MEETING AGENDA

Friday, September 30, 2022, 11:00 a.m. – 12:00 p.m.

Meeting will be conducted via Teleconference Only

Website Link: https://smcoe.zoom.us/j/93322308981?pwd=WnV6K3VrRlM3Rm5LT29XSFNuaWdiZz09
Meeting ID: 933 2230 8981  Passcode: 117038
Dial-In Option: 1-669-900-9128

Call to Order

Supervisor Pine

Adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person for the Child Care Partnership Council would present imminent risks to the health or safety of attendees

ACTION

ATTACHMENT 1A & 1B

Action to Set Agenda for September 30, 2022 Meeting

Supervisor Pine

ACTION

Public Comment*

Supervisor Pine

Review South San Francisco Measure DD

Supervisor Pine

ACTION

ATTACHMENT 2A – City Attorney Summary
ATTACHMENT 2B – CCPC Public Policy Platform
ATTACHMENT 2C – Strategic Economics Presentation
ATTACHMENT 2D – Brion Economics Financial Analysis

Adjournment

Supervisor Dave Pine

The next CCPC meeting is Monday, November 28, 2022, 10:30 a.m. - 12:00 p.m.

*Public Comment: This item is reserved for persons wishing to address the Council on any Council-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Coordinator’s Report on the Regular Agenda; or 3) Committee Members’ Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

Persons wishing to address a particular agenda item should speak during that agenda item. If you wish to speak to the Council, please use the “Chat” or “Raise Your Hand” feature to be called on to provide comment. If you have anything that you wish to be distributed to the Council and included in the official record, please email it to Ian Johnson, ijohnson@smcoe.org, who will distribute the information to the Council Members and staff. Speakers are customarily limited to two minutes, but an extension may be provided to you at the discretion of the Council Co-Chairs.

Public records that relate to any item on the open session agenda for a regular Council meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Council. The Council has designated the San Mateo County Office of Education office located at 101 Twin Dolphin Drive,
IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT: Child Care Partnership Council meetings are accessible to individuals with disabilities. Contact Ian Johnson at (650) 802-5601, TDD (650) 802-5480, or at ijohnson@smcoe.org as soon as possible prior to the meeting, if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable the Child Care Partnership Council to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.
Date: September 30, 2022
To: San Mateo County Child Care Partnership Council
From: Sarah Kinahan, CCPC Coordinator
Subject: Resolution to make findings allowing continued remote meetings under Brown Act

RECOMMENDATION:
Adopt a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person for the San Mateo County Child Care Partnership Council would present imminent risks to the health or safety of attendees.

BACKGROUND:
On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers had fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to had contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor’s Executive Orders addressing Brown Act compliance during shelter-in-place periods. AB 361 allows a legislative body to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the legislative body.

AB 361 provides that Brown Act legislative bodies must return to in-person meetings on October 1, 2021, unless they choose to continue with fully teleconferenced meetings because a specific declaration of a state or local health emergency is appropriately made. AB 361 allows legislative bodies to continue to conduct virtual meetings as long as there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that meeting in person would present an imminent risk to health or safety of attendees. AB 361 became effective on October 1, 2021 and will sunset on January 1, 2024.

AB 361 also requires that, if the state of emergency remains active for more than 30 days, the legislative body must make findings by majority vote every 30 days to continue using the bill’s
exemption to the Brown Act teleconferencing rules. The findings demonstrate the need for teleconferencing persists due to the nature of the ongoing public health emergency. Effectively, this means that legislative bodies must either agendize a Brown Act meeting once every thirty days to make these findings, or, if a legislative body has not made such findings within the prior 30 days, the legislative body must re-adopt the initial findings if it wishes to conduct a remote meeting.

**DISCUSSION:**
The state of emergency caused by the spread of COVID-19 continues to directly impact the ability of members of the San Mateo County Child Care Partnership Council to meet safely in person; and conducting in-person meetings at the present time would present an imminent risk to the health and safety of attendees. A resolution to that effect and directing staff to take such other necessary or appropriate actions to implement the intent and purposes of the resolution, is attached hereto.

