

City of Brisbane
Educational Opportunities in the Baylands Development Project
September 21, 2020

Overview of Analysis

The Baylands development project has presented the City of Brisbane with a unique opportunity to address the educational needs of students in the community through the potential construction of new school and community facilities in the project area. Since the development project is early in the planning phase, the educational vision can be incorporated into the plan from the beginning and the City can use its leverage in the development process to implement the educational vision. The City's strong interest in providing for school facilities in a new development project is somewhat unique and can be a true advantage to the school districts and, ultimately students, that benefit from this endeavor.

The team of Capitol PFG and Ryland School Business Consulting have analyzed:

- Estimated students that the schools can expect from the Baylands project
- School capacity need created by the development project
- School facilities that can be constructed in the project area
- Potential student demand for schools in the Baylands project from the existing Brisbane community as well as the potential for additional students from other nearby development projects
- Estimated cost and requirements for school facilities in the project area
- Operational funding projections for the school district

A summary of the analysis and findings is provided in this report.

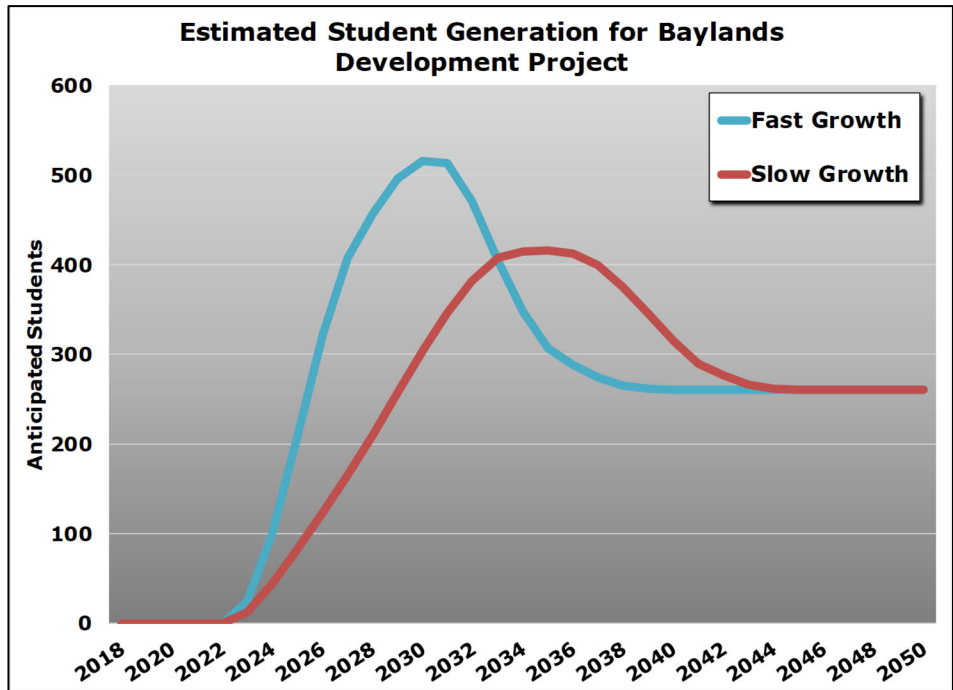
Estimated Students from the Baylands Project

Currently, the Baylands developers are estimating that a total of 2,200 housing units will be constructed in the project, with an estimated mix of 1,000 apartments and 1,200 townhomes. It is estimated that 40% of the apartments will have 2 or more bedrooms and the townhomes will be 2 to 3 bedrooms, mostly 3 bedrooms.

The school districts have been provided with this information and are working on a demographic analysis to estimate the impact of this development on their schools. Ultimately, the City can utilize the data contained in the analysis completed by the school districts, which will be customized to their specific situation and policies, but an estimate of the students can be completed based on existing research and data. Recently, San Francisco Unified School District completed a student generation rate analysis to estimate the number of students to expect from the Treasure/Yerba Buena Islands, Hunters Point Shipyard and Candlestick Point development projects. With similar demographics and anticipated type of development, these generation rates can be applied to the Baylands project.

