828,400
Ravenswood Elementary School District				
Commercial (f)	$0.28	Net New sf	3,048,069	$859,600
Residential (g)	$1.78	Net New sf	3,386,100	$6,027,300
Total				$6,886,900
Sequoia Union High School District				
Commercial - in Las Lomitas or MPC ESD (f)	$0.22	Net New sf	355,000	$78,100
Residential - in Las Lomitas or MPC ESD (g)	$1.34	Net New sf	1,078,800	$1,445,600
Commercial - in Redwood City ESD (f)	$0.23	Net New sf	536,931	$125,600
Residential - in Redwood City ESD (g)	$1.44	Net New sf	866,700	$1,248,000
Commercial - in Ravenswood ESD (f)	$0.26	Net New sf	3,048,069	$786,400
Residential - in Ravenswood ESD (g)	$1.58	Net New sf	3,386,100	$5,350,000
Total				$9,033,700
Menlo Park Fire Protection District (h)	TBD	TBD	TBD	TBD

Notes:
(a) The storm drainage connection fee applies only when a project results in a net increase in impervious square footage. This analysis assumes that the Project will decrease the square footage of impervious surface, consistent with other recent projects in the Bayfront area, and the fee will therefore not apply.
(b) Analysis assumes two hotels in the M-2 Area with 150 rooms each, totaling 262,500 square feet, inclusive of circulation, lobby, back of house functions, an all other functions.
(c) Recreation in-lieu fee for multi-family units = 0.008 x the number of units x the land value per acre of the development generating the fee. Impact fee calculations use a $7 million per acre land value, based on BAE review of recent land sales and land appraisal reports in Menlo Park and adjacent cities. Fee is charged only on projects that include a subdivision map, and therefore would not apply to multifamily rental units included in the Project.
(d) Assumes construction value = half of assessed value, based on BAE proforma analysis for recent projects in Menlo Park. (e) This analysis assumes that Water Facilities Charges and Sewer Connection Fees cover the cost of extending services to new development.
(f) Commercial square footage is allocated to each school district based on a parcel-by-parcel evaluation conducted with City staff, Sept. 2015
(g) This analysis assumes an average residential unit size of 1,200 square feet, inclusive of common areas and circulation. Residential units allocated to each elementary school district based on figures shown in the DEIR.
(h) The City of Menlo Park has not yet adopted a Menlo Park Fire Protection District Impact Fee.
Sources: City of Menlo Park, 2015; Sequoia Union School District, 2015; ConnectMenlo DEIR, 2016; BAE, 2016.

General Fund Expenditures

The City's General Fund expenditures generally increase as the City's service population increases. Based on the Menlo Park 2015/16 Budget, BAE evaluated the City's current expenditures per member of the service population by service category to estimate the increase in General Fund expenditures that would be assignable to the Project. While a number of City Departments provide services to support the overall operation of the City, not all are expected to incur additional costs as a direct result of the Project. In particular, expenditures in the City Clerk's Office, City Manager's Office, Finance Department, and Information Services were excluded from per service population calculations based on the assumption that these departments would not incur material additional costs due to the Project.

Human Resources

Costs for human resources services are expected to expand as the service population expands. For example, increases in City personnel to serve population increases will likely create the need for additional employee support.

As shown in Table 27, the City's projected 2015-2016 General Fund expenditures for the Human Resources Department average approximately $31 per member of the service population. Assuming the City's General Fund expenditures per service population unit remain at the current levels, the Project's increase in service population would generate additional annual Human Resources Department expenditures totaling approximately $546,600. Additional annual Human Resources Department Expenditures would total $517,900 from the Reduced Non-Residential Intensity Alternative and $441,700 from the Reduced Intensity Alternative. An estimated $126,800 of the increase in annual Human Resources Department expenditures from the Project and alternatives would be due to buildout of the remaining development potential from the existing General Plan.

Table 27: Projected Annual Human Resources Services Department General Fund Expenditures at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	4,047	13,403	17,450
Total New Expenditures	**$126,800**	**$419,800**	**$546,600**
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	4,047	12,487	16,533
Total New Expenditures	**$126,800**	**$391,100**	**$517,900**
Reduced Intensity Alternative			
Net New Service Population (c)	4,047	10,053	14,100
Total New Expenditures	**$126,800**	**$314,900**	**$441,700**
Baseline Assumptions			**FY 2015-16**
Total Human Resources Expenditures (d)			$1,371,783
2016 Service Population (c)			43,790
Human Resources Expenditures Per Service Population			**$31.33**

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternative
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus one third of all employees.
(d) Includes only General Fund expenditures.
Sources: City of Menlo Park Budget FY 15-16; BAE, 2015.

Community Development

The City's General Fund contribution to the Community Development Department was budgeted at $5.14 million in FY 2015-2016. Many functions performed by the Community Development Department operate on a cost-recovery basis; application fees have been structured to cover the costs of staff time required for application processing. Development associated with the Project would pay necessary application, license, and permit fees that would offset the costs of staff time dedicated to processing of development applications. These revenues are included in the charges for service calculated in Table 22 above.

Service charges and license and permit fees that the Community Development Department collects offset a large part of the City's General Fund contribution to the Community Development Department. Charges for service are accounted for in Table 22 above. Building permit revenues are subtracted from total Community Development Department expenditures in Table 28 below to determine departmental expenditures net of revenue in from building permit fees.

As shown in Table 28, the City's General Fund expenditures per service population for this department, net of building permit revenues, averages approximately $45. Assuming constant expenditures per service population member, annual Community Development Department expenditures would increase by $789,800 from the Project, $748,300 from the Reduced Non-

Residential Intensity Alternative, and $638,200 from the Reduced Intensity Alternative. Approximately $183,200 of the net increase in annual Community Development Department expenditures would be from buildout of the remaining development potential from the existing General Plan. A large share of Community Development Department costs would be recovered through application, license, and permit fees, as well as other charges for service calculated in Table 22 above, resulting in lower net departmental costs than indicated in Table 28 below.

Table 28: Projected Annual Community Development Department General Fund Expenditures at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	4,047	13,403	17,450
Total New Expenditures	**$183,200**	**$606,600**	**$789,800**
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	4,047	12,487	16,533
Total New Expenditures	**$183,200**	**$565,100**	**$748,300**
Reduced Intensity Alternative			
Net New Service Population (c)	4,047	10,053	14,100
Total New Expenditures	**$183,200**	**$455,000**	**$638,200**
Baseline Assumptions			**FY 2015-16**
Total Community Development Expenditures (d)			$5,140,492
Less: Building Permit Revenues			($3,158,503)
Expenditures Net of Building Permit Revenues			$1,981,989
2016 Service Population (c)			43,790
Community Development Expenditures Per Service Population			**$45.26**

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus one third of all employees.
(d) Includes only General Fund expenditures.
Sources: City of Menlo Park Budget FY 15-16; BAE, 2015.

Community Services

The Community Services Department operates 13 parks, two community centers, two public swimming pools, three childcare centers, one gymnasium, and one gymnastics center, in addition to providing recreational and cultural programs for children, adults, and seniors. The facilities are open to Menlo Park residents and employees as well as residents of adjacent cities. Many Community Services Department programs operate on a full or partial cost recovery basis, but many other programs generate costs to the City that are not recouped through charges for service. Staff from the Community Services Department indicate that while the department has capacity to meet demand for park and recreation service overall, it is at capacity during peak times at several of its sports fields, in preschool and sports activity classes, and at one of the swimming pools.

Community Services Department staff have indicated that while some Menlo Park employees utilize some of the programs and services that the Department offers, they tend to do so at far lower rates than Menlo Park residents. In addition, new employment-generating developments are increasingly providing employee-serving amenities on site, further reducing the likelihood that employees associated with the Project or Alternatives will use the City's Community Services Department facilities extensively. To account for lower utilization rates among employees, the Community Services service population generated by the Project is estimated at 15 percent of the increase in employment generated by the Project, rather than one third of the increase in employment. This assumption is consistent with prior FIAs that have been conducted for nonresidential development in the M-2 area.

As shown in Table 29, the City's FY 2015-2016 budget projects $7.86 million in General Fund expenditures for the Community Services Department. Assuming commensurate additional expenditures per net new increase in service population, the Project would result in $2.8 million in additional General Fund expenditures at buildout, $581,600 of which would be due to buildout of the remaining development potential under the existing General Plan. The Reduced Non-Residential Intensity Alternative would result in $2.7 million in additional General Fund expenditures at buildout, including $581,600 from buildout of the remaining development potential from the existing General Plan. The Reduced Intensity Alternative would result in $2.3 million in additional General Fund expenditures at buildout, including $581,600 from buildout of the remaining development potential from the existing General Plan. However, a large share of Community Services Department costs would be recovered through charges for service calculated in Table 22 above.

Table 29: Projected Annual Community Services Department General Fund Expenditures at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	3,240	12,395	15,635
Total New Expenditures	**$581,600**	**$2,224,800**	**$2,806,400**
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	3,240	11,983	15,223
Total New Expenditures	**$581,600**	**$2,150,700**	**$2,732,300**
Reduced Intensity Alternative			
Net New Service Population (c)	3,240	9,297	12,537
Total New Expenditures	**$581,600**	**$1,668,700**	**$2,250,300**
Baseline Assumptions			**FY 2015-16**
Total Community Services Expenditures (d)			$7,860,090
2016 Service Population			43,790
Community Services Expenditures Per Service Population			**$179.49**

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus a portion of employees. Since employees typically have little impact on Community Services expenditures, service population for this department is calculated by multiplying employees by 15%.
(d) Includes only General Fund expenditures.
Sources: City of Menlo Park Budget FY 15-16; BAE, 2016.

Library

The City Library system operates a main library at the Civic Center, as well as a branch library at Belle Haven Elementary School. The main library is open daily and offers a wider range of materials, services, and programs, while the Belle Haven Library is much smaller and only open Tuesday through Saturday. Menlo Park libraries are part of the Peninsula Library System, a consortium that allows any resident of San Mateo County to use City and County branch libraries.

Similar to the Community Services Department, the Menlo Park Library has historically found that employees generated in the M-2 area are unlikely to utilize the City libraries at high rates, in part because the M-2 area is located east of Highway 101 with inconvenient access to the main library. Since the majority of the employment-generating uses included in the Project would be located in the M-2 Area, the Library service population generated by the Project is estimated as 100 percent of residents plus 15 percent of employees generated by the Project, rather than 100 percent of residents plus one third of the increase in employees.

As of 2015, the Menlo Park Library system had 14 full-time equivalent employees (FTE), or 0.37 FTEs per 1,000 members of the service population.[12] To maintain a similar ratio of employees to service population, the Library would need an additional 5.8 FTEs to serve the development that could result from the Project, 5.6 FTEs to serve the development that would result from the Reduced Non-Residential Intensity Alternative, and 4.6 FTES to serve the development that would result from the Reduced Intensity Alternative.

In FY 2015-2016, the City's General Fund contribution to the Library was $2.54 million, or $58 per service population unit. Assuming General Fund expenditures per service population remain consistent, the Project would result in approximately $908,500 in additional annual General Fund expenditures to the Library Department. The Reduced Non-Residential Intensity Alternative would result in approximately $884,500 in additional annual General Fund expenditures to the Library Department. The Reduced Intensity Alternative would result in $728,500 in additional annual General Fund expenditures to the Library Department. Approximately $188,300 of the total increase in annual Library Department expenditures would be from buildout of the remaining development potential under the existing General Plan. For each of the alternatives, the annual operating cost per FTE would average approximately $181,750, including salaries and other associated operating costs.

[12] A full time equivalent corresponds to one full-time position, and is used as a standard measure for describing staffing levels so that full- and part-time positions can be combined into a single figure.

Table 30: Projected Annual Library Department General Fund Expenditures at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	3,240	12,395	15,635
Total New Expenditures	**$188,300**	**$720,200**	**$908,500**
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	3,240	11,983	15,223
Total New Expenditures	**$188,300**	**$696,200**	**$884,500**
Reduced Intensity Alternative			
Net New Service Population (c)	3,240	9,297	12,537
Total New Expenditures	**$188,300**	**$540,200**	**$728,500**
Baseline Assumptions			**FY 2015-16**
Total Library Expenditures (d)			$2,544,568
2016 Service Population			43,790
Library Expenditures Per Service Population			**$58.11**

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus a portion ofthe employment employment population. Since employees typically have little impact on Library expenditures, service population for this department is calculated by multiplying net new employees by 15%.
(d) Includes only General Fund expenditures.
Sources: City of Menlo Park Budget FY 15-16; BAE, 2016.