**FISCAL IMPACT:**
None
RESOLUTION FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY DECLARED BY GOVERNOR NEWSOM, MEETING IN PERSON FOR THE SAN MATEO COUNTY CHILD CARE PARTNERSHIP COUNCIL WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES

WHEREAS, on March 4, 2020, the Governor proclaimed pursuant to his authority under the California Emergency Services Act, California Government Code section 8625, that a state of emergency exists with regard to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, on June 4, 2021, the Governor clarified that the “reopening” of California on June 15, 2021 did not include any change to the proclaimed state of emergency or the powers exercised thereunder, and as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent resolution in the state Legislature; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 that suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code section 54950 et seq. (the “Brown Act”), provided certain requirements were met and followed; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 that provides that a legislative body subject to the Brown Act may continue to meet without fully complying with the teleconferencing rules in the Brown Act provided the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and,

WHEREAS, on January 5, 2022, Governor Newsom extended the sunset provision of AB361 and Government Code Section 11133(g) to January 1, 2024 due to surges and instability in COVID-19 cases; and,

WHEREAS, California Department of Public Health (“CDPH”) and the federal Centers for Disease Control and Prevention (“CDC”) caution that COVID-19 continues to be highly transmissible and that even fully vaccinated individuals can spread the virus to others; and,
**WHEREAS**, the Child Care Partnership Council has an important governmental interest in protecting the health, safety and welfare of those who participate in its meetings;

**WHEREAS**, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Child Care Partnership Council deems it necessary to find that meeting in person would present imminent risks to the health or safety of attendees, and thus intends to invoke the provisions of AB 361 related to teleconferencing.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. The Child Care Partnership Council finds that meeting in person would present imminent risks to the health or safety of attendees.
3. Staff is directed to return no later than thirty (30) days, or, alternatively, at the next scheduled meeting of the Child Care Partnership Council, after the adoption of this resolution with an item for the Child Care Partnership Council to consider making the findings required by AB 361 in order to continue meeting under its provisions.
4. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

* * * * * *
January 5, 2022

Re: Title and Summary for Proposed Initiative Ordinance to Enact an Annual Parcel Tax on Some Commercial Office Properties for Early Care and Education and Childcare and Development Programs

To All Interested Parties:

Attached is the City Attorney’s title and summary for a proposed initiative ordinance to enact an annual parcel tax on some commercial office properties for early care and education and childcare and development programs. In providing this title and summary, the City Attorney makes no representations regarding the merits or legality of the proposed legislation. Additionally, the City Attorney does not verify or confirm any factual or legal assertion made in the proposed legislation. The title and summary is presented as a “true and impartial statement of the purpose of the proposed measure,” as required by Elections Code section 9203.

Sincerely,

Sky Woodruff
City Attorney, South San Francisco
Annual Parcel Tax on Some Commercial Office Properties for Early Care and Education and Childcare and Development Programs

The proposed initiative ordinance ("ordinance") would levy an annual parcel tax on some commercial office properties. The tax rate would be $2.50 per square foot of parcel size. "Commercial office parcel" is defined to mean any parcel of real estate in the City of South San Francisco "that is developed and used by a business entity primarily for operations or services that are professional, scientific, or technical in nature. Such services or operations include but are not limited to computer programming, data processing, research and development activities, or operation of an internet retailing business. Such services or operations do not include warehousing, industrial, or retail activities." The tax would not apply to commercial office parcels that are less than 25,000 square feet. The tax would be collected each year with regular property taxes.