The overall student generation rate is simply a snapshot figure. In reality, actual student attendance at from new development typically comes in “waves” over the course of development build-out. It is often the case that development does not reach its peak generation until several years into the absorption of the development project. Then, there is a peak in the number of students, which then averages out over time, as demonstrated in the chart provided.

At peak, between 400 and 525 students are expected from the Baylands project area, based on attendance patterns in similar school districts.



Approximately, 300 to 400 of these students are anticipated in Kindergarten through 8th grades. However, an attractive school facility and program can potentially draw additional student demand as a large percentage of local students attend private schools.

The estimated 300 to 400 Kindergarten through 8th grade students will likely exceed the capacity at the Bayshore School, which currently operates with approximately 400 students. At the high school level, Jefferson Union High School District has available capacity to accommodate all anticipated students from new development at its existing school sites. However, it is apparent that there is a community interest for a high school in Brisbane.

New Schools in the Baylands Project

Elementary School

The number of residential units planned in the Baylands project will pose a student housing challenge for the Bayshore School District. A new elementary school will likely be needed. The Bayshore School District recently reconstructed an elementary school of approximately 47,000 square feet, designed to accommodate 568 students. The design of the campus was based on 21st century learning concepts and includes shared “hub” areas for



interactive learning and socialization, a learning resource lab that functions as a lounge area and stage as well as a student library. Each of the classrooms are interactive with touch sensitive projection devices, movable furnishings, wireless technology and a combination of tackable and writable surfaces.

Based on information provided by the Bayshore SD, it is estimated that the school has a capacity for 568 students. It can be assumed that a similar size campus could adequately serve the anticipated students from the Baylands development area.

The Bayshore School had a construction cost of \$28 million, when soft costs such as planning, design, engineering, approvals and furniture are added in, as well as inflation, an estimated all-in cost of \$38 million can be expected for a similar campus in Baylands. This cost estimate would need to be augmented with any land acquisition and site development costs. With the cost of land in the Bay area, this additional amount could be significant.

The California Department of Education (CDE) sets standards, based on grade levels and school components, for the amount of usable acres needed for any site. That said, it is always possible for CDE to approve larger or smaller sites depending on the particular circumstances of a district and how that district is planning to deliver required curriculum in the various learning spaces. The existing Bayshore site is on a very small site. Typically, 8-10 acres would be needed for an elementary school of 47,000 square feet with play fields and hardcourt area.

In summary, a **new elementary school** in the Baylands project area could have the following specifications:

- 47,000 square feet of building space
 - Classrooms for 500+ students
 - Support facilities including gymnasium, learning center, labs, administrative offices and multi-purpose areas
- Play fields, hard courts, outdoor learning spaces
- Parking and drop-off areas

- Estimated construction cost, including soft costs: \$38,000,000 + land and site development costs
- 8-10 acres of land

High School

A new high school in the Baylands area with a focus on biotechnology supplemented with facilities for visual and performing arts could be draw for regional students and the community. The high school can be constructed in phases, with the first phase designed to accommodate 500-600 students, with a potential for two additional expansions, with the first incremental expansion taking the student capacity to 800-900 students and the second incremental expansion taking the student capacity to 1,100-1,200 students. The expansions can occur over time based on student demand and interest in the school from students outside the area. It is expected that the combination of existing Brisbane and Bayshore residents and planned future residents from the Baylands project will fill the first phase of the project.

Student demand from other areas and nearby future development projects could drive the school expansions.



A school with a focus on biotechnology needs to contain the learning lab spaces and technology to support this curriculum. The school can contain a specific building constructed with this curriculum in mind. In any comprehensive high school, in addition to classroom space, support facilities must be provided, including administrative spaces, a gymnasium and locker rooms, multi-purpose room with kitchen and cafeteria, library and learning center and field space. To further attract students and provide a

community amenity, the high school can also be designed with a visual and performing arts center as well as a multi-use community room that can serve as a lab/learning center as well as an after-hours community event space.