The figures provided in Table 30 account for increases in ongoing operating costs (e.g. salaries) to serve new patrons, but do not account for any capital improvements that would be necessary to serve an increase in service population. Menlo Park Library staff have indicated needs for new or expanded facilities are existing and unrelated to future population growth, and according to the DEIR, the Menlo Park Library has long-range strategies to ensure adequate facilities to serve current and future Menlo Park residents. Since the General Plan buildout will occur over a 24-year time period, new demand for Library services and any associated need for new or expanded Library facilities will occur on an incremental basis.

Police

The Police Department currently employs 70 Full Time Equivalent personnel (FTE), comprised of 48 sworn FTE and 22 professional staff FTE, all of which are funded through the City's General Fund.[13] Sworn officers consist of one chief, two commanders, eight sergeants, and 37

[13] A full time equivalent corresponds to one full-time position, and is used as a standard measure for describing staffing levels so that full- and part-time positions can be combined into a single figure.

police officers. Based on the service population shown in Table 1, the Department currently has 1.10 sworn officers per 1,000 members of the City service population.

Among other Police Department needs, City staff have noted a need for additional officers to address code enforcement and traffic enforcement needs as the Project is built out. Staff indicated that there is an existing staffing deficiency in Code Enforcement services. According to staff, recent budget shortfalls in the City have resulted in the Department assigning this task to non-sworn staff in order to maintain service levels. The current non-sworn Code Enforcement Officer is not able to conduct proactive enforcement and is unable to respond to complaints in a timely manner. Department staff reported no other existing deficiencies in either sworn staffing, facilities, or equipment.

In FY 2015-16, the City's General Fund budget for the Police Department was $16.4 million, or $375 per member of the service population. Based on the service population associated with the Project and Alternatives as shown in Table 3 above, the Project would generate $6.5 million in Police Department expenditures. The Reduced Non-Residential Intensity Alternative would generate $6.2 million in annual Police Department expenditures. The Reduced Non-Residential Intensity Alternative would generate $5.3 million per year in Police Department expenditures. Buildout of the remaining development potential under the existing General Plan would account for approximately $1.5 million of the total increase in annual police department expenditures that would result from the Project or alternatives.

Table 31: Projected Annual Police Department General Fund Expenditures at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net New Service Population (c)	4,047	13,403	17,450
Total New Expenditures	**$1,515,500**	**$5,019,800**	**$6,535,300**
Reduced Non-Residential Intensity Alternative			
Net New Service Population (c)	4,047	12,487	16,533
Total New Expenditures	**$1,515,500**	**$4,676,500**	**$6,192,000**
Reduced Intensity Alternative			
Net New Service Population (c)	4,047	10,053	14,100
Total New Expenditures	**$1,515,500**	**$3,765,000**	**$5,280,500**
Baseline Assumptions			**FY 2015-16**
Total Police Department Expenditures (d)			$16,400,105
Total Service Population (c)			43,790
Police Department Expenditures Per FTE			**$374.51**

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus one third of all employees.
(d) Only General Fund expenditures are calculated.
Sources: City of Menlo Park Budget FY 15-16; ConnectMenlo DEIR, 2016; BAE, 2016.

Although the Police Department does expect some increases in operating costs due to the Project, the Department does not anticipate a need for new facilities. The Department opened a neighborhood service center and police substation in the Belle Haven neighborhood in 2014, which has assisted the Department in providing services to the Belle Haven and M-2 areas. The service center and substation houses the City's Code Enforcement Officer and City Safety Police Officer, while all other Police Department functions continue to be based at the main Police Department at City Hall.

Public Works

The Department of Public Works is responsible for constructing, repairing, and maintaining City streets, sidewalks, storm drains, buildings, and other facilities. The Department includes the City's Capital Improvements, Engineering, Maintenance, Transportation, and Utilities Divisions. Generally, the Public Works Department would see increased costs if new streets or other facilities are needed or if maintenance needs increase as a result of the Project.

Although the projected increase in service population that would be generated by the Project is expected to lead to additional road maintenance costs, the Public Works Department does not currently have any metrics to determine the cost of road maintenance on a per-service population or per-housing unit basis. Public Works Department costs for road maintenance are mitigated somewhat because several key roads in Menlo Park, including El Camino Real, Willow Road, and the Bayfront Expressway, are State Highways, with Caltrans responsible for maintenance. In addition, developers of new projects will pay Transportation Impact Fees and Building Construction Impact Fees, as shown in Table 24.

The Department also manages Menlo Park's stormwater drainage system, which is a component of the Stormwater Management program. According to the City's Grading and Drainage Guideline, new developments in Menlo Park are required to provide for stormwater retention on site to the extent possible. Furthermore, developers are required to pay for any needed extension of stormwater infrastructure to new projects. The Public Works Department also has costs associated with meeting stormwater regulatory requirements. Revenue from the stormwater fee may increase if there is an increase in impervious area. This revenue will not have a significant fiscal impact to the Stormwater Assessment District. Therefore, the Project is not expected to have a fiscal impact related to the City's stormwater system.

Summary of Annually Recurring Expenditures

Table 32 shows that, at full buildout, the Project would result in $11.6 million in total annually recurring expenditures from the City's General Fund, $2.6 million of which would be due to buildout of the remaining development potential from the existing General Plan. Annually-recurring General Fund expenditures would total $11.1 million under the Reduced Non-Residential Intensity Alternative, including $2.6 million from buildout of the remaining development potential from the existing General Plan. Annually-recurring General Fund expenditures would total $9.3 million under the Reduced Intensity Alternative, including $2.6 million from buildout of the remaining development potential from the existing General Plan.

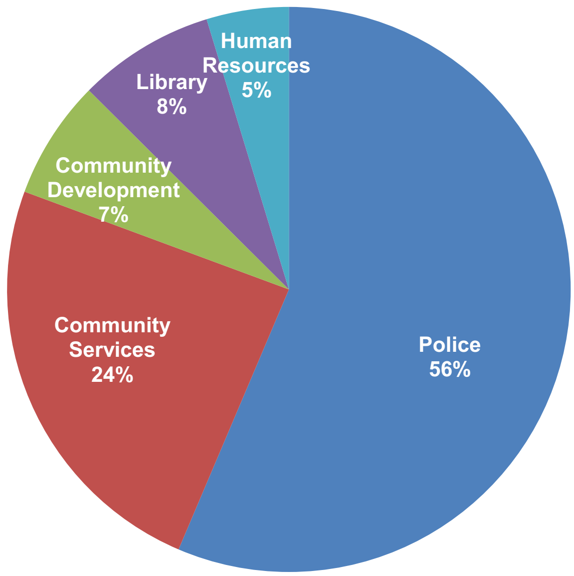
Table 32: Summary of Annual Recurring General Fund Expenditures at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Expenditures	**$2,595,400**	**$8,991,200**	**$11,586,600**
Human Resources	$126,800	$419,800	$546,600
Community Development	$183,200	$606,600	$789,800
Community Services	$581,600	$2,224,800	$2,806,400
Library	$188,300	$720,200	$908,500
Police	$1,515,500	$5,019,800	$6,535,300
Reduced Non-Residential Intensity Alternative			
Total Expenditures	**$2,595,400**	**$8,479,600**	**$11,075,000**
Human Resources	$126,800	$391,100	$517,900
Community Development	$183,200	$565,100	$748,300
Community Services	$581,600	$2,150,700	$2,732,300
Library	$188,300	$696,200	$884,500
Police	$1,515,500	$4,676,500	$6,192,000
Reduced Intensity Alternative			
Total Expenditures	**$2,595,400**	**$6,743,800**	**$9,339,200**
Human Resources	$126,800	$314,900	$441,700
Community Development	$183,200	$455,000	$638,200
Community Services	$581,600	$1,668,700	$2,250,300
Library	$188,300	$540,200	$728,500
Police	$1,515,500	$3,765,000	$5,280,500

Notes:
Only General Fund expenditures are calculated.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Source: BAE, 2016.

Figure 2 shows the distribution of these expenditures for the Project. As shown, the majority of expenditures are for Police (56 percent), followed by Community Services (24 percent), Community Development (7 percent), Library (8 percent), and Human Resources (5 percent). These figures do not account for any charges for service that allow individual departments to recoup a share of costs. Because departments vary in the extent to which each is able to recoup costs through charges for service, the distribution of expenses net of charges for service may differ from the distribution shown in Figure 2.

Figure 2: Distribution of Annually Recurring City General Fund Expenditures from Project at Buildout



Source: BAE, 2016.

Summary of Net Fiscal Impact to the General Fund

Table 33 provides a summary of the annual recurring net fiscal impact of the Project at full build out and occupancy, in constant 2015 dollars. As shown, the Project would generate approximately $19.9 million annually in new General Fund revenues to the City and increase the City's General Fund expenditures by approximately $11.6 million annually, resulting in an annual net positive fiscal impact of approximately $8.3 million at buildout and full occupancy. The Reduced Non-Residential Intensity Alternative would have a positive net fiscal impact totaling approximately $5.2 million per year and the Reduced Intensity Alternative would have a positive net fiscal impact totaling approximately $6.8 million per year.

Buildout of the remaining development potential from the existing General Plan would have a net positive fiscal impact totaling $2.6 million per year, accounting for 32 percent of the positive net fiscal impact from the Project, 51 percent of the positive net fiscal impact from the Reduced Non-Residential Intensity Alternative, and 38 percent of the positive net fiscal impact from the Reduced Intensity Alternative. The remaining positive net fiscal impact from the Project and Alternatives would result from the proposed M-2 Area changes associated with the Project and each alternative.

Table 33: Summary of Net Fiscal Impact to the City of Menlo Park General Fund at Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Revenues	**$5,216,800**	**$14,676,700**	**$19,893,500**
Sales Tax	$1,495,000	$3,101,200	$4,596,200
Property Tax	$1,869,800	$4,047,000	$5,916,800
ILVLF	$494,200	$1,069,500	$1,563,700
TOT	$0	$2,448,000	$2,448,000
Utility Users Tax	$133,000	$295,900	$428,900
Other Revenues	$1,224,800	$3,715,100	$4,939,900
Total Expenditures	**$2,595,400**	**$8,991,200**	**$11,586,600**
Human Resources	$126,800	$419,800	$546,600
Community Development	$183,200	$606,600	$789,800
Community Services	$581,600	$2,224,800	$2,806,400
Library	$188,300	$720,200	$908,500
Police	$1,515,500	$5,019,800	$6,535,300
Net Fiscal Impact	**$2,621,400**	**$5,685,500**	**$8,306,900**
Reduced Non-Residential Intensity Alternative			
Total Revenues	**$5,216,800**	**$11,045,900**	**$16,262,700**
Sales Tax	$1,495,000	$2,228,300	$3,723,300
Property Tax	$1,869,800	$3,146,300	$5,016,100
ILVLF	$494,200	$831,500	$1,325,700
TOT	$0	$1,224,000	$1,224,000
Utility Users Tax	$133,000	$237,800	$370,800
Other Revenues	$1,224,800	$3,378,000	$4,602,800
Total Expenditures	**$2,595,400**	**$8,479,600**	**$11,075,000**
Human Resources	$126,800	$391,100	$517,900
Community Development	$183,200	$565,100	$748,300
Community Services	$581,600	$2,150,700	$2,732,300
Library	$188,300	$696,200	$884,500
Police	$1,515,500	$4,676,500	$6,192,000
Net Fiscal Impact	**$2,621,400**	**$2,566,300**	**$5,187,700**
Reduced Intensity Alternative			
Total Revenues	**$5,216,800**	**$10,964,300**	**$16,181,100**
Sales Tax	$1,495,000	$2,308,200	$3,803,200
Property Tax	$1,869,800	$3,016,000	$4,885,800
ILVLF	$494,200	$797,000	$1,291,200
TOT	$0	$1,836,000	$1,836,000
Utility Users Tax	$133,000	$221,900	$354,900
Other Revenues	$1,224,800	$2,785,200	$4,010,000
Total Expenditures	**$2,595,400**	**$6,743,800**	**$9,339,200**
Human Resources	$126,800	$314,900	$441,700
Community Development	$183,200	$455,000	$638,200
Community Services	$581,600	$1,668,700	$2,250,300
Library	$188,300	$540,200	$728,500
Police	$1,515,500	$3,765,000	$5,280,500
Net Fiscal Impact	**$2,621,400**	**$4,220,500**	**$6,841,900**

Notes:
Figures presented are constant 2015 dollars.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Figures presented are constant 2015 dollars.
Source: BAE, 2016.