Revenue from the tax could only be used for specified purposes. First, eligible children would be able to attend early care and education and childcare and development programs offered by participating family childcare providers ("providers") and early learning and care centers ("centers"), as defined in the ordinance, at no cost. Eligible children are defined as between the ages of 2.5 and 5 years, with a parent, legal guardian, foster parent, or legal caregiver who resides or is employed within the boundaries of the South San Francisco Unified School District ("School District"). Centers and providers that are paid with revenue from the tax for eligible children to attend must be located within the boundaries of the School District and must compensate teachers and staff members who are providing early care education to eligible children in amounts determined through a process described in the ordinance. Funding from the tax would pay for up to 10 hours of care and learning for eligible children each day. Participating centers and providers would have to offer half-day and full-day schedules and year-round and school-year schedules.

Second, revenue from the tax could be used for "establishment or improvement of infrastructure for eligible Centers and Providers, including lease, purchase, development, maintenance, or improvement of facilities, as well as shared administrative, human resource services, and employee benefits."

Third, tax revenue could be used for the administrative costs of the City that are necessary to implement the tax, not to exceed 10 percent of each year’s tax revenue.

Fourth, revenue from the tax could be used to pay stipends to members of an oversight committee to be established pursuant to the ordinance. The oversight committee’s role would be to monitor the implementation of the ordinance; review financial information relevant to the tax; conduct regular public hearings on the program and report public input; evaluate the program; and advise regarding the compensation levels for teachers and staff noted above.

The ordinance calls for an "administrative organization," which may be a non-profit entity or the City’s Parks and Recreation Department, to administer aspects of the ordinance.
Public Policy Platform 2020-2023

The San Mateo County Child Care Partnership Council (CCPC) advises the County Board of Supervisors and the County Superintendent of Schools on child care and early learning program and policy issues, and takes the lead in planning and advocating for quality child care and early learning for all children, from birth to age thirteen, in San Mateo County. This Public Policy Platform captures long-standing priorities and positions of the CCPC, as well as emerging concerns. It is not organized in order of importance, and is intended to describe values and comprehensive positions.

Child care and early learning programs contribute to children's overall healthy growth and development, and strengthen families while enabling them to go to work or school. The CCPC's vision is that every child and family in San Mateo County has high quality child care and early learning opportunities. We believe that these opportunities should be accessible for all children regardless of race, ethnicity, religion, ability, language, economic status, immigration status, and geographic location. We seek to address inequitable practices in the child care and early learning system so that success and failure are no longer predictable by child identity - racial, cultural, economic, or any other social factor.

The onset of the COVID-19 pandemic in March 2020 created significant upheaval throughout our community. During the pandemic, child care has been elevated as a critical support for healthcare professionals, first responders and other essential workers, as well as for the long-term recovery of our community. While some programs temporarily closed their doors due to shelter-in-place orders, many remained open, particularly family child care providers. As child care and early learning programs adapted to the pandemic, the need for additional resources quickly became apparent. Programs need financial and other supports to meet public health guidance that calls for new and increased health and hygiene practices and limiting the size of groups of children to maintain physical distancing. Schools remaining closed for distance learning have also magnified pressures on programs to support young children in new ways.

Notably, the child care and early learning system was fragile prior to the onset of the pandemic as public funds and family fees have not met the cost of operating quality programs and compensating the workforce adequately, particularly in a high-cost county such as San Mateo, and the demand for affordable child care and early learning programs has outpaced the supply. Working families struggle with the combined high costs of housing, child care, and other living expenses in our county. As such, child care and early learning is at a critical juncture as demands on the field have altered considerably and the stress and uncertainty for families has grown.

The importance of Local Child Care and Development Planning Councils (LPCs) across the state, such as the CCPC, has been magnified in these crises – coordinating across counties.
Public Policy Platform 2020-2023

and mixed delivery systems to leverage information and resources to support the field. LPCs offer a public forum to hear issues that matter most to the field and galvanize a coordinated response by engaging parents, early educators, public and community-based agencies, institutions of higher education, and philanthropy with policy makers and other local partners to strategize response and action plans.