Applying the phased concept, the initial phase of construction is estimated to include approximately 90,000 square feet of building space and can include classrooms designed to accommodate up to 600 students, with necessary support facilities, a gymnasium, multi-purpose room, visual and performing arts center and sports fields.

The site work can be completed in the initial phase to serve the entire potential build-out of the campus. The second phase of construction is estimated to include approximately 11,000



square feet of building space and could include an additional classroom building and a multi-use community room. The final phase of construction is estimated to include approximately 9,000 square feet of building space and could include an additional classroom building.

Cost estimates have been compiled based on similar construction of the components of the high school set forth above. Phase one has an estimated cost, including both construction and soft costs of \$85,000,000, phase two has an estimated cost of \$6,000,000 and phase three has an estimated cost of \$5,000,000. There would be additional costs for land acquisition and possibly site development depending on the status of the site selected.

Again, CDE sets standards, based on grade levels and school components, for the amount of usable acres needed for any site. Based on the anticipated full build-out of the high school

campus, approximately 35 usable acres of land would be needed to accommodate the high school.

If Jefferson Union High School District does not have an interest in constructing a high school in the Baylands project area, a charter school model could be used to deliver the high school facility with the Bayshore Elementary District or merged Bayshore/Brisbane Elementary School District issuing the charter. If that is the case, however, the charter school would need to contain the grade levels served by the Bayshore Elementary District. To meet this requirement, the high school could be constructed as a 6-12 grade campus. This would not likely alter the construction plan for the high school. It is recommended, however, that even if a charter model is used, the school is constructed based on State standards for public schools so that in the future, if there is a unification or other reorganization, the school could be utilized as a public, non-charter high school.

In summary, a **new high school** in the Baylands project area could have the following specifications:

- Phase 1 (90,000 square feet of building space)
 - Classrooms for up to 600 students
 - Biotechnology Lab Building
 - Visual and Performing Arts Center
 - Gymnasium and Locker Rooms
 - Multi-Purpose Room with Kitchen and Cafeteria
 - Library and Learning Center
 - Administrative Offices
 - Baseball, softball and soccer fields
 - Hardcourt areas
 - Parking and drop-off areas
 - Site work for full school build-out
- Phase 2 (11,000 square feet of building space)
 - Classrooms for up to 300 students
 - Multi-use community room
- Phase 3 (9,000 square feet of building space)
 - Classrooms for up to 300 students
- Estimated construction cost, including soft costs:
 - Phase 1: \$85,000,000 + land and site development costs
 - Phase 2: \$6,000,000
 - Phase 3: \$5,000,000
- 35 acres of land

Funding New School Facilities

Anticipated School Facilities Cost (in 2019 Dollars)	
New Elementary School	\$38,000,000 + Land and Site Development
New High School – Phase 1	\$85,000,000 + Land and Site Development
New High School – Phase 2	\$6,000,000
New High School – Phase 3	\$5,000,000
Total School Facilities Cost (in 2019 \$)	\$134,000,000 + Land and Site Development

New school facilities that are required as a result of new development are typically funded from a combination of funding sources, primarily development mitigation funds and State School Facility Program (SFP) grants.

The SFP is in a state of limbo at the moment as the current program will be supplemented with new rules and regulations with a successful future state school bond measure, which is currently anticipated in March 2020. However, based on current funding assumptions, at the elementary level approximately \$8-\$10 million can be expected for base state grants, plus reimbursement of 50% of the appraised value of any land acquired. Therefore, of the estimated \$38 million in elementary school construction costs, approximately \$28-\$30 million would need to be funded through development.

At the high school level, with available school capacity at its existing school sites, Jefferson Union HSD would not likely have any eligibility for SFP grants from the State. However, if the school is constructed as a charter school, there may be some access to charter school facility funding estimated at \$10 million based on the parameters of the current State program, plus some reimbursement for land acquisition costs.