Total 24-Year Impact

The analysis in Table 33 does not account for the long-term impact of inflation on revenues, expenditures, and the resulting net fiscal impact to the City. Table 34 provides a long-term view of the possible total fiscal impact of the Project to the City's General Fund over a 24-year timeframe. It provides the projected revenues and expenditures on a year-by-year basis, adjusted for inflation each year, over the course of full build out and occupancy of the Project. This type of projection can be useful because it accounts for the effect of inflation on revenues and expenses over time. It should be understood that this type of long-term analysis is sensitive to changes in the assumptions for inflation and other factors.

The figures shown in Table 34 are based on a constant pace of growth between 2017 and 2040. The actual phasing of development will result in different amounts of development in different years. However, since the actual future phasing of development is not known, the FIA uses a constant pace throughout the planning period to approximate the change over time. Appendix A shows the assumed buildout in each year over the course of the planning period.

Several inflation assumptions were formulated for this FIA. Sales tax revenues were inflated two percent per year, which represents the 10-year average annual projected increase in the City's budget forecast. Property tax and ILVLF revenues were inflated two percent per year, which is the maximum allowed by the Proposition 13 limit on annual increases in tax assessments.[14] Expenditures were inflated at a four percent annual rate, which represents recent California municipal experience with increases in personnel benefits costs.[15]

As shown in Table 34, the net positive fiscal impact of the Project is expected to increase over the course of the projection period. Starting in 2017, there is a positive fiscal impact as new development is built and occupied. The net fiscal impact of the Project would increase in each year through 2040 as additional development is added to the City's inventory, and remains positive through 2040.

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[14] In order to provide a conservative analysis, increases in property tax revenues from future sale and subsequent reassessment of new development is not included. The amount of these proceeds may vary for a wide range of reasons, and a more detailed analysis that is beyond the scope of this study would be needed to formulate a reasonable assumption.

[15] These costs have continued to increase even as salaries have been flat or reduced, due to increasing costs for health care, pensions, and other employment-related expenses. A four percent annual increase in expenditures is consistent with many cities budgeting practices throughout the Bay Area.

Table 34: Projected Net Fiscal Impact of the Project to the City of Menlo Park General Fund, 2016-2040

Project	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Revenues	**$ -**	**$ 851,200**	**$ 1,751,400**	**$ 2,700,200**	**$ 3,702,000**	**$ 4,757,700**	**$ 5,874,200**	**$ 7,048,100**	**$ 8,283,700**
Sales Tax	$ -	$ 195,200	$ 398,600	$ 609,700	$ 829,300	$ 1,057,300	$ 1,294,000	$ 1,539,900	$ 1,795,100
Property Tax (a)	$ -	$ 251,400	$ 513,000	$ 784,900	$ 1,067,400	$ 1,360,900	$ 1,665,800	$ 1,982,400	$ 2,310,700
ILVLF	$ -	$ 66,500	$ 135,600	$ 207,500	$ 282,100	$ 359,700	$ 440,200	$ 523,900	$ 610,700
TOT	$ -	$ 106,100	$ 220,600	$ 344,200	$ 477,300	$ 620,500	$ 774,400	$ 939,600	$ 1,116,800
Utility Users Tax	$ -	$ 18,600	$ 38,600	$ 60,300	$ 83,600	$ 108,800	$ 135,600	$ 164,600	$ 195,700
Other Revenues	$ -	$ 213,400	$ 445,000	$ 693,600	$ 962,300	$ 1,250,500	$ 1,564,200	$ 1,897,700	$ 2,254,700
Total Expenditures	**$ -**	**$ (502,100)**	**$ (1,044,400)**	**$ (1,629,100)**	**$ (2,259,000)**	**$ (2,936,900)**	**$ (3,665,300)**	**$ (4,447,100)**	**$ (5,285,700)**
Human Resources	$ -	$ (23,700)	$ (49,300)	$ (76,800)	$ (106,600)	$ (138,600)	$ (173,000)	$ (209,800)	$ (249,400)
Community Development	$ -	$ (34,200)	$ (71,200)	$ (111,000)	$ (154,000)	$ (200,100)	$ (249,900)	$ (303,200)	$ (360,300)
Community Services	$ -	$ (121,600)	$ (253,000)	$ (394,600)	$ (547,100)	$ (711,400)	$ (887,700)	$ (1,077,100)	$ (1,280,300)
Library	$ -	$ (39,400)	$ (81,900)	$ (127,800)	$ (177,100)	$ (230,300)	$ (287,400)	$ (348,700)	$ (414,400)
Police	$ -	$ (283,200)	$ (589,000)	$ (918,900)	$ (1,274,200)	$ (1,656,500)	$ (2,067,300)	$ (2,508,300)	$ (2,981,300)
Net Fiscal Impact	**$ -**	**$ 349,100**	**$ 707,000**	**$ 1,071,100**	**$ 1,443,000**	**$ 1,820,800**	**$ 2,208,900**	**$ 2,601,000**	**$ 2,998,000**

Note:
Figures presented are adjusted for inflation.
Revenue Escalation factor: 4.00%
Sales Tax Escalation Factor 2.00%
Property Tax Inflation Rate: 2.00%
Expenditure Inflation Rate: 4.00%
(a) A somewhat greater portion of revenue may be realized from new development in former redevelopment project areas until the City's debt obligations under the Recognized Obligation Payment Schedule are repaid.
Source: BAE, 2015.

(continued on following page)

Table 34: Projected Net Fiscal Impact of the Project to the City of Menlo Park General Fund, 2016-2040 (continued)

Project	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues	**$ 9,586,000**	**$ 10,955,800**	**$ 12,397,400**	**$ 13,915,500**	**$ 15,511,100**	**$ 17,190,800**	**$ 18,955,400**	**$ 20,810,000**
Sales Tax	$ 2,060,000	$ 2,334,500	$ 2,619,400	$ 2,914,700	$ 3,220,600	$ 3,537,800	$ 3,866,300	$ 4,206,500
Property Tax (a)	$ 2,651,700	$ 3,005,200	$ 3,371,900	$ 3,752,000	$ 4,145,900	$ 4,554,000	$ 4,977,000	$ 5,415,100
ILVLF	$ 700,800	$ 794,300	$ 891,100	$ 991,600	$ 1,095,700	$ 1,203,600	$ 1,315,300	$ 1,431,100
TOT	$ 1,306,600	$ 1,509,800	$ 1,727,300	$ 1,959,700	$ 2,207,900	$ 2,472,800	$ 2,755,400	$ 3,056,700
Utility Users Tax	$ 228,900	$ 264,500	$ 302,700	$ 343,300	$ 386,800	$ 433,300	$ 482,800	$ 535,500
Other Revenues	$ 2,638,000	$ 3,047,500	$ 3,485,000	$ 3,954,200	$ 4,454,200	$ 4,989,300	$ 5,558,600	$ 6,165,100
Total Expenditures	**$ (6,184,300)**	**$ (7,146,100)**	**$ (8,175,200)**	**$ (9,275,200)**	**$ (10,450,000)**	**$ (11,704,200)**	**$ (13,041,800)**	**$ (14,467,500)**
Human Resources	$ (291,800)	$ (337,200)	$ (385,600)	$ (437,600)	$ (493,000)	$ (552,200)	$ (615,400)	$ (682,500)
Community Development	$ (421,600)	$ (487,100)	$ (557,300)	$ (632,200)	$ (712,300)	$ (797,800)	$ (888,900)	$ (986,100)
Community Services	$ (1,497,900)	$ (1,730,800)	$ (1,980,200)	$ (2,246,600)	$ (2,531,100)	$ (2,834,900)	$ (3,158,900)	$ (3,504,200)
Library	$ (484,900)	$ (560,300)	$ (641,000)	$ (727,300)	$ (819,400)	$ (917,800)	$ (1,022,600)	$ (1,134,500)
Police	$ (3,488,100)	$ (4,030,700)	$ (4,611,100)	$ (5,231,500)	$ (5,894,200)	$ (6,601,500)	$ (7,356,000)	$ (8,160,200)
Net Fiscal Impact	**$ 3,401,700**	**$ 3,809,700**	**$ 4,222,200**	**$ 4,640,300**	**$ 5,061,100**	**$ 5,486,600**	**$ 5,913,600**	**$ 6,342,500**

Note:
Figures presented are adjusted for inflation.

Revenue Escalation factor:	4.00%
Sales Tax Escalation Factor	2.00%
Property Tax Inflation Rate:	2.00%
Expenditure Inflation Rate:	4.00%

(a) A somewhat greater portion of revenue may be realized from new development in former redevelopment project areas until the City's debt obligations under the Recognized Obligation Payment Schedule are repaid.
Source: BAE, 2015.

(continued on following page)

Table 34: Projected Net Fiscal Impact of the Project to the City of Menlo Park General Fund, 2016-2040 (continued)

Project	2033	2034	2035	2036	2037	2038	2039	2040
Total Revenues	**$ 22,761,100**	**$ 24,815,100**	**$ 26,968,800**	**$ 29,229,000**	**$ 31,602,800**	**$ 34,097,000**	**$ 36,712,900**	**$ 39,461,500**
Sales Tax	$ 4,558,900	$ 4,923,500	$ 5,301,000	$ 5,691,600	$ 6,095,700	$ 6,513,700	$ 6,945,800	$ 7,392,700
Property Tax (a)	$ 5,868,600	$ 6,337,800	$ 6,823,800	$ 7,326,800	$ 7,846,900	$ 8,384,900	$ 8,941,300	$ 9,516,800
ILVLF	$ 1,550,900	$ 1,675,000	$ 1,803,400	$ 1,936,300	$ 2,073,900	$ 2,216,000	$ 2,363,100	$ 2,515,100
TOT	$ 3,377,700	$ 3,719,400	$ 4,083,100	$ 4,469,900	$ 4,881,100	$ 5,318,100	$ 5,782,200	$ 6,275,000
Utility Users Tax	$ 591,800	$ 651,700	$ 715,300	$ 783,100	$ 855,200	$ 931,900	$ 1,013,000	$ 1,099,400
Other Revenues	$ 6,813,200	$ 7,507,700	$ 8,242,200	$ 9,021,300	$ 9,850,000	$ 10,732,400	$ 11,667,500	$ 12,662,500
Total Expenditures	**$ (15,986,800)**	**$ (17,604,500)**	**$ (19,325,600)**	**$ (21,156,700)**	**$ (23,103,000)**	**$ (25,171,200)**	**$ (27,368,200)**	**$ (29,700,100)**
Human Resources	$ (754,200)	$ (830,600)	$ (911,800)	$ (998,100)	$ (1,089,900)	$ (1,187,600)	$ (1,291,300)	$ (1,401,100)
Community Development	$ (1,089,700)	$ (1,200,100)	$ (1,317,400)	$ (1,442,200)	$ (1,574,900)	$ (1,715,800)	$ (1,865,500)	$ (2,024,500)
Community Services	$ (3,872,200)	$ (4,263,900)	$ (4,680,800)	$ (5,124,400)	$ (5,595,700)	$ (6,096,600)	$ (6,628,900)	$ (7,193,700)
Library	$ (1,253,500)	$ (1,380,400)	$ (1,515,200)	$ (1,658,900)	$ (1,811,600)	$ (1,973,700)	$ (2,146,000)	$ (2,328,800)
Police	$ (9,017,200)	$ (9,929,500)	$ (10,900,400)	$ (11,933,100)	$ (13,030,900)	$ (14,197,500)	$ (15,436,500)	$ (16,752,000)
Net Fiscal Impact	**$ 6,774,300**	**$ 7,210,600**	**$ 7,643,200**	**$ 8,072,300**	**$ 8,499,800**	**$ 8,925,800**	**$ 9,344,700**	**$ 9,761,400**

Note:
Figures presented are adjusted for inflation.

Revenue Escalation factor:	4.00%
Sales Tax Escalation Factor	2.00%
Property Tax Inflation Rate:	2.00%
Expenditure Inflation Rate:	4.00%

(a) A somewhat greater portion of revenue may be realized from new development in former redevelopment project areas until the City's debt obligations under the Recognized Obligation Payment Schedule are repaid.
Source: BAE, 2015.

Net Present Value Calculation of Net Fiscal Impact

Net Present Value (NPV) calculation is a financial method for determining what a stream of future payments (or costs) would be worth measured in today's dollars. In other words, it calculates an up-front lump sum dollar amount that is equivalent to a series of payments (or costs) occurring over a number of years in the future. It accounts for the time value of money which exists due to the fact that each year interest payments increase the value of each dollar of investment.

An NPV calculation was done to identify the current (2015) dollar value of the annual net fiscal impacts from the Project as shown in Table 34. This was done by identifying a discount factor that represents the time value of money for the City of Menlo Park, based on the potential return that it might obtain from other risk-free investments available to it.[16] A discount factor of four percent was used, which is common for municipal financial analysis.