This public policy platform addresses the following areas of highest priority in San Mateo County:
1. Systems, Financing and Administration
2. High-Quality Program Implementation
3. Availability, Accessibility and Affordability
4. Workforce
5. Facilities
6. Health and Safety

SYSTEMS, FINANCING AND ADMINISTRATION

To ensure and support a comprehensive, high-quality child care and early learning system serving children from birth to age 13, we advocate for increased, protected and stable funding for that system, and we recognize a need for investments that sustain the child care and early learning infrastructure as programs grapple with financial challenges due to the COVID-19 pandemic.

To achieve the most cost-effective, equitable, and accessible system of child care and early learning, we support policy proposals such as:

● Increased investments for infant and toddler care and other high need populations;
● A streamlined, single subsidy reimbursement system that reflects the actual, current cost of providing high-quality care that adequately compensates the workforce to achieve salary parity with the K-12 system;
● Streamlined and efficient administration, including adequate resources for Local Child Care Planning Councils, and coordinated regulatory, contracting and reimbursement processes;
● Strong systems coordination between state and local agencies that support child care and early learning, physical and/or mental health, prevention/early intervention, TK-12 and higher education, community and economic development, family support, food/nutrition, social services and recreation services;
● Programs that emphasize trauma-informed care to address the needs of unique populations;
Public Policy Platform 2020-2023

- A system that supports a smooth transition for children and families from infant/toddler programs into the PreK/TK-12 system, with collaboration to align PreK and TK/K-3rd grade standards, curriculum, credentialing, and assessment;
- Opportunities to pilot new ideas and innovative services to improve outcomes for young children and their families in San Mateo County; and
- A streamlined data collection system that provides opportunities to understand children’s Kindergarten readiness through a universal assessment, the various needs of children and families, their participation in various services, and the impact of those services on child development and school readiness, and family self-sufficiency and stability.

HIGH-QUALITY PROGRAM IMPLEMENTATION

To ensure the best outcomes for young children ages birth to 13 and their families, we support a sufficiently funded system that ensures high-quality programs that include:

- Developmentally appropriate curriculum grounded in research and evidence-based practices;
- A culturally/linguistically responsive approach;
- Inclusive environments conducive to learning and development for all children;
- Robust and authentic family engagement;
- Meaningful connections to comprehensive services and early identification and intervention processes; and
- Effective evaluation, monitoring and support.

We also support the use of a Quality Rating and Improvement System (QRIS) to assist families in choosing quality programs, to support programs to engage in continuous quality improvement, and to encourage public/private entities to invest in services that meet higher levels of quality.

To achieve high-quality program implementation in both publicly and privately funded child care and early learning programs, we support policy proposals such as:

- Inclusion of a broad representation of centers, family child care homes, and alternate settings in Quality Counts San Mateo’s quality improvement efforts that encompass a diversity of modalities (i.e. coaching, mentoring, trainings, etc.);
- Technical assistance, professional development, training and coaching that remove barriers and support quality improvement;
- Increased state and local funding to grow and sustain quality improvement implementation and make these activities more accessible to all programs;
- Inclusive environments for all children within a mixed delivery system;
Public Policy Platform 2020-2023

- Rigorous program evaluation to determine which quality improvement strategies result in improved kindergarten readiness for our most vulnerable children; and
- Supports for programs that serve school age children to improve the quality of their services.

AVAILABILITY, ACCESSIBILITY AND AFFORDABILITY

To ensure all families and their children benefit from high-quality child care and early learning services, including equitably addressing the needs of unique populations of children and their families such as infants/toddlers, dual language learners, children at risk and/or with special developmental and health care needs, children experiencing homelessness, children under the supervision of the child welfare system, children and families experiencing domestic violence, and children of teen parents, we support investments and strategies that increase the availability, accessibility and affordability of inclusive, high-quality services provided within a diverse delivery system.