New development is required to pay impact fees to schools in an amount currently set at \$3.79 per square foot of residential construction and \$0.61 per square foot of commercial/industrial construction. These fees are increased by the State bi-annually in even numbered years, with the next increase expected in January 2020. Based on the anticipated development plan for the Baylands project, approximately \$16 million of developer fees would be generated from the project, in today’s dollars.

When adding together the anticipated funding identified for school facilities to be generated from the development project area and the State, there is a funding shortfall of \$98-\$100 million plus land and site development costs that aren’t funded by the State.

School districts throughout the State have faced challenges in securing funding from new development for school facilities beyond what is statutorily required. In the absence of such funding, many school districts have had to seek local bond funding measures or utilize their general operating funds to pay for the unfunded portion of new school construction costs. It is a significant benefit to the local schools for the City to use its leverage and influence over the developer of the Baylands project in order to receive enhanced funding for schools in the

project. The identified approximately \$100 million shortfall can be addressed with the assistance from the City as part of its development agreement.

Alternative Mitigation Measures

The City could consider forming a Community Facilities District (CFD) to fund school facilities needs. The formula for this CFD could be customized based on goals and policies set forth by the City and an allocation balanced between residential and non-residential development. To the extent there is an interest in this funding mechanism, an analysis can be conducted that evaluates the overall infrastructure and capital funding need of the City for the project as a whole in conjunction with the estimated funded needed for schools.

Potential for Students from Other Local Development Projects

In addition to the Baylands project, there are other local development projects that could have an impact on local school facilities. Within the Bayshore School District, there is the potential development of the Cow Palace site that could generate an additional 400+ students at the elementary level plus 150+ high school students. Although this development project would require its own mitigation measures at the elementary grade levels in order to accommodate the future student population in that area, at the high school level, many of these students may have an interest in attending a new high school constructed in the Baylands project. Furthermore, the portion of the Baylands project constructed within the San Francisco Unified School District could also result in high school students with an interest in attending a new high school in the Baylands. The benefit of the phased approach to a Baylands high school is that the school can grow based on demand from these potential areas of new development as well as existing residential areas.

Funding Analysis

Scenario A, Fast Growth, No Charter School:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Jefferson						
Enrollment	4,202	4,225	4,258	4,293	4,320	4,335
Change in Enrollment	7	23	33	36	26	15
Property Taxes, Net of In Lieu Transfer	\$50,760,361	\$53,325,433	\$56,297,894	\$59,194,248	\$61,588,642	\$64,253,080
Change in Property Taxes	\$2,144,183	\$2,565,071	\$2,972,461	\$2,896,354	\$2,394,394	\$2,664,438
Funding per Student	\$12,928	\$13,466	\$14,061	\$14,620	\$15,087	\$15,650
	4%	4%	4%	4%	3%	4%
Bayshore						
Enrollment	430	482	556	636	695	729
Change in Enrollment	17	52	74	80	59	34
Property Taxes, Net of In Lieu Transfer	\$4,157,076	\$5,476,795	\$7,179,813	\$8,778,028	\$9,841,563	\$11,149,598
Change in Property Taxes	\$939,076	\$1,319,718	\$1,703,019	\$1,598,214	\$1,063,536	\$1,308,035
Funding per Student	\$10,557	\$11,539	\$13,064	\$13,927	\$14,266	\$15,401
	3%	9%	13%	7%	2%	8%
Brisbane						
Enrollment	586	586	586	586	586	586
Change in Enrollment	28	0	0	0	0	0
Property Taxes	\$7,506,017	\$7,843,000	\$8,180,000	\$8,517,000	\$8,854,000	\$9,191,000
Change in Property Taxes	\$336,745	\$336,983	\$337,000	\$337,000	\$337,000	\$337,000
Funding per Student	\$13,311	\$13,886	\$14,461	\$15,036	\$15,611	\$16,186
	0%	4%	4%	4%	4%	4%

In the fast growth scenario, Bayshore grows by almost 300 students from 2023 to 2029. Property taxes increase more rapidly than students, however, so the district becomes basic aid and funding per student grows from \$10,557 to \$15,400 over the six years. Jefferson UHSD grows by just over 130 students and per-student funding continues to grow 3-4% annually.