Table 35 presents two separate figures. The first column shows the net fiscal impact for each year in current (inflated) dollars. The second column shows the Net Present Value (NPV) of the net fiscal impacts through 2040. As shown, the total net fiscal impact of the Project in current dollars is positive $118.3 million and the NPV in constant 2015 dollars is positive $61.1 million (i.e. a payment in 2015 of $61.1 million, that earns a return of four percent, would be equal to the net revenues each year as shown in Table 34 that total $118.3 million by 2040).

Table 35: Total Net Fiscal Impact and Net Present Value of Fiscal Impacts to City of Menlo Park General Fund from the Project, 2016-2040

Project	**Total Net Impact, 2015 Dollars**	**Net Present Value of Total Net Impact, 2015 Dollars** (a)
Revenues	$399,938,700	$200,331,510
Expenditures	($281,630,000)	($139,262,486)
Net Fiscal Impact	**$118,308,700**	**$61,069,024**

Note:
(a) Discount rate used for municipal financial analysis: 4.0%
Source: BAE, 2015.

[16] Private investors, who have a higher tolerance for risk and therefore can earn a higher return, would typically use a higher discount rate for NPV calculations than a public agency.

SPECIAL DISTRICT FISCAL IMPACT ANALYSIS

In addition to impacts to the City's General Fund, the Project would generate fiscal impacts to various special districts. The following section describes impacts to the Menlo Park Fire Protection District and the three school districts that serve the M-2 area. Fiscal impacts to other special districts that serve Menlo Park would be much less significant and are described in Appendix B of this study.

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 the neighboring departments, including the cities of Palo Alto, Redwood City, Fremont, and the Woodside Fire District, to provide automatic aid. The MPFPD serves approximately 87,980 residents and 41,150 employees, with a service population of 101,697.[17]

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. The District is currently reconstructing Station 2, located at 2290 University Avenue in East Palo Alto, and has plans to reconstruct Station 6. Station 77, located at 1467 Chilco Street in Menlo Park, is located in the M-2 area. According to staff, Station 77 will need to be remodeled or rebuilt in order to accommodate any significant service population growth. Currently, Station 77 can only house and support three personnel at any given time.

The MPFPD currently employs 113.8 FTEs. Based on the MPFPD's service population of 101,700, the current service ratio of the MPFPD is 1.12 FTEs per thousand members of the service population. In order to maintain current staffing levels, the Department would need to add 15 FTEs to serve the increase in service population that would be associated with the Project. Staff has indicated that Department resources are strained by traffic congestion and growth, specifically on the northern side of the District in the Belle Haven and M-2 area, and that additional equipment and personnel would be needed to accommodate additional growth and increased congestion.

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

Revenues
After accounting for the ERAF shift, the MPFPD receives approximately 13.4 percent of the 1.0 percent base property tax collected from properties in Menlo Park, based on the median of the District's share of property tax across the TRAs in the City. However, the District's share of property tax revenues tends to be slightly lower in the TRAs that comprise the M-2 area, with a post-ERAF median value of approximately 12.2 percent. Because most of the development under the Project and alternatives would be located in the M-2, this FIA estimates property taxes to the MPFPD at a rate of 12.2 percent of the base 1.0 percent property tax. Based on the estimated increase in property values that would be generated by the Project, the MPFPD would receive $7.9 million in additional property taxes annually after build out of the Project. The Reduced Non-Residential Intensity Alternative would generate $6.7 million annually in additional property taxes to the District, and the Reduced Intensity Alternative would generate $6.5 million annually in additional property taxes to the District.

Other sources of General Fund revenues for the MPFPD include licenses and permits, monies from intergovernmental transfers, current service charges, and use of money and property. The MPFPD expects to generate $985,800 from licenses, permits, and service charges in FY 2015-2016, averaging $9.69 per member of the service population. For this FIA, revenues from licenses, permits, and service charges are estimated on a per service population basis and are assumed to be the only revenue source other than property tax that would be affected by new development. Based on the estimated increases in service population, it is expected that additional MPFPD revenues from licenses, permits, and service charges would total $169,200 per year from the Project, $160,300 per year from the Reduced Non-Residential Intensity Alternative, and $136,700 per year from the Reduced Intensity Alternative.

The MPFPD Board of Directors has adopted a Fire Services development impact fee to cover the cost of new equipment, station expansion, and other items (e.g., signal preemption) that arise from new development in the MPFPD's service area. If the fee is adopted by the Menlo Park City Council, developers of projects that would be subject to the fee and which receive building permits after the fee is implemented would be responsible for payment of the fee. If the City Council does not adopt the fee, the MPFPD may be able to rely on other revenue sources, such as the net increase in annual operating revenues identified below, to fund the District's capital improvement plan as needed to serve new development.

Expenditures
Costs to the MPFPD generated by the Project are estimated on a per service population basis, which tends to overestimate the impacts of new development on fire protection services and therefore provides a conservative analysis of the potential fiscal impacts to the MPFPD. The MPFPD budget for the 2015-2016 fiscal year includes $33 million in expenditures from its General Fund, at an average rate of $325 per member of the service population, as shown in Table 36.

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

Net Fiscal Impact

Based on the revenue and expenditure estimates shown in Table 36, the Project and both alternatives would have a positive net fiscal impact on the MPFPD. The net positive fiscal impact associated with the Project is estimated to total $2.4 million annually. The positive annual net fiscal impact to the District would total $1.5 million under the Reduced Non-Residential Intensity Alternative and $2.1 million under the Reduced Intensity Alternative. Buildout of the remaining development potential from the existing General Plan would generate a net positive fiscal impact totaling $1.2 million, which is included in the net fiscal impact estimates for the Project and Alternatives.

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact	**$1,226,500**	**$1,191,100**	**$2,417,700**
New License, Permit, Service Charge Revenues	$39,226	$129,926	$169,152
New Property Tax Revenues	$2,501,466	$5,414,100	$7,915,615
Less: Projected Expenditures	($1,314,203)	($4,352,892)	($5,667,095)
Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Base 1% Property Tax	$20,586,525	$44,557,275	$65,143,800
Fire Services Development Impact Fee (c)	**TBD**	**TBD**	**TBD**
Reduced Non-Residential Intensity Alternative			
Net Fiscal Impact	**$1,226,500**	**$275,000**	**$1,501,600**
New License, Permit, Service Charge Revenues	$39,226	$121,040	$160,266
New Property Tax Revenues	$2,501,466	$4,209,200	$6,710,712
Less: Projected Expenditures	($1,314,203)	($4,055,193)	($5,369,396)
Net Increase in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
Base 1% Property Tax	$20,586,525	$34,641,188	$55,227,713
Fire Services Development Impact Fee (c)	**TBD**	**TBD**	**TBD**
Reduced Intensity Alternative			
Net Fiscal Impact	**$1,226,500**	**$867,400**	**$2,093,900**
New License, Permit, Service Charge Revenues	$39,226	$97,449	$136,676
New Property Tax Revenues	$2,501,466	$4,034,800	$6,536,288
Less: Projected Expenditures	($1,314,203)	($3,264,831)	($4,579,034)
Net Increase in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
Base 1% Property Tax	$20,586,525	$33,205,713	$53,792,238
Fire Services Development Impact Fee (c)	**TBD**	**TBD**	**TBD**

Assumptions	**FY 2015-16**
Service Population	101,697
Revenues	
License and Permit Revenues	$925,000
Current Service Charges	$60,800
Licenses, Permits, and Service Charges per Service Population	$9.69
Fire District Share of Base 1% Property Tax	12.2%
General Fund Expenditures	
Operating Expenditures	$33,027,200
Expenditures per Service Population	$324.76

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) The Menlo Park Fire Protection District has conducted a study to establish an impact fee to fund the cost of capital expenditures needed to serve new development. If the Menlo Park City Council adopts the fee, individual developments that receive building permits after fee adoption could generate impact fee revenue to the District.
Sources: Menlo Park Fire Protection District, 2015; BAE, 2016.

School Districts Serving the Project

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

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

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

Facility Needs and Master Planning

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

Enrollment in the Redwood City Elementary School District is currently within the District's capacity limits. As shown in the DEIR for the project, there is existing capacity for 423 elementary school students and 490 middle school students in the two District schools that are located near the M-2 Area, far exceeding the anticipated student generation for the District that would be associated with the Project (135 elementary and middle school students; see Table 40 below). According to the DEIR, the Redwood City Elementary School District projects that elementary and middle school enrollment will decline over the next ten years, and has no current plans for new or expanded facilities. Due to these factors, this section of the FIA does not evaluate facilities needs for the Redwood City Elementary School District.

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

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

Up to 1,500 of the residential units included in the development program for the Project could consist of dormitory-style employee housing for Facebook employees, which would be deed-restricted to require that all residents work at the Facebook campus and therefore would not generate elementary, middle, or high school students. These units would be located in the Ravenswood City School District for elementary and middle school and the Sequoia Union High School District for high school. As a result, the Project could lead to 1,500 fewer units that could potentially generate students in these two districts than would result from the development of more traditional residential units. The sections that follow describe the fiscal impacts of the Project on the Ravenswood City and Sequoia Union High School Districts if these 1,500 units ever become a type that could house elementary, middle, and high school students, as well as the fiscal impacts of the Project if these 1,500 units are built out as employee housing that would not house elementary, middle, or high school students.

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

The Project and Alternatives both include 34 single-family units that would be constructed as second units on lots where single-family homes currently exist, which could be constructed on any qualifying parcel in the City. According to the DEIR, there are single-family parcels that meet the City's requirements for second units in the Menlo Park City, Las Lomitas Elementary and Ravenswood City School Districts. While it is unlikely that all 34 second units would be constructed in any one elementary/middle school district, the DEIR shows all 34 second units in the residential unit counts for each of these three school districts in order to capture the full potential impacts of the Project on each district. As a result, the residential unit counts shown in the DEIR and FIA for individual elementary/middle school districts sum to a higher number than the total number of residential units from the Project or Alternatives.

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

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

California School Financing

Revenue Limit Districts
In California, a majority of public schools are subject to the "Revenue Limit," a per-student funding amount determined by the State. Within Revenue Limit districts, local property taxes are not sufficient to meet the State funding requirement. Hence, in Revenue Limit districts, local property taxes are supplemented with State funds in order to meet required per-pupil funding levels. Within Revenue Limit districts, as local property tax revenues increase (including from new development), State funding is reduced by a commensurate amount so

that these districts do not realize increased revenues as property tax revenues increase. Conversely, any increase in the gap between the State-mandated per-pupil spending minimum and property tax revenues, due to either increased enrollment or reduced property tax revenue, is met with a commensurate increase in State aid.

Basic Aid Districts

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

Menlo Park City School District

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

Revenues

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

Among the TRAs in Menlo Park that are within the Menlo Park City School District boundaries, the District's share of the base one percent property tax averages 18.2 percent. Based on this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the Menlo Park City School District at build out, the increase in annual property tax revenues to the District as a result of the Project or Alternatives is estimated to total $1.2 million. All of the development that would occur in the Menlo Park City School District would result from development outside of the M-2 Area as part of the remaining development potential from the existing General Plan.

Expenditures

The Menlo Park City Elementary School District uses a student generation rate of 0.18 students per single-family dwelling and 0.44 students per multifamily dwelling. The Project would generate up to 34 single-family units and 747 multifamily units in the Menlo Park City School District, resulting in an estimated 320 net new students in the District at buildout of the Project or Alternatives.

As shown in Table 37 A, B, and C, the District budget for FY 2015-16 includes $42 million in total expenditures, at a rate of $14,316 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Alternatives would total $4.6 million, all of which would result from buildout of the remaining development potential from the existing General Plan.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Menlo Park City School District totaling $3.4 million annually. This is equivalent to approximately eight percent of the District's FY 2015-2016 budget. All of the net fiscal impact from the Project and alternatives would result from buildout of the remaining development potential from the existing General Plan.

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($3,398,200)**	**$0**	**($3,398,200)**
Projected Annual Property Tax Revenues	$1,180,500	$0	$1,180,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($4,578,700)	$0	($4,578,700)
Net Increase in Residential Units (d)	747	0	747
Multifamily	713	0	713
Single-Family	34	0	34
Net Increase in Students	320	0	320
Net Increase in Assessed Value (e)	$647,099,723	$0	$647,099,723
Base 1% Property Tax	$6,470,997	$0	$6,470,997

Assumptions	
Menlo Park City Elementary School District Share of Base 1% Property Tax (f)	18.2%
Student Generation Rate	
Multifamily	0.44
Single-Family	0.18
Expenditures	
FY 15-16 Budget	$41,515,205
2015-16 Estimated ADA	2,900
Average Cost per Student	$14,316

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The MPCSD is located outside of the M-2 Area, and therefore new residential development in the MPCSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the MPCSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the MPCSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Menlo Park City Elementary School District, 2015; BAE, 2016.