To achieve equitable and universal availability, accessibility, and affordability, we support policy proposals such as:
- Increased funding to serve all children from low-income families in need of subsidized child care and early learning services regardless of immigration status;
- Easy enrollment and verification processes for families accessing subsidized child care and early learning with adequate funding for the agencies/entities that support families so that timely and responsive services can be provided in the family’s home language;
- Greater assistance for families to help them learn about child care and early learning options, particularly for families with children with special needs and in the family’s home language;
- Family eligibility standards that promote continuity of care for children and families;
- A higher income eligibility threshold for subsidized child care and early learning services due to the high cost of living in San Mateo County;
- Thoughtful income supports or other strategies, such as family-friendly workplace policies, to improve the short- and long-term stability of families and healthy outcomes for children; and
- Capacity building supports for all providers to help them serve underserved populations.

WORKFORCE

To ensure that a qualified workforce cares for and educates our diverse population of young children, we promote public and private efforts and systems that recruit, retain, and support a
Public Policy Platform 2020-2023

diverse, well-educated, well-compensated child care and early learning workforce that is inclusive of center-based, family child care, and “family, friend, and neighbor” staff.

To achieve an increase in the number of qualified child care and early learning professionals who are paid commensurate with their education and expertise and with parity to the K-12 system, we support policy proposals such as:

● Improved access to high-quality, coordinated educational and professional development systems that address financial, cultural, linguistic, and literacy needs on a continuum from entry-level through degree attainment;
● Adequate compensation for the workforce to achieve salary parity with the K-12 system;
● Coordination between local providers of professional development and higher education and support;
● Professional development opportunities that help the workforce develop expertise to support vulnerable and unique populations of children and families; and
● Campaigns to raise awareness of the child care and early learning workforce as valued professionals.

FACILITIES

To ensure an adequate supply of high-quality child care and early learning facilities, we advocate for public policy changes and strategies that reduce the complexity and remove barriers to developing new spaces.

To ensure that children are cared for and educated in high-quality, inclusive environments within a diverse delivery system, we support policy proposals such as:

● Increased public and private capital resources, at the federal, state and local levels, that are equitably distributed to increase the number of facilities;
● Technical expertise available to develop, finance, and maintain new and existing high quality child care and early learning facilities;
● City and county planning and land use policies that promote the inclusion and expansion of child care and early learning facilities, including the integration of these facilities in land use, housing, transportation, and economic, workforce and community development; and
● Policies that encourage employers to create child care facilities for their employees.

HEALTH AND SAFETY

To ensure all children are cared for and educated in safe and healthy environments, we must have a sufficiently funded and staffed Community Care Licensing system that monitors and
Public Policy Platform 2020-2023

provides technical assistance and resources to current and future licensed programs and providers. Child care and early learning programs also need technical assistance, training and resources to meet child and staff health and safety needs and respond to emergencies or disasters.

To achieve child care and early learning programs with the highest standards for health and safety, we support policy proposals such as:

- Annual monitoring visits for licensed centers and homes;
- Intra-departmental coordination between Licensing and the administration of child development programs shifted from the California Department of Education to the California Department of Social Services;
- Capacity-building within the child care and early learning system/workforce to meet all of children’s health and safety needs including mental, physical, and developmental; responding to medical or situational crises; and ensuring safe routes to schools;
- Supports for all child care and early learning settings, including licensed and license-exempt, to ensure environments are safe and healthy;
- A more robust emergency response system for child care and early learning providers to ensure timely access to information and resources in the event of future disasters or emergencies;
- Representation of child care and early learning on local, state and federal COVID-19-related task forces; and
- Streamlined, clear and consistent regulations across license types.

For more information about the San Mateo County Child Care Partnership Council, please visit www.smcoe.org/about/child-care-partnership-council/.