Scenario B, Slow Growth, No Charter School:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Jefferson						
Enrollment	4,198	4,208	4,219	4,232	4,245	4,259
Change in Enrollment	4	10	12	13	13	14
Property Taxes, Net of In Lieu Transfer	\$50,417,512	\$52,451,168	\$54,729,360	\$57,264,775	\$59,916,565	\$61,972,105
Change in Property Taxes	\$1,801,334	\$2,033,656	\$2,278,192	\$2,535,414	\$2,651,790	\$2,055,540
Funding per Student	\$12,858	\$13,312	\$13,816	\$14,373	\$14,955	\$15,390
	3%	4%	4%	4%	4%	3%
Bayshore						
Enrollment	421	443	469	498	527	558
Change in Enrollment	8	22	26	29	29	31
Property Taxes	\$3,811,038	\$4,594,397	\$5,596,689	\$6,830,606	\$8,153,933	\$8,847,405
Change in Property Taxes	\$593,038	\$783,359	\$1,002,291	\$1,233,917	\$1,323,326	\$693,473
Funding per Student	\$10,558	\$10,869	\$12,096	\$13,866	\$15,611	\$15,996
	3%	3%	11%	15%	13%	2%
Brisbane						
Enrollment	586	586	586	586	586	586
Change in Enrollment	28	0	0	0	0	0
Property Taxes	\$7,506,017	\$7,843,000	\$8,180,000	\$8,517,000	\$8,854,000	\$9,191,000
Change in Property Taxes	\$336,745	\$336,983	\$337,000	\$337,000	\$337,000	\$337,000
Funding per Student	\$13,311	\$13,886	\$14,461	\$15,036	\$15,611	\$16,186
	0%	4%	4%	4%	4%	4%

In the slow growth scenario, Bayshore only grows by 137 grade K-8 students over the same six-year period and Jefferson grows 66. Property taxes grow faster than traditional state funding which is enough to move Bayshore into community funded or basic aid status. For Jefferson HSD, the growth in property taxes exceeds the growth in students, and per-student funding increases from \$12,850 to \$15,400 by 2029.

The slow growth scenario only generates an additional 66 grades 6-12 students by 2026, not producing enough students to operate a charter school. The current district configurations could absorb the students easily, especially given the additional property tax dollars generated. However, as the governing land use agency, the City has some influence over the pace of development and can make policy decisions that promote the desired development absorption. It is anticipated that the City will target a growth scenario that results in the optimal level of property tax funding, which will likely see accelerated property tax growth from a combination of residential and commercial development projects. Therefore, the fast growth scenario may be more likely than the slow growth scenario.