Table 37 B: Projected Annual Impacts of the Reduced Non-Residential Intensity Alternative to the Menlo Park City School District at Build Out

Reduced Non-Residential Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($3,398,200)**	**$0**	**($3,398,200)**
Projected Annual Property Tax Revenues	$1,180,500	$0	$1,180,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($4,578,700)	$0	($4,578,700)
Net Increase in Residential Units (d)	747	0	747
Multifamily	713	0	713
Single-Family	34	0	34
Net Increase in Students	320	0	320
Net Increase in Assessed Value (e)	$647,099,723	$0	$647,099,723
Base 1% Property Tax	$6,470,997	$0	$6,470,997

Assumptions	
Menlo Park City Elementary School District Share of Base 1% Property Tax (f)	18.2%
Student Generation Rate	
Multifamily	0.44
Single-Family	0.18
Expenditures	
FY 15-16 Budget	$41,515,205
2015-16 Estimated ADA	2,900
Average Cost per Student	$14,316

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The MPCSD is located outside of the M-2 Area, and therefore new residential development in the MPCSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the MPCSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the MPCSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Menlo Park City Elementary School District, 2015; BAE, 2016.

Table 37 C: Projected Annual Impacts of the Reduced Intensity Alternative to the Menlo Park City School District at Build Out

Reduced Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($3,398,200)**	**$0**	**($3,398,200)**
Projected Annual Property Tax Revenues	$1,180,500	$0	$1,180,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($4,578,700)	$0	($4,578,700)
Net Increase in Residential Units (d)	747	0	747
Multifamily	713	0	713
Single-Family	34	0	34
Net Increase in Students	320	0	320
Net Increase in Assessed Value (e)	$647,099,723	$0	$647,099,723
Base 1% Property Tax	$6,470,997	$0	$6,470,997

Assumptions	
Menlo Park City Elementary School District Share of Base 1% Property Tax (f)	18.2%
Student Generation Rate	
Multifamily	0.44
Single-Family	0.18
Expenditures	
FY 15-16 Budget	$41,515,205
2015-16 Estimated ADA	2,900
Average Cost per Student	$14,316

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The MPCSD is located outside of the M-2 Area, and therefore new residential development in the MPCSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the MPCSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the MPCSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Menlo Park City Elementary School District, 2015; BAE, 2016.

Las Lomitas Elementary School District

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

Revenues

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

Among the TRAs in Menlo Park that are within the Las Lomitas Elementary School District boundaries, the District's share of the base one percent property tax averages 20.6 percent. Based on this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the Las Lomitas Elementary School District at build out, the increase in annual property tax revenues to the District as a result of the Project or Alternatives is estimated to total $392,500.

Expenditures

The Las Lomitas Elementary School District uses a student generation rate of 0.40 students per dwelling unit (multifamily or single-family). The Project would generate up to 34 single-family units and 118 multifamily units in the Las Lomitas Elementary School District, resulting in an estimated 61 net new students in the District at buildout of the Project or Alternatives.

As shown in Table 38 A, B, and C, the District budget for FY 2015-16 includes $24 million in total expenditures, at a rate of $17,517 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Alternatives would total $1.1 million, all of which would result from buildout of the remaining development potential from the existing General Plan.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Las Lomitas Elementary School District totaling $672,600 annually. This is equivalent to approximately three percent of the District's FY 2015-2016 budget. All of the net fiscal impact to the Las Lomitas Elementary School District would result from buildout of the remaining development potential from the existing General Plan.

Table 38 A: Projected Annual Impacts of the Project to the Las Lomitas Elementary School District at Build Out

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($672,600)**	**$0**	**($672,600)**
Projected Annual Property Tax Revenues	$392,500	$0	$392,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($1,065,100)	$0	($1,065,100)
Net Increase in Residential Units (d)	152	0	152
Multifamily	118	0	118
Single-Family	34	0	34
Net Increase in Students	61	0	61
Net Increase in Assessed Value (e)	$190,687,405	$0	$190,687,405
Base 1% Property Tax	$1,906,874	$0	$1,906,874

Assumptions	
Las Lomitas Elementary School District Share of Base 1% Property Tax (f)	20.6%
Student Generation Rate	
Multifamily	0.40
Single-Family	0.40
Expenditures	
FY 15-16 Budget	$23,788,613
2015-16 Estimated ADA	1,358
Average Cost per Student	$17,517

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The LLSD is located outside of the M-2 Area, and therefore new residential development in the LLSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the LLSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the LLSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Las Lomitas Elementary School District, 2015; BAE, 2016.

Table 38 B: Projected Annual Impacts of the Reduced Non-Residential Intensity Alternative to the Las Lomitas Elementary School District at Build Out

Reduced Non-Residential Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($672,400)**	**$0**	**($672,400)**
Projected Annual Property Tax Revenues	$392,700	$0	$392,700
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($1,065,100)	$0	($1,065,100)
Net Increase in Residential Units (d)	152	0	152
Multifamily	118	0	118
Single-Family	34	0	34
Net Increase in Students	61	0	61
Net Increase in Assessed Value (e)	$190,800,648	$0	$190,800,648
Base 1% Property Tax	$1,908,006	$0	$1,908,006

Assumptions	
Las Lomitas Elementary School District Share of Base 1% Property Tax (f)	20.6%
Student Generation Rate	
Multifamily	0.40
Single-Family	0.40
Expenditures	
FY 15-16 Budget	$23,788,613
2015-16 Estimated ADA	1,358
Average Cost per Student	$17,517

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The LLSD is located outside of the M-2 Area, and therefore new residential development in the LLSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the LLSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the LLSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Las Lomitas Elementary School District, 2015; BAE, 2016.

Table 38 C: Projected Annual Impacts of the Reduced Intensity Alternative to the Las Lomitas Elementary School District at Build Out

Reduced Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**($672,500)**	**$0**	**($672,500)**
Projected Annual Property Tax Revenues	$392,600	$0	$392,600
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($1,065,100)	$0	($1,065,100)
Net Increase in Residential Units (d)	152	0	152
Multifamily	118	0	118
Single-Family	34	0	34
Net Increase in Students	61	0	61
Net Increase in Assessed Value (e)	$190,742,634	$0	$190,742,634
Base 1% Property Tax	$1,907,426	$0	$1,907,426

Assumptions	
Las Lomitas Elementary School District Share of Base 1% Property Tax (f)	20.6%
Student Generation Rate	
Multifamily	0.40
Single-Family	0.40
Expenditures	
FY 15-16 Budget	$23,788,613
2015-16 Estimated ADA	1,358
Average Cost per Student	$17,517

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Menlo Park City Elementary School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) The LLSD is located outside of the M-2 Area, and therefore new residential development in the LLSD would consist of multifamily units and single-family units developed as second units where single family units currently exist. Since the development outside of the M-2 Area is the same in the Project and both Alternatives, the number of students generated is consistent across alternatives. Residential unit counts are from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the LLSD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the LLSD boundaries.
Sources: ConnectMenlo DEIR, 2016; Las Lomitas Elementary School District, 2015; BAE, 2016.

Ravenswood Elementary School District

Revenues

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

In the TRAs in Menlo Park that are within the Ravenswood City School District, the District's share of the base one percent property tax averages 32.7 percent. Using this percentage, the estimated increase in assessed values shown in Table 14, and the estimated share of new development that would occur within the District at build out, the increase in annual property tax revenues to the District as a result of the Project are estimated to total $15.9 million. The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would support smaller quantities of development within the District, and would therefore generate less property tax revenue to the District.

Expenditures

The Ravenswood City School District uses a student generation rate of 0.39 students per single-family dwelling and 0.56 students per multifamily dwelling. The Project would generate up to 34 single-family units and 3,672 multifamily units in the Ravenswood City School District, resulting in an estimated 2,070 net new students in the District at buildout of the Project. However, if 1,500 of the residential units in the Ravenswood City School District are developed as employee housing for Facebook employees, as described above, the Project would generate up to 34 single-family units and 2,172 multifamily units, resulting in an estimated 1,230 net new students in the District. The Reduced Non-Residential Intensity Alternative would support the same number of residential units and students as the Project. The Reduced Intensity Alternative would generate 1,574 net new students in the District. Buildout of the remaining development potential from the existing General Plan would generate 34 single-family units and 108 multifamily units, resulting in 74 students in the Ravenswood City School District, which are included in the estimated student generation from the Project and Alternatives.

As shown in Table 39 A, B, C, and D, the District budget for FY 2015-2016 includes $46.5 million in total expenditures, at a rate of $14,136 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Reduced Non-Residential Intensity Alternative would total $29.3 million. The increase in annual operating expenditures from the Reduced Intensity Alternative would total $22.3 million. If 1,500 of the residential units in the Ravenswood City School District are developed as employee housing for Facebook employees, the increase in annual operating expenditures for students generated by the Project would total $17.4 million.

Net Impact

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

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$3,416,262	$12,435,415	$15,851,677
Change in Annual Revenues from ADA (c)	($2,373,862)	$15,778,585	$13,404,723
Less: Projected Annual Expenditures	($1,042,400)	($28,214,000)	($29,256,400)
Net Increase in Residential Units (d)	142	3,564	3,706
Multifamily	108	3,564	3,672
Single-Family	34	0	34
Net Increase in Students	74	1,996	2,070
Net Increase in Assessed Value (e)	$1,044,632,935	$3,802,531,958	$4,847,164,894
Base 1% Property Tax	$10,446,329	$38,025,320	$48,471,649

Assumptions	
Ravenswood Elementary School District Share of Base 1% Property Tax (f)	32.7%
Student Generation Rate	
Multifamily	0.56
Single-Family	0.39
Expenditures	
FY 15-16 Budget	$46,522,928
2015-16 Estimated ADA	3,291
Average Cost per Student	$14,136

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Ravenswood ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Ravenswood ESD boundaries.
Sources: Ravenswood Elementary School District, 2015; BAE, 2016.

Table 39 B: Projected Annual Impacts of the Reduced Non-Residential Intensity Alternative to the Ravenswood City Elementary School District at Buildout

Reduced Non-Residential Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$3,416,262	$9,342,475	$12,758,737
Change in Annual Revenues from ADA (c)	($2,373,862)	$18,871,525	$16,497,663
Less: Projected Annual Expenditures	($1,042,400)	($28,214,000)	($29,256,400)
Net Increase in Residential Units (d)	142	3,564	3,706
Multifamily	108	3,564	3,672
Single-Family	34	0	34
Net Increase in Students	74	1,996	2,070
Net Increase in Assessed Value (e)	$1,044,632,935	$2,856,765,185	$3,901,398,121
Base 1% Property Tax	$10,446,329	$28,567,652	$39,013,981

Assumptions	
Ravenswood Elementary School District Share of Base 1% Property Tax (f)	32.7%
Student Generation Rate	
Multifamily	0.56
Single-Family	0.39
Expenditures	
FY 15-16 Budget	$46,522,928
2015-16 Estimated ADA	3,291
Average Cost per Student	$14,136

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Ravenswood ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Ravenswood ESD boundaries.
Sources: Ravenswood Elementary School District, 2015; BAE, 2016.

Table 39 C: Projected Annual Impacts of the Reduced Intensity Alternative to the Ravenswood City Elementary School District at Buildout

Reduced Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$3,416,262	$9,020,991	$12,437,252
Change in Annual Revenues from ADA (c)	($2,373,862)	$12,193,009	$9,819,148
Less: Projected Annual Expenditures	($1,042,400)	($21,214,000)	($22,256,400)
Net Increase in Residential Units (d)	142	2,680	2,822
Multifamily	108	2,680	2,788
Single-Family	34	0	34
Net Increase in Students	74	1,501	1,574
Net Increase in Assessed Value (e)	$1,044,632,935	$2,758,460,818	$3,803,093,754
Base 1% Property Tax	$10,446,329	$27,584,608	$38,030,938

Assumptions	
Ravenswood Elementary School District Share of Base 1% Property Tax (f)	32.7%
Student Generation Rate	
Multifamily	0.56
Single-Family	0.39
Expenditures	
FY 15-16 Budget	$46,522,928
2015-16 Estimated ADA	3,291
Average Cost per Student	$14,136

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Ravenswood ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Ravenswood ESD boundaries.
Sources: Ravenswood Elementary School District, 2015; BAE, 2016.