Approved November 16, 2020
South San Francisco Parcel Tax Analysis

Revenues and Impacts of the “Early Care for All” Parcel Tax

Presentation to the South San Francisco City Council
August 10, 2022
About Strategic Economics

• Berkeley-based land use economics consulting firm
• Founded 1998
• Specialties include:
  • Fiscal & economic impacts
  • Market & development feasibility analysis
  • Economic development
  • Affordable housing studies and policy
  • Public finance
  • Transit-oriented communities

Examples of our Work:

• South SF Commercial linkage fee nexus study (affordable housing impact fee)
• South SF Lindenville Specific Plan
• Current nearby projects for San Francisco, Redwood City, East Palo Alto, Mountain View
• “Regional Transportation Measure Revenue Estimates” for the Silicon Valley Community Foundation
Presentation content

• Parcel Tax Calculation
• Revenue Estimate
• Relationship Between the Parcel Tax and Development Intensity
• Impact on Businesses
• Impact on Property Development
• Impact on Total Tax Rate
• Implications for Forming a Community Facilities District
Parcel tax details

• $2.50 annual tax per square foot of parcel area
• Applies to properties that:
  • Are at least 25,000 square feet AND
  • Host “professional, scientific, or technical” business operations or services
• Relatively unique features:
  • Application to specific parcels
  • Levied based on land area
  • Higher charge than most parcel taxes in region
• City would determine detailed administrative implementation rules if tax is approved
Parcels included in revenue estimates

Based primarily on parcels with “Office,” “Biotech,” and “R&D” Land Uses in the City of South San Francisco parcel database, plus planned and proposed development projects with these uses.

These are preliminary estimates of parcels subject to the parcel tax. Actual identification of parcels will depend on administrative rules adopted if voters approve the ballot measure.
The parcel tax would raise an estimated $56 million in annual revenue

(a) Includes parcels associated with existing Biotech, Office, and R&D uses
(b) Include parcels associated with existing, under construction, and planned Biotech, Office, and R&D uses

Source: City of South San Francisco, 2022; Strategic Economics, 2022.
Less intensely built properties pay higher parcel tax costs per square foot of building area

- Critical for understanding variations in parcel tax impacts on different properties/businesses
- Parcel tax is based on land area
- Building space varies relative to land area
  - Expressed as a “floor area ratio,” or FAR
- Businesses typically pay leases based on building area, not land area

<table>
<thead>
<tr>
<th>Parcel Sq. Ft.</th>
<th>Building Sq. Ft.</th>
<th>FAR</th>
<th>Parcel Tax</th>
<th>Tax per Sq. Ft. of Building Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000</td>
<td>100,000</td>
<td>0.5</td>
<td>$500,000</td>
<td>$5.00</td>
</tr>
<tr>
<td>200,000</td>
<td>200,000</td>
<td>1.0</td>
<td>$500,000</td>
<td>$2.50</td>
</tr>
<tr>
<td>200,000</td>
<td>300,000</td>
<td>1.5</td>
<td>$500,000</td>
<td>$1.67</td>
</tr>
<tr>
<td>200,000</td>
<td>400,000</td>
<td>2.0</td>
<td>$500,000</td>
<td>$1.25</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2022.
Most properties in South San Francisco will pay relatively high taxes per square foot of building area.

FAR of Sites Subject to the Parcel Tax

- Less than 0.5: 37%
- 0.5 to 1.0: 31%
- 1.0 to 1.5: 17%
- 1.5 to 2.0: 5%
- 2.0 or higher: 10%

Older buildings will pay higher parcel taxes per square foot of building area

Median FAR by Decade Built, For Sites Subject to the Parcel Tax

Includes all properties included in the Base Estimate and Future Estimate.
Parcel tax impacts on businesses will vary depending on current rent and building type

- Increased operating costs for owner-occupied properties and businesses with “triple net” leases
  - 5.8% increase in annual operating costs for an owner-occupied, new life science building
- Pressure to raise rents in “full service gross” leases
- Cost increase will be significant for:
  - Businesses in lower FAR buildings
  - Businesses paying lower rents

Parcel Tax Increase in Tenant Costs Relative to Rent, Based on Typical Rent Range for R&D/Biotech Properties in South SF, by Property FAR