Adding a Charter School to the Mix

The fast growth Scenario A, reflecting a charter school opening in 2026, is projected below:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Jefferson						
Enrollment	4,202	4,225	4,258	4,194	4,194	4,194
Change in Enrollment	7	23	33	(63)	0	0
Property Taxes, Net of In Lieu Transfer (A)	\$50,760,361	\$53,325,433	\$56,297,894	\$56,686,881	\$58,302,074	\$60,478,529
Change in Property Taxes	\$2,144,183	\$2,565,071	\$2,972,461	\$388,987	\$1,615,194	\$2,176,455
Funding per Student	\$12,928	\$13,466	\$14,061	\$14,364	\$14,749	\$15,268
	4%	4%	4%	2%	3%	4%
Bayshore						
Enrollment	430	482	556	562	601	624
Change in Enrollment	17	52	74	6	40	22
Property Taxes, Net of In Lieu Transfer (A)	\$4,157,076	\$5,476,795	\$7,179,813	\$7,001,155	\$7,406,926	\$8,345,043
Change in Property Taxes	\$939,076	\$1,319,718	\$1,703,019	(\$178,659)	\$405,771	\$938,117
Funding per Student	\$10,552	\$12,585	\$13,971	\$16,587	\$13,289	\$13,579
	3%	19%	11%	19%	-20%	2%
Brisbane						
Enrollment	586	586	586	586	586	586
Change in Enrollment	28	0	0	0	0	0
Property Taxes	\$7,506,017	\$7,843,000	\$8,180,000	\$8,517,000	\$8,854,000	\$9,191,000
Change in Property Taxes	\$336,745	\$336,983	\$337,000	\$337,000	\$337,000	\$337,000
Funding per Student	\$13,311	\$13,886	\$14,461	\$15,036	\$15,611	\$16,186
	0%	4%	4%	4%	4%	4%
Combined Elementary District						
Enrollment	1,016	1,068	1,142	1,148	1,187	1,210
Change in Enrollment		52	74	6	40	22
Property Taxes	\$11,663,093	\$13,319,795	\$15,359,813	\$15,518,155	\$16,260,926	\$17,536,043
Change in Property Taxes		\$1,656,701	\$2,040,019	\$158,341	\$742,771	\$1,275,117
Funding per Student	\$11,684	\$12,677	\$13,654	\$13,721	\$13,896	\$14,696
		9%	8%	0%	1%	6%
New 6-12 Charter						
Enrollment (B)				346	446	491
Change in Enrollment				346	100	45
LCFF Funding				\$4,262,924	\$5,652,431	\$6,417,171
Change in Funding				\$4,262,924	\$1,389,507	\$764,740
Funding per Student				\$12,321	\$12,674	\$13,070
					3%	3%

(A) Property Tax In Lieu Transfer due to charter school for all students in charter. Assuming number of students equals two times the students attributable to Baylands for charter enrollment and transfer of In Lieu Property Taxes

(B) Assumed enrollment at charter school equals two times number of students generated by grade from Baylands. i.e. students from other districts and private schools will comprise half of charter enrollment. First years, charter only has 7-12 grade students.

In this fast growth scenario, it is assumed that the property tax increases and student enrollment increases discussed above are reflected in the Jefferson UHSD and Bayshore ESD funding calculations only. Based on underlying Tax Rate Areas, property taxes are split about 50/50 between the high school district and Bayshore. Through 2025-26, the property taxes accrue to the districts at a faster clip than the student growth, increasing per-student funding in both districts. However, when the Charter School is presumed to open in 2026, not only do we assume the relatively new Baylands students (grades 6-12) move to the charter school, so do the underlying property taxes required to fund the charter school and offset State Aid. Due to the demographics of the region, and the anticipated demand for the charter school, we also assume that the charter school will attract double the number of new Baylands students to the charter school – the new students from Jefferson and Bayshore, plus an