Table 39 D: Projected Annual Impacts of the Project to the Ravenswood City Elementary School District at Buildout, 1,500 Units of Employee Housing Omitted from Student Generation Calculations

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$3,416,262	$12,435,415	$15,851,677
Change in Annual Revenues from ADA (c)	($3,228,862)	$4,758,985	$1,530,123
Less: Projected Annual Expenditures	($187,400)	($17,194,400)	($17,381,800)
Net Increase in Residential Units (d)	34	2,172	2,206
Multifamily	0	2,172	2,172
Single-Family	34	0	34
Net Increase in Students	13	1,216	1,230
Net Increase in Assessed Value (e)	$1,044,632,935	$3,802,531,958	$4,847,164,894
Base 1% Property Tax	$10,446,329	$38,025,320	$48,471,649

Assumptions	
Ravenswood Elementary School District Share of Base 1% Property Tax (f)	32.7%
Student Generation Rate	
Multifamily	0.56
Single-Family	0.39
Expenditures	
FY 15-16 Budget	$46,522,928
2015-16 Estimated ADA	3,291
Average Cost per Student	$14,136

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Ravenswood ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Ravenswood ESD boundaries.
Sources: Ravenswood Elementary School District, 2015; BAE, 2016.

Redwood City School District

Revenues

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

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

Expenditures

The Redwood City School District uses a Student Generation Rate of 0.46 students per detached single-family dwelling, 0.24 students per attached single-family dwelling, and 0.14 students per multifamily dwelling.[18] All 963 net new units in the Redwood City Elementary School District would all be multifamily units, resulting in an estimated 135 net new students in the District at buildout of the Project. The Reduced Non-Residential Intensity Alternative would generate the same number of residential units and students, and the Reduced Intensity Alternative would generate 722 multifamily units and 101 net new students. Buildout of the remaining development potential from the existing General Plan would account for 27 of the net new multifamily units and four of the net new students from the Project and Alternatives.

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

Net Impact

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

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

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$485,829	$1,470,793	$1,956,622
Change in Annual Revenues from ADA (c)	($446,329)	($100,893)	($547,222)
Less: Projected Annual Expenditures	($39,500)	($1,369,900)	($1,409,400)
Net Increase in Residential Units (d)	27	936	963
Multifamily	27	936	963
Single-Family	0	0	0
Net Increase in Students	4	131	135
Net Increase in Assessed Value (e)	$216,003,720	$653,926,703	$869,930,423
Base 1% Property Tax	$2,160,037	$6,539,267	$8,699,304

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

Notes:

(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.

(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.

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

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

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

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

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

Table 40 B: Projected Annual Impacts of the Reduced Non-Residential Intensity Alternative to the Redwood City School District at Buildout

Reduced Non-Residential Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$485,829	$1,367,480	$1,853,309
Change in Annual Revenues from ADA (c)	($446,329)	$2,420	($443,909)
Less: Projected Annual Expenditures	($39,500)	($1,369,900)	($1,409,400)
Net Increase in Residential Units (d)	27	936	963
Multifamily	27	936	963
Single-Family	0	0	0
Net Increase in Students	4	131	135
Net Increase in Assessed Value (e)	$216,003,720	$607,992,707	$823,996,428
Base 1% Property Tax	$2,160,037	$6,079,927	$8,239,964

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

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Redwood City ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Redwood City ESD boundaries.
Sources: Redwood City Elementary School District, 2015; BAE, 2016.

Table 40 C: Projected Annual Impacts of the Reduced Intensity Alternative to the Redwood City School District at Buildout

Reduced Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$0**	**$0**	**$0**
Projected Annual Property Tax Revenues	$485,829	$1,093,823	$1,579,652
Change in Annual Revenues from ADA (c)	($446,329)	($76,323)	($522,652)
Less: Projected Annual Expenditures	($39,500)	($1,017,500)	($1,057,000)
Net Increase in Residential Units (d)	27	695	722
Multifamily	27	695	722
Single-Family	0	0	0
Net Increase in Students	4	97	101
Net Increase in Assessed Value (e)	$216,003,720	$486,322,735	$702,326,455
Base 1% Property Tax	$2,160,037	$4,863,227	$7,023,265

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

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Ravenswood Elementary is a Revenue Limit District, which means that the district receives an allotted amount of State Aid per student and any changes in the amount of property tax revenues per student lead to an adjustment in State aid to maintain the allotted amount of per-student revenue received by the District.
(d) Net increase in residential units from the ConnectMenlo DEIR.
(e) Net increase in assessed value is based on the total increase in assessed value of each land use from the Project and Alternatives, as shown in Table 14, and the share of development of each land use that is expected to occur in the school district.
(f) Figure represents the Redwood City ESD share of the base 1.0% property tax across all TRAs in Menlo Park that are within the Redwood City ESD boundaries.
Sources: Redwood City Elementary School District, 2015; BAE, 2016.

Sequoia Union High School District

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

Revenues

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

Among the TRAs in Menlo Park, the District's share of the base one percent property tax averages 15 percent. Based on this percentage and the estimated increase in assessed values shown in Table 14, at build out the increase in annual property tax revenues to the District as a result of the Project is estimated to total $9.9 million. Annual property tax revenue would total $8.4 million from the Reduced Non-Residential Intensity Alternative or $8.2 million from the Reduced Intensity Alternative.

Expenditures

The District has not established its own student generation rate, and instead uses the State-wide figure of 0.2 students per dwelling for high-school districts established by the State's School Facility Program. This rate is often considered to overstate student generation from multifamily dwellings, and therefore could overestimate the number of students that the Project would generate. Using the 0.2 student per unit ratio results in an estimated net increase of 1,100 students to the District at buildout of the Project or Reduced Non-Residential Intensity Alternative and 875 students at buildout of the Reduced Intensity Alternative. Buildout of the remaining development potential from the existing General Plan would account for 200 students out of the total increase in students from the Project and alternatives.

As shown in Table 41 A, B, C, and D, the District budget for FY 2015-16 includes $128 million in total expenditures, at a rate of $14,402 per student. At build out, the increase in annual operating expenditures for students generated by the Project or Reduced Non-Residential Intensity Alternative would total $15.8 million. The increase in annual operating expenditure from the Reduced Intensity Alternative would total $12.6 million. Buildout of the remaining development potential from the existing General Plan would account for $2.9 million of the total increase in annual operating expenditures from the Project and alternatives. If 1,500 of the residential units included in the Project are developed as employee housing for Facebook employees and therefore do not generate students, the increase in annual operating expenditures for students generated by the Project would total $11.5 million.

Net Impact

After accounting for the projected increase in property tax revenues and the projected increase in annual educational expenditures, the Project would result in a net deficit to the Sequoia Union High School District totaling $6.0 million annually. This is equivalent to approximately five percent of the District's FY 2015-2016 budget. The Reduced Non-Residential Intensity Alternative would result in a net deficit to the District totaling $7.5 million annually, or six percent of the Districts FY 2015-2016 budget. The Reduced Intensity Alternative would result in a net deficit to the District totaling $4.4 million annually, or three percent of the Districts FY 2015-2016 budget. Buildout of the remaining development potential from the existing General Plan would result in slight positive net fiscal impact to the Sequoia Union High School District, totaling $245,600 per year.

However, if a lower 0.13 student per multifamily unit generation rate were used, which would be consistent with the rate used in the FIA for the City's Housing Element Update, the Project would generate an estimated 715 students, resulting in $10.3 million in annual expenditures. This lower expenditure amount would result in a small net positive fiscal impact to the District of approximately $61,200 per year, essentially leading to a net neutral fiscal impact on the District.

The figures in Table 41 A may overestimate the potential impact of the Project if 1,500 of the units included in the Project are developed as Facebook employee housing that does not generate students. As shown in Table 41 D, the Project would have a net negative fiscal impact on the Sequoia Union High School District totaling $1.6 million, or just over one percent of the District's 2015/16 budget, if these 1,500 units are omitted from the student generation calculations, using the District's 0.2 students per household student generation rate.

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$245,600**	**($6,195,900)**	**($5,950,300)**
Projected Annual Property Tax Revenues	$3,125,900	$6,765,600	$9,891,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($2,880,300)	($12,961,500)	($15,841,800)
Net Increase in Residential Units	1,000	4,500	5,500
Net Increase in Students	200	900	1,100
Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Base 1% Property Tax	$20,586,525	$44,557,275	$65,143,800
Assumptions			
Sequoia Union School District Share of Base 1% Property Tax (e)			15.2%
Student Generation Rate (d)			0.20
Expenditures			
FY 15-16 Budget			$127,987,287
2015-16 Estimated ADA			8,887
Average Cost per Student			$14,402

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Sequoia Union High School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) Sequoia Union High School District uses the State of California student generation rate of 0.2 students per housing unit for all unit types.
(e) Figure represents the Sequoia USD share of the base 1.0% property tax across all TRAs in Menlo Park, all of which are also within the Sequoia USD boundaries.
Sources: Sequoia Union High School District, 2015; BAE, 2016.

Table 41 B: Projected Annual Impacts of the Reduced Non-Residential Intensity Alternative to the Sequoia Union High School District at Build Out

Reduced Non-Residential Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$245,600**	**($7,701,600)**	**($7,456,000)**
Projected Annual Property Tax Revenues	$3,125,900	$5,259,900	$8,385,800
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($2,880,300)	($12,961,500)	($15,841,800)
Net Increase in Residential Units	1,000	4,500	5,500
Net Increase in Students	200	900	1,100
Net Increase in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
Base 1% Property Tax	$20,586,525	$34,641,188	$55,227,713

Assumptions	
Sequoia Union School District Share of Base 1% Property Tax (e)	15.2%
Student Generation Rate (d)	0.20
Expenditures	
FY 15-16 Budget	$127,987,287
2015-16 Estimated ADA	8,887
Average Cost per Student	$14,402

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Sequoia Union High School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) Sequoia Union High School District uses the State of California student generation rate of 0.2 students per housing unit for all unit types.
(e) Figure represents the Sequoia USD share of the base 1.0% property tax across all TRAs in Menlo Park, all of which are also within the Sequoia USD boundaries.
Sources: Sequoia Union High School District, 2015; BAE, 2016.

Table 41 C: Projected Annual Impacts of the Reduced Intensity Alternative to the Sequoia Union High School District at Build Out

Reduced Intensity Alternative	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$245,600**	**($4,679,100)**	**($4,433,500)**
Projected Annual Property Tax Revenues	$3,125,900	$5,042,000	$8,167,900
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($2,880,300)	($9,721,100)	($12,601,400)
Net Increase in Residential Units	1,000	3,375	4,375
Net Increase in Students	200	675	875
Net Increase in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
Base 1% Property Tax	$20,586,525	$33,205,713	$53,792,238

Assumptions	
Sequoia Union School District Share of Base 1% Property Tax (e)	15.2%
Student Generation Rate (d)	0.20
Expenditures	
FY 15-16 Budget	$127,987,287
2015-16 Estimated ADA	8,887
Average Cost per Student	$14,402

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Sequoia Union High School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) Sequoia Union High School District uses the State of California student generation rate of 0.2 students per housing unit for all unit types.
(e) Figure represents the Sequoia USD share of the base 1.0% property tax across all TRAs in Menlo Park, all of which are also within the Sequoia USD boundaries.
Sources: Sequoia Union High School District, 2015; BAE, 2016.

Table 41 D: Projected Annual Impacts of the Project to the Sequoia Union High School District at Build Out, 1,500 Units of Employee Housing Omitted from Student Generation Calculations

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact to District	**$245,600**	**($1,875,400)**	**($1,629,800)**
Projected Annual Property Tax Revenues	$3,125,900	$6,765,600	$9,891,500
Change in Annual Revenues from ADA (c)	$0	$0	$0
Less: Projected Annual Expenditures	($2,880,300)	($8,641,000)	($11,521,300)
Net Increase in Residential Units	1,000	3,000	4,000
Net Increase in Students	200	600	800
Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Base 1% Property Tax	$20,586,525	$44,557,275	$65,143,800

Assumptions	
Sequoia Union School District Share of Base 1% Property Tax (e)	15.2%
Student Generation Rate (d)	0.20
Expenditures	
FY 15-16 Budget	$127,987,287
2015-16 Estimated ADA	8,887
Average Cost per Student	$14,402

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Sequoia Union High School District is a Basic Aid district, which means the that the school district does not recieve revenues based on ADA to compensate for any changes in the District's per-student property tax revenue.
(d) Sequoia Union High School District uses the State of California student generation rate of 0.2 students per housing unit for all unit types.
(e) Figure represents the Sequoia USD share of the base 1.0% property tax across all TRAs in Menlo Park, all of which are also within the Sequoia USD boundaries.
Sources: Sequoia Union High School District, 2015; BAE, 2016.