Sources: Colliers, 2021; CoStar, 2022; Strategic Economics, 2022.
Parcel tax costs will influence business location decisions—primarily for businesses in lower-cost spaces

- Increased operating costs will be a new consideration for business location decisions
- Negative impact primarily for:
  - Cost-sensitive businesses
  - Current businesses in low-cost and less intensely developed properties
- Impact relatively limited for companies in newer and more intensely developed properties
- Increasing competition for life science companies among Peninsula communities
- Parcel tax costs are just one of many business-specific factors in making location decisions
Development activity will slow slightly, while interest in redeveloping older properties will increase

- Parcel tax cost is relatively low per building square foot for new high-FAR projects
- Pace of development may slow slightly to allow additional rent growth
- Parcel tax reduces remaining value for other community benefits contributions
- Parcel tax will accelerate property owner interest in redeveloping older, low-FAR properties

![Annual Rent Required to Maintain Financial Feasibility of Life Science Development Project With and Without Parcel Tax, at 2.0 FAR](chart)

*Sources: Strategic Economics, 2022.*
South San Francisco’s total tax costs will increase to a level similar to or higher than nearby communities

- Examined total tax and assessments rate for 6 South SF properties, 4 properties in nearby cities
- South San Francisco total taxes and fees are currently relatively low
- Parcel tax’s impact on overall tax rate varies significantly from property to property

Comparison of Total Property Tax & Assessment Rate for Six South San Francisco Parcels Versus Four Sample Sites in Outside Communities

Sources: County of San Mateo Tax Collector, 2022; Treasurer and Tax Collector, City and County of San Francisco, 2022; Strategic Economics, 2022.
The parcel tax reduces the likelihood of creating a community facilities district to fund infrastructure in the East of 101 area

- CFD would fund infrastructure and mobility improvements in East of 101 area
- Requires 2/3 approval
- 87% of “base estimate” properties are within the proposed CFD area
- Combined CFD and parcel tax cost per building square foot is significant for lower FAR properties

Combined Annual Cost of CFD and Parcel Tax by Site FAR, per Square Foot of Building Area

Source: Strategic Economics, 2022.
Key Conclusions

- The parcel tax would generate $56 million per year in revenue, increasing to $68 million upon completion of planned projects.
- Businesses consider many factors beyond tax costs when making location and investment decisions.
- Parcel tax impacts on business location decisions are strongest and significant for businesses in low-cost and less intensely developed properties.
- Parcel tax costs will have a modest impact on slowing development activity, while also encouraging redevelopment of older less intensely developed properties.
- South San Francisco will lose any competitive advantages gained from having slightly lower overall tax rates than nearby communities.
Financial Analysis of the Proposed Early Learning and Care Parcel Tax Initiative

Prepared for
City of South San Francisco

Prepared by
Joanne Brion, Brion Economics, Inc.
With Kathleen White

August 10, 2022
City Council Meeting
About Brion Economics, Inc.

- Urban Economics Consulting Firm founded in 2000
- Independent woman-owned
- Expertise includes:
  - Child Care Planning, Early Learning, and Public Policy
  - Demographic Forecasting
  - Financial and Fiscal Analysis
  - Economic Impact Analysis and Projections
  - Strategic Planning, Visioning, and Implementation
- Relevant Projects:
  - South San Francisco Child Care Developer Impact Fee – 2002
  - San Mateo County Child Care Needs Assessment – 2022 (current)
  - San Mateo County Child Care Facilities Study – 2017
  - Dozens of child care planning and policy studies
BEI Analysis Components

1. Define Approach and Assumptions
2. Gather Data and Relevant Information
3. Potential Revenue and Adm Costs
4. Resident Child Care Tuition Costs
5. Child Care Workforce Wage Enhancements
6. Non-Resident Worker Child Care Costs
7. Total Initiative Cost
8. Estimate Surplus or Shortfall
Key Findings

- Currently, there is not enough parcel tax revenue to fund all Initiative Objectives.