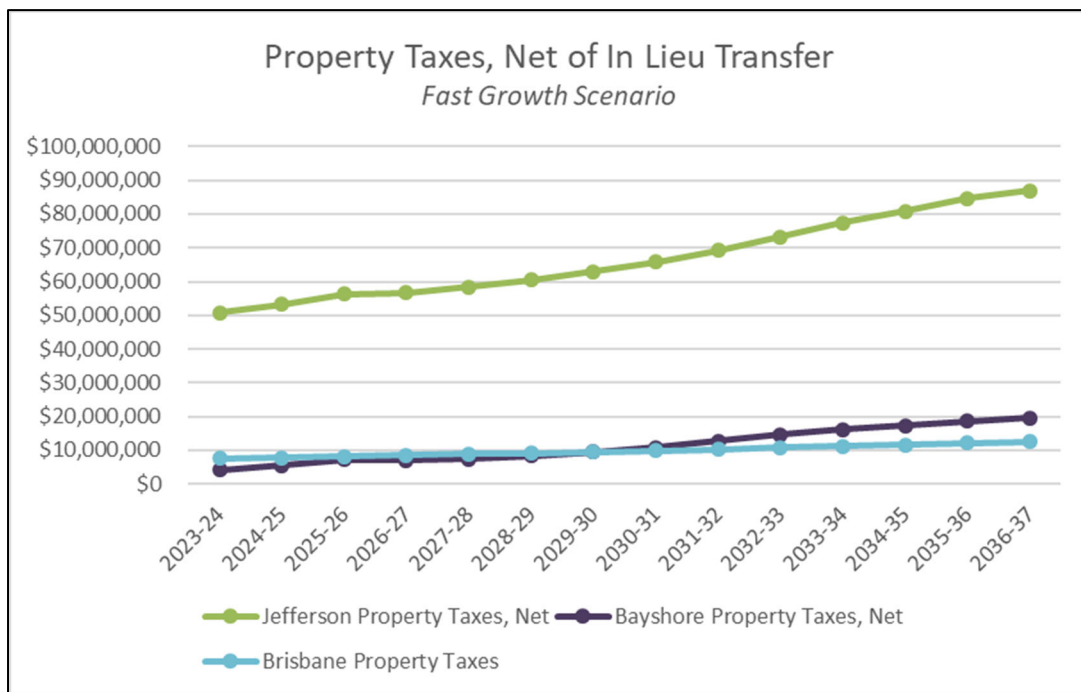
assumed equal amount from existing students in these districts, private schools and other districts.

Districts that authorize charter schools are required to make “in lieu property tax” transfers to a charter school for any students attending the charter school, up to the base LCFF funding amount for the charter students.

- In a state funded district, a per-student property tax amount is calculated for the district, and that amount per-student is transferred to the charter school with the state backfilling the remaining LCFF funding entitlement.
- In the case of a community funded or basic aid district, only the per-student amount up to the LCFF per-student funded amount is transferred. While Bayshore ESD is currently not a community funded district, the growth in property taxes from Baylands is anticipated to create a community funded, or basic aid, funding situation so the transfer of property taxes to the charter school will drop the net property tax increase for the district.

One funding stipulation for the authorizing district is that they can get reimbursed from other basic aid districts for the taxes transferred to the charter school for students from that basic aid district. In this case, if it is assumed that 99 JUHSD students plus another 99 non-Baylands, grade 9-12 high school students attend the charter school in 2026, JUHSD would need to cover the transfer of property taxes on behalf of those 198 grade 9-12 students, even though they did not authorize the charter school. Even after these relatively few students leave the district for the charter school, the remaining net property taxes result in increased per-student funding over current levels.

The projected net property taxes per district and per-student funding at each district, assuming the charter school opens in 2026, are displayed below:

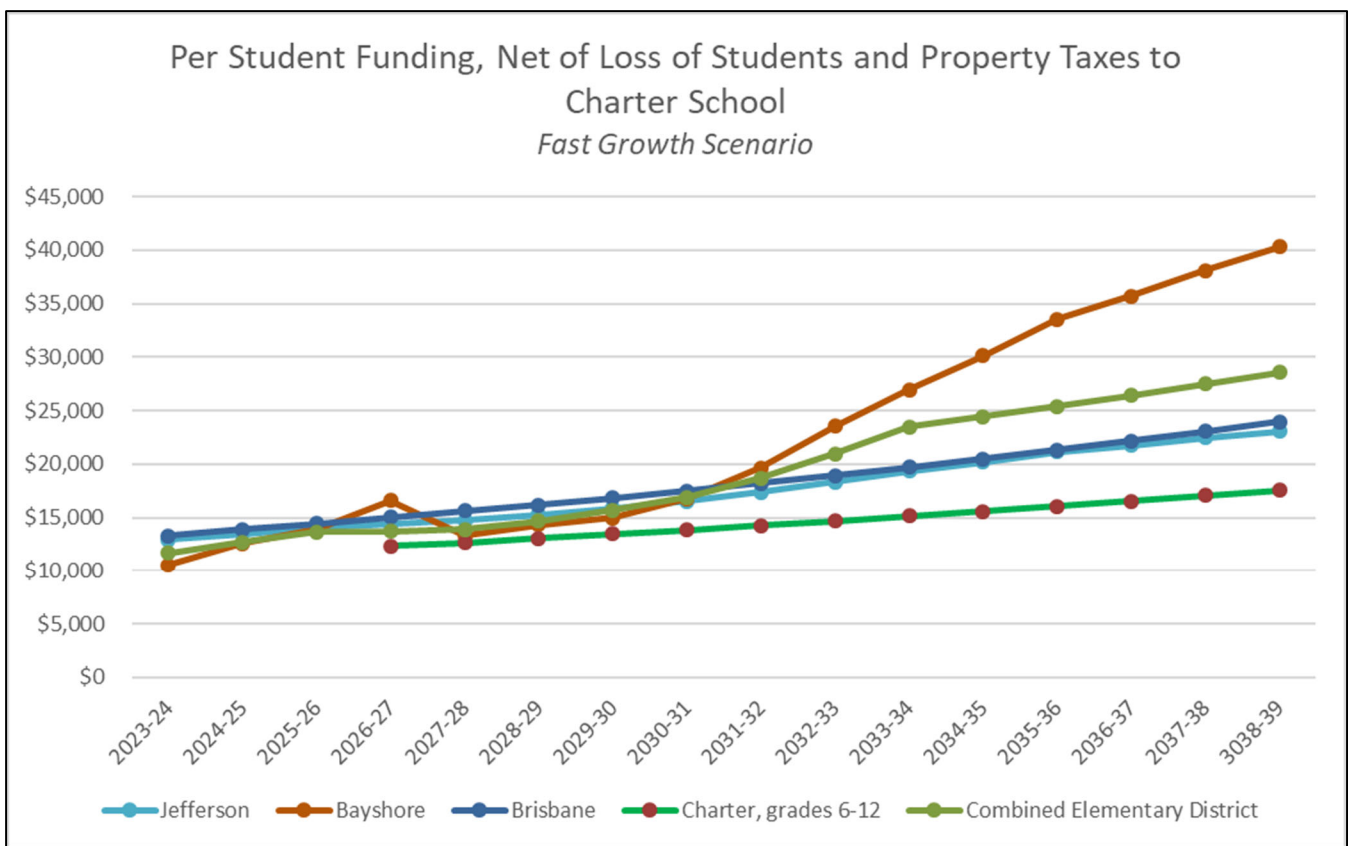


Brisbane property taxes are projected to increase due to normal and statutory property tax values – no new Baylands taxes are attributed to the Brisbane district. Brisbane ESD property taxes are estimated to increase 75%, or \$5.5 million, by 2037.

The elementary portion of Baylands’ property tax increase will all accrue to the benefit of Bayshore ESD. Total projected taxes increase between 2023 and 2037 fourfold from \$5million to \$20 million.

Jefferson property taxes increase primarily due to the normal and statutory property tax values of existing land within the district. Property taxes are projected to increase 77%, or \$39 million; however, only \$19 million is due to Baylands development.

For illustrative purposes, we created a combined elementary district comprised of Bayshore and Brisbane districts, and assumed the same fast growth in property taxes and students, plus opening a charter in 2026.



Per the projections for fast growth of development and students, the eventual per-student funding for the Bayshore school district exceeds the two other districts and the charter school (which is not property tax dependent.) The percent of property taxes from Baylands going to Jefferson is not as material as it is for Bayshore. Once the new Baylands students are removed from the districts and counted at the charter school, the per-student funding at Bayshore grows much faster than any of the other schools. In approximately 10 to 12 years, under the fast growth and charter school scenario, the per-student funding for Bayshore will likely exceed the per-student funding for Brisbane ESD.

Timing for Implementation

Conceptually, the timing of new school construction needs to be balanced with the ability to financially support operations of the new facility. If development progresses fairly quickly, a new 6-12th grade school could be constructed to serve up to 600 students by 2026, with a similar timeframe for the construction of a new elementary school.