APPENDIX A: PROJECT PHASING

Table A-1: Project Phasing, 2016-2040

Project	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Non-residential square feet	**-**	**167,292**	**334,583**	**501,875**	**669,167**	**836,458**	**1,003,750**	**1,171,042**	**1,338,333**	**1,505,625**	**1,672,917**
Office	-	67,792	135,583	203,375	271,167	338,958	406,750	474,542	542,333	610,125	677,917
Life Sciences	-	87,500	175,000	262,500	350,000	437,500	525,000	612,500	700,000	787,500	875,000
Commercial	-	12,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	108,000	120,000
Hotel Rooms	**-**	**17**	**33**	**50**	**67**	**83**	**100**	**117**	**133**	**150**	**167**
Residential Units	**-**	**229**	**458**	**688**	**917**	**1,146**	**1,375**	**1,604**	**1,833**	**2,063**	**2,292**
Condominium	-	42	83	125	167	208	250	292	333	375	417
Rental Units	-	125	250	375	500	625	750	875	1,000	1,125	1,250
Facebook Employee Housing	-	63	125	188	250	313	375	438	500	563	625
Net New Service Population (a)	**-**	**727**	**1,454**	**2,181**	**2,908**	**3,635**	**4,363**	**5,090**	**5,817**	**6,544**	**7,271**
New Employees (b)	-	413	825	1,238	1,650	2,063	2,475	2,888	3,300	3,713	4,125
New Residents (b)	-	590	1,179	1,769	2,358	2,948	3,538	4,127	4,717	5,306	5,896

Notes:
Phasing assumes that developments resulting from the Project would begin to be completed and reach full occupancy in 2020, with a constant pace of growth between 2020 and 2040. The actual phasing of development will result in different amounts of development in different years.
(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by: 1/3
(b) Net increase in employees and residents from the ConnectMenlo DEIR.
Sources: PlaceWorks, 2015; BAE, 2015.

(Continued on following page)

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

Project	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total Non-residential square feet	**1,840,208**	**2,007,500**	**2,174,792**	**2,342,083**	**2,509,375**	**2,676,667**	**2,843,958**	**3,011,250**	**3,178,542**	**3,345,833**
Office	745,708	813,500	881,292	949,083	1,016,875	1,084,667	1,152,458	1,220,250	1,288,042	1,355,833
Life Sciences	962,500	1,050,000	1,137,500	1,225,000	1,312,500	1,400,000	1,487,500	1,575,000	1,662,500	1,750,000
Commercial	132,000	144,000	156,000	168,000	180,000	192,000	204,000	216,000	228,000	240,000
Hotel Rooms	**183**	**200**	**217**	**233**	**250**	**267**	**283**	**300**	**317**	**333**
Residential Units	**2,521**	**2,750**	**2,979**	**3,208**	**3,438**	**3,667**	**3,896**	**4,125**	**4,354**	**4,583**
Condominium	458	500	542	583	625	667	708	750	792	833
Rental Units	1,375	1,500	1,625	1,750	1,875	2,000	2,125	2,250	2,375	2,500
Facebook Employee Housing	688	750	813	875	938	1,000	1,063	1,125	1,188	1,250
Net New Service Population (a)	**7,998**	**8,725**	**9,452**	**10,179**	**10,906**	**11,633**	**12,360**	**13,088**	**13,815**	**14,542**
New Employees (b)	4,538	4,950	5,363	5,775	6,188	6,600	7,013	7,425	7,838	8,250
New Residents (b)	6,485	7,075	7,665	8,254	8,844	9,433	10,023	10,613	11,202	11,792

Notes:

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

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

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

Sources: PlaceWorks, 2015; BAE, 2015.

(Continued on following page)

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

Project	2037	2038	2039	2040
Total Non-residential square feet	**3,513,125**	**3,680,417**	**3,847,708**	**4,015,000**
Office	1,423,625	1,491,417	1,559,208	1,627,000
Life Sciences	1,837,500	1,925,000	2,012,500	2,100,000
Commercial	252,000	264,000	276,000	288,000
Hotel Rooms	**350**	**367**	**383**	**400**
Residential Units	**4,813**	**5,042**	**5,271**	**5,500**
Condominium	875	917	958	1,000
Rental Units	2,625	2,750	2,875	3,000
Facebook Employee Housing	1,313	1,375	1,438	1,500
Net New Service Population (a)	**15,269**	**15,996**	**16,723**	**17,450**
New Employees (b)	8,663	9,075	9,488	9,900
New Residents (b)	12,381	12,971	13,560	14,150

Notes:
Phasing assumes that developments resulting from the Project would begin to be completed and reach full occupancy in 2020, with a constant pace of growth between 2020 and 2040. The actual phasing of development will result in different amounts of development in different years.
(a) Service population equals the resident population plus a portion of the employment population to reflect the reduced demand from commercial uses. To estimate service population, employees are multiplied by 1/3
(b) Net increase in employees and residents from the ConnectMenlo DEIR.
Sources: PlaceWorks, 2015; BAE, 2015.

APPENDIX B: FISCAL IMPACT FOR OTHER SPECIAL DISTRICTS

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

Water and Sanitary Districts

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

The West Bay Sanitary District provides wastewater treatment services to areas in Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside, and unincorporated San Mateo County and Santa Clara County. The District owns and operates Silicon Valley Clean Water in Redwood City in conjunction with the cities of Redwood City, Belmont, and San Carlos.

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

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

San Mateo County Community College District

The San Mateo County Community College District (SMCCCD) offers Associate in Arts and Science degrees and Certificates of Proficiency at three campuses: Cañada College in Redwood City, College of San Mateo in the City of San Mateo, and Skyline College in San Bruno. The District currently has 18,915 Full Time Equivalent Students (FTES)[19], which amounts to approximately 0.02 FTES per member of the service population. Assuming the same the proportion of new service population members enrolls in District community colleges, the Project

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

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

Revenues

The San Mateo Community College District became a Basic Aid district beginning in FY2012-2013. Similar to elementary and high school Basic Aid Districts, this means that property tax revenues in the District exceed the State's revenue limit, and therefore monetary contributions from the State are limited mainly to categorical funds that do not contribute to the District's Unrestricted General Fund. As a result, most of the District's Unrestricted General Fund revenues are derived from local property taxes and student enrollment fees. As shown in Table B-1, at buildout the Project is projected to result in a $4.3 million increase in annual property tax revenue to the District. The Reduced Non-Residential Intensity Alternative would result in an estimated $3.6 million increase in annual property tax revenue to the District. The Reduced Intensity Alternative would result in an estimated $3.5 million increase in annual property tax revenue to the District.

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

Net Impact

Table B-1 shows that the Project would result in a positive fiscal impact to SMCCD, totaling $1.3 million per year. The Reduced Non-Residential Intensity Alternative would have a positive net fiscal impact totaling $840,100 per year and the Reduced Intensity Alternative would have a positive net fiscal impact totaling $1.2 million per year.

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Fiscal Impact	**$671,700**	**$667,000**	**$1,338,700**
Property Tax Revenues	$1,357,400	$2,938,000	$4,295,400
Student Fees	$59,900	$198,600	$258,500
Less: Projected Costs	($745,600)	($2,469,600)	($3,215,200)
Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Base 1% Property Tax	$20,586,525	$44,557,275	$65,143,800
Net New Service Population	4,047	13,403	17,450
New FTES	87	287	374
Reduced Non-Residential Intensity Alternative			
Net Fiscal Impact	**$671,700**	**$168,400**	**$840,100**
Property Tax Revenues	$1,357,400	$2,284,100	$3,641,500
Student Fees	$59,900	$185,000	$244,900
Less: Projected Costs	($745,600)	($2,300,700)	($3,046,300)
Net Increase in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
Base 1% Property Tax	$20,586,525	$34,641,188	$55,227,713
Net New Service Population	4,047	12,487	16,533
New FTES	87	268	354
Reduced Intensity Alternative			
Net Fiscal Impact	**$671,700**	**$486,100**	**$1,157,800**
Property Tax Revenues	$1,357,400	$2,189,500	$3,546,900
Student Fees	$59,900	$148,900	$208,800
Less: Projected Costs	($745,600)	($1,852,300)	($2,597,900)
Net Increase in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
Base 1% Property Tax	$20,586,525	$33,205,713	$53,792,238
Net New Service Population	4,047	10,053	14,100
New FTES	87	216	302

(Assumptions and notes on the following page)

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

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

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Budget for the Unrestricted General Fund, which is the district's primary operating fund. All other funds are restricted or and/or are required to be self-supporting.
(d) FTES - Full Time Equivalent Student equals 525 class hours.
(e) Does not include revenues that are not expected to increase with added enrollment, e.g. interest, non-resident tuition.
(f) Does not include capital outlay.
Sources: San Mateo County Community College District, 2015; BAE 2016.

Other Districts

Potential fiscal impacts to the San Mateo County Office of Education, the Midpeninsula Regional Open Space District, and the Sequoia Healthcare District were also analyzed. Local property taxes are a major revenue source for each of these districts, and each receives a share of the base one percent property tax.

County Office of Education

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

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

Midpeninsula Regional Open Space District

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

According to District staff, the District does not maintain a per capita service standard for the acreage of land preserved and is therefore unlikely to increase its land acquisition efforts as a direct result of the Project. In addition, the District's debt service expenditures would not increase due to the Project. As a result, salaries, benefits, services, and supplies, which total $21.2 million in the FY2015-2016 budget, are the only District expenditures that are likely to be impacted by growth. This results in estimated expenditures equal to $26 per member of the service population. After receiving its share of property tax revenues from new development and other miscellaneous revenues expected to increase due to the new service population, the Project would result in a net positive annual fiscal impact of approximately $705,500, as shown in Table B-2. The annual positive net fiscal impact would total $552,500 from Reduced Non-Residential Intensity Alternative or $590,700 from the Reduced Intensity Alternative.

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Projected Fiscal Surplus/(Deficit)	**$261,500**	**$444,100**	**$705,600**
Property Tax Revenues	$367,600	$795,500	$1,163,100
Less: Projected Costs	($106,100)	($351,400)	($457,500)
Net Increase in Service Population	4,047	13,403	17,450
Net Increase in Assessed Value	$2,058,652,500	$4,455,727,500	$6,514,380,000
Base 1% Property Tax	$20,586,525	$44,557,275	$65,143,800
Reduced Non-Residential Intensity Alternative			
Net Projected Fiscal Surplus/(Deficit)	**$261,500**	**$291,000**	**$552,500**
Property Tax Revenues	$367,600	$618,400	$986,000
Less: Projected Costs	($106,100)	($327,400)	($433,500)
Net Increase in Service Population	4,047	12,487	16,533
Net Increase in Assessed Value	$2,058,652,500	$3,464,118,804	$5,522,771,304
Base 1% Property Tax	$20,586,525	$34,641,188	$55,227,713
Reduced Intensity Alternative			
Net Projected Fiscal Surplus/(Deficit)	**$261,500**	**$329,200**	**$590,700**
Property Tax Revenues	$367,600	$592,800	$960,400
Less: Projected Costs	($106,100)	($263,600)	($369,700)
Net Increase in Service Population	4,047	10,053	14,100
Net Increase in Assessed Value	$2,058,652,500	$3,320,571,348	$5,379,223,848
Base 1% Property Tax	$20,586,525	$33,205,713	$53,792,238

Assumptions	FY 2015-16
Existing Service Population	807,943
Open Space District Share of Base 1% Property Tax	1.79%
Expenditures	
Salaries and Benefits	$15,393,844
Services and Supplies	$5,789,463
Total Expenditures (c)	**$21,183,307**
Expenditures per Service Population	$26.22

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Total expenditures do not include expenditures that are not expected to increase with service population, i.e. debt service and fixed assets.
Sources: Midpeninsula Regional Open Space District, 2015; BAE, 2015.

Sequoia Healthcare District

The Redwood City Council formed the Sequoia Healthcare District to operate the Sequoia Hospital, which opened in 1950. Today, the Healthcare District jointly governs the Hospital with

Catholic Healthcare West, but is not actively involved in operating the Hospital.[20] The Healthcare District provides community grants, nursing education, and ongoing support for various long-term healthcare initiatives.

The Sequoia Healthcare District serves Atherton, Belmont, Redwood City, Portola Valley, San Carlos, Woodside, and portions of Menlo Park, Foster City, and San Mateo. According to the Sequoia Healthcare District, the District primarily serves its residents. Thus, the FIA estimated costs to the District are on a per resident basis rather than a per service population basis. Based on estimates of the development potential within subareas of the M-2 Area and the remainder of the City, the FIA estimates the share of new residents from the Project and Alternatives that would reside in the Sequoia Healthcare District, as well as the share of new development that would contribute property tax revenue to the Sequoia Healthcare District.

Excluding expenses not expected to increase with new development (e.g., investment fees, etc.), the District spends approximately $18 per resident to provide health care services. After receiving its share of property tax revenues, it is estimated that the Project would result in a small net annual positive fiscal impact of approximately $145,800, as shown in Table B-3. The Reduced Non-Residential Intensity Alternative and Reduced Intensity Alternative would result in a small net positive impact of approximately $138,900 and $134,700, respectively.

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

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

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Net Projected Fiscal Surplus/(Deficit)	**$105,300**	**$40,500**	**$145,800**
Property Tax Revenues	$139,800	$85,500	$225,300
Less: Projected Costs	($34,500)	($45,000)	($79,500)
Net Increase in Resident Population (c)	1,894	2,472	4,366
Net Increase in Assessed Value (c)	$939,723,415	$574,494,045	$1,514,217,459
Base 1% Property Tax	$9,397,234	$5,744,940	$15,142,175
Reduced Non-Residential Intensity Alternative			
Net Projected Fiscal Surplus/(Deficit)	**$105,300**	**$33,600**	**$138,900**
Property Tax Revenues	$139,800	$78,600	$218,400
Less: Projected Costs	($34,500)	($45,000)	($79,500)
Net Increase in Resident Population (c)	1,894	2,472	4,366
Net Increase in Assessed Value (c)	$939,723,415	$528,652,122	$1,468,375,537
Base 1% Property Tax	$9,397,234	$5,286,521	$14,683,755
Reduced Intensity Alternative			
Net Projected Fiscal Surplus/(Deficit)	**$105,300**	**$29,400**	**$134,700**
Property Tax Revenues	$139,800	$63,200	$203,000
Less: Projected Costs	($34,500)	($33,800)	($68,300)
Net Increase in Resident Population (c)	1,894	1,853	3,747
Net Increase in Assessed Value (c)	$939,723,415	$424,831,747	$1,364,555,162
Base 1% Property Tax	$9,397,234	$4,248,317	$13,645,552

Assumptions	**FY 2015/16**
Existing Resident Population	220,000
Healthcare District Share of Base 1% Property Tax	1.49%
Expenditures (d)	
Administrative Expenses	$505,800
Property Expenses	$61,000
Program Expenses	$3,441,000
Total Expenditures	**$4,007,800**
Expenditures per Service Population	$18.22

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Net increase in residents and assessed value is based on the total increase in assessed value of each land use in the Sequoia Healthcare District, as shown in Table 14, and the share of development of each land use that is expected to occur in the District.
(d) Does not include grant expenses, pension expenses, or administrative or property expenses not expected to increase with service population.
Sources: Sequoia Healthcare District, 2015; BAE, 2016.

APPENDIX C: ADDITIONAL DETAILED CALCULATION TABLES

Table C-1: Detailed Calculations of Estimated Increase in Annual Business-to-Business Sales Tax Revenues to the City of Menlo Park at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$375,300	$609,800
Median (Mid-Range) Estimate	$1,066,400	$1,639,200	$2,705,600
High Estimate	$2,768,800	$3,252,000	$6,020,800
Estimated Business-to-Business Sales Tax from Office			
Low Estimate	$75,200	$56,800	$132,000
Median (Mid-Range) Estimate	$396,500	$299,400	$695,900
High Estimate	$1,836,000	$1,386,400	$3,222,400
Net New Office Square Footage	927,000	700,000	1,627,000
Estimated Business-to-Business Sales Tax from Life Sciences			
Low Estimate	$159,300	$318,500	$477,800
Median (Mid-Range) Estimate	$669,900	$1,339,800	$2,009,700
High Estimate	$932,800	$1,865,600	$2,798,400
Net New Life Sciences Square Footage	700,000	1,400,000	2,100,000
Reduced Non-Residential Intensity Alternative			
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$195,900	$430,400
Median (Mid-Range) Estimate	$1,066,400	$855,300	$1,921,700
High Estimate	$2,768,800	$1,696,700	$4,465,500
Estimated Business-to-Business Sales Tax from Office			
Low Estimate	$75,200	$29,700	$104,900
Median (Mid-Range) Estimate	$396,500	$156,200	$552,700
High Estimate	$1,836,000	$723,300	$2,559,300
Net New Office Square Footage	927,000	365,217	1,292,217
Estimated Business-to-Business Sales Tax from Life Sciences			
Low Estimate	$159,300	$166,200	$325,500
Median (Mid-Range) Estimate	$669,900	$699,100	$1,369,000
High Estimate	$932,800	$973,400	$1,906,200
Net New Life Sciences Square Footage	700,000	730,435	1,430,435

(Continued on following page)

Table C-1: Detailed Calculations of Estimated Increase in Annual Business-to-Business Sales Tax Revenues to the City of Menlo Park at 2040 Buildout (continued)

Reduced Intensity Alternative			
Total Estimated Business-to-Business Sales Tax			
Low Estimate	$234,500	$277,400	$511,900
Median (Mid-Range) Estimate	$1,066,400	$1,211,600	$2,278,000
High Estimate	$2,768,800	$2,403,600	$5,172,400
Estimated Business-to-Business Sales Tax from Office			
Low Estimate	$75,200	$42,000	$117,200
Median (Mid-Range) Estimate	$396,500	$221,300	$617,800
High Estimate	$1,836,000	$1,024,700	$2,860,700
Net New Office Square Footage	927,000	517,391	1,444,391
Estimated Business-to-Business Sales Tax from Life Sciences			
Low Estimate	$159,300	$235,400	$394,700
Median (Mid-Range) Estimate	$669,900	$990,300	$1,660,200
High Estimate	$932,800	$1,378,900	$2,311,700
Net New Life Sciences Square Footage	700,000	1,034,783	1,734,783
Estimated Business-to-Business Sales Tax per 1,000 sq. ft.			
Office			
Low Range			$81
Median			$428
High Range			$1,981
Life Sciences			
Low Range			$228
Median			$957
High Range			$1,333

Notes:
See Appendix C for detailed calculations.
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
Source: BAE, 2016.

Table C-2: Detailed Calculations of Other Projected Annually Recurring Revenues to the City of Menlo Park General Fund at 2040 Buildout

Project	Existing General Plan Development Potential (a)	Proposed M-2 Area Changes	Total (b)
Total Other Revenue	**$1,224,800**	**$3,715,100**	**$4,939,900**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	**$1,034,300**	**$3,426,000**	**$4,460,300**
New Service Population (c)	4,047	13,403	17,450
New Property Transfer Tax Revenues (d)	**$78,900**	**$151,900**	**$230,800**
Net New Assessed Value - Residential	$254,275,000	$762,825,000	$1,017,100,000
Transfer Tax Revenue - Residential	$12,700	$38,200	$50,900
Net New Assessed Value - Commercial	$1,804,377,500	$3,101,662,500	$4,906,040,000
Transfer Tax Revenue - Commercial	$66,200	$113,700	$179,900
Net New Business License Fee Revenue	**$111,600**	**$137,200**	**$248,800**
New Office Space (sq. ft.)	927,000	700,000	1,627,000
Business License Fee Revenue	$76,300	$57,600	$133,900
New Life Sciences Space (sq. ft.)	700,000	1,400,000	2,100,000
Business License Fee Revenue	$21,800	$43,600	$65,400
New Retail Space (sq. ft.)	88,000	200,000	288,000
Est. Number of Retail Businesses	18	40	58
Business License Fee Revenue	$13,500	$30,000	$43,500
New Hotel Rooms	0	400	400
Est. Number of Hotels	0	2	2
Business License Fee Revenue	$0	$6,000	$6,000
Reduced Non-Residential Intensity Alternative			
Total Other Revenue	**$1,224,800**	**$3,378,000**	**$4,602,800**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	**$1,034,300**	**$3,191,700**	**$4,226,000**
New Service Population (c)	4,047	12,487	16,533
New Property Transfer Tax Revenues	**$78,900**	**$115,500**	**$194,400**
Net New Assessed Value - Residential	$254,275,000	$762,825,000	$1,017,100,000
Transfer Tax Revenue - Residential	$12,700	$38,200	$50,900
Net New Assessed Value - Commercial	$1,804,377,500	$2,110,053,804	$3,914,431,304
Transfer Tax Revenue - Commercial	$66,200	$77,300	$143,500
Net New Business License Fee Revenue	**$111,600**	**$70,800**	**$182,400**
New Office Space (sq. ft.)	927,000	365,217	1,292,217
Business License Fee Revenue	$76,300	$30,000	$106,300
New Life Sciences Space (sq. ft.)	700,000	730,435	1,430,435
Business License Fee Revenue	$21,800	$22,800	$44,600
New Retail Space (sq. ft.)	88,000	104,348	192,348
Est. Number of Retail Businesses	18	20	38
Business License Fee Revenue	$13,500	$15,000	$28,500
New Hotel Rooms	0	200	200
Est. Number of Hotels	0	1	1
Business License Fee Revenue	$0	$3,000	$3,000

(Continued on following page)

Table C-2: Detailed Calculations of Other Projected Annually Recurring Revenues to the City of Menlo Park General Fund at 2040 Buildout (continued)

Reduced Intensity Alternative			
Total Other Revenue	**$1,224,800**	**$2,785,200**	**$4,010,000**
New Franchise Fees, Fines, Forfeitures, and Charges for Service	**$1,034,300**	**$2,569,600**	**$3,603,900**
New Service Population (c)	4,047	10,053	14,100
New Property Transfer Tax Revenues	**$78,900**	**$113,100**	**$192,000**
Net New Assessed Value - Residential	$254,275,000	$571,610,200	$825,885,200
Transfer Tax Revenue - Residential	$12,700	$28,600	$41,300
Net New Assessed Value - Commercial	$1,804,377,500	$2,305,531,148	$4,109,908,648
Transfer Tax Revenue - Commercial	$66,200	$84,500	$150,700
Net New Business License Fee Revenue	**$111,600**	**$102,500**	**$214,100**
New Office Space (sq. ft.)	927,000	517,391	1,444,391
Business License Fee Revenue	$76,300	$42,500	$118,800
New Life Sciences Space (sq. ft.)	700,000	1,034,783	1,734,783
Business License Fee Revenue	$21,800	$32,200	$54,000
New Retail Space (sq. ft.)	88,000	147,826	235,826
Est. Number of Retail Businesses	18	29	47
Business License Fee Revenue	$13,500	$21,750	$35,250
New Hotel Rooms	0	300	300
Est. Number of Hotels	0	2	2
Business License Fee Revenue	$0	$6,000	$6,000

Assumptions	**FY 2015-16**
Franchise Fees, Fines, Forfeitures & Charges for Service	
Franchise Fees	$1,940,013
Fines and Forfeitures	$1,067,643
Charges for Service	$8,185,335
Total Franchise Fee, Fines, Forfeiture, and Charges for Service Revenues	$11,192,991
2015 Citywide Service Population (c)	43,790
Revenue Per Service Population	**$255.60**
Property Transfer Tax	
Transfer Tax Rate per $1 Assessed Value:	$0.00055
Holding Period for Residential (Years)	11
Holding Period for Non-Residential (Years)	15
Business License Fees	
Avg. Business License Fee Revenue per 1,000 SF of Office (e)	$82
Avg. Business License Fee Revenue per 1,000 SF of Life Sciences (f)	$31
Avg. Sq. Ft. per Retail Business	5,000
Estimated Retail Sales per Sq. Ft.	$350
Estimated Annual Gross Reciepts per Retail Business	$1,750,000
Estimated Business License Fee Revenue per Hotel	$750
Avg. # of rooms per hotel	200
Average RevPAR (per night) (g)	$140
Estimated Annual Gross Reciepts per Hotel	$10,199,881
Estimated Business License Fee Revenue per Hotel	$3,000

Notes:
(a) Existing General Plan Buildout Potential is the same for the Project and both alternatives.
(b) Total = Existing General Plan Development Potential + Proposed M-2 Area Changes.
(c) Service Population defined as all residents plus one third of all employment.
(d) Transfer tax revenues assume development of 1,500 units of Facebook employee housing, and that Facebook will retain ownership of these units throughout the planning period.
(e) Average across office buildings shown in Table 7. 2015/16 revenues from City of Menlo Park.
(f) Average across life sciences buildings shown in Table 8. 2015/16 revenues from City of Menlo Park.
(g) RevPAR is based on STR research of twelve comparable properties in the market area, 2009-2015.
Sources: City of Menlo Park, 2016; STR, 2015; BAE, 2016.