- The estimated shortfall is $10.7M annually under current conditions.

- Some form of prioritization, lottery, or means testing will be necessary.

- Over time, the parcel tax revenue will not keep up with inflation, as there is no cost increase or index included in the Initiative’s language.

- Minimum wage and tuition costs will increase over time.

- Demand for free preschool spaces from Residents and Workers will also increase over time, putting pressure on funds.
Key Assumptions and Issues

- The analysis:
  - is presented in constant 2022 dollars for current and future conditions.
  - Analysis uses the most currently available data; not all data is 2022.
  - Assumes license or license-exempt care and does not include Friends, Family, and Neighbor (FFN) care.
  - Does not prioritize residents, wage enhancements, or worker costs – treats equally.

- Not all 2.5 to 5-year-olds are assumed to need licensed child care.

- Estimate of non-resident worker demand is based on std. method.

- Issues of pay equity amongst different levels of staff will need to be sorted out.
### Estimated Parcels and Sqft of Land*

<table>
<thead>
<tr>
<th>Item</th>
<th>Current or Base Estimate</th>
<th>Future Estimate w New Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcels Subject to Tax</td>
<td>109</td>
<td>144</td>
</tr>
<tr>
<td>Land Sq. Ft.</td>
<td>22,358,978</td>
<td>27,280,859</td>
</tr>
<tr>
<td>Parcel Tax Per Land Sq. Ft.</td>
<td>$2.50</td>
<td>$2.50</td>
</tr>
</tbody>
</table>

*Prepared by Strategic Economics - 2022*
## Estimated Annual Revenue and Admin. Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Current or Base Estimate</th>
<th>Future Estimate w New Dev. (rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Revenue</td>
<td>$55,900,000</td>
<td>$68,200,000</td>
</tr>
<tr>
<td>Funding for Admin. at 10%</td>
<td>($5,590,000)</td>
<td>($6,820,000)</td>
</tr>
<tr>
<td>Min. Remaining Revenue</td>
<td>$50,310,000</td>
<td>$61,380,000</td>
</tr>
</tbody>
</table>
## Estimated Eligible Resident Children

<table>
<thead>
<tr>
<th>Estimate of Preschool Age Children</th>
<th>2022 Estimate (1)</th>
<th>Percent Distribution</th>
<th>Percent Served</th>
<th>Total Served 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5 years old</td>
<td>438</td>
<td>18%</td>
<td>90%</td>
<td>394</td>
</tr>
<tr>
<td>3 years old</td>
<td>1,040</td>
<td>43%</td>
<td>95%</td>
<td>988</td>
</tr>
<tr>
<td>4 years old</td>
<td>380</td>
<td>16%</td>
<td>58%</td>
<td>222</td>
</tr>
<tr>
<td>5 years old</td>
<td>581</td>
<td>24%</td>
<td>25%</td>
<td>145</td>
</tr>
<tr>
<td>Total Children</td>
<td>2,440</td>
<td>100%</td>
<td>72%</td>
<td>1,750</td>
</tr>
</tbody>
</table>
Estimated Preschool Spaces Available

**Supply of Preschool Spaces in SSF**

- Family Child Care Home Spaces 272
- Center Based Child Care Spaces 2,210

**Total Preschool Spaces Available** 2,482
## Wt. Average Monthly Preschool Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Center Preschool FT Monthly Fee</td>
<td>$1,359</td>
</tr>
<tr>
<td>Average FCCH Preschool FT Monthly Fee</td>
<td>$1,195</td>
</tr>
<tr>
<td>Current Center Based Preschool Spaces</td>
<td>2,210</td>
</tr>
<tr>
<td><strong>Wt. Average FT Monthly Fee</strong></td>
<td><strong>$1,341</strong></td>
</tr>
</tbody>
</table>
## Resident Preschool Tuition Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Children Eligible *</td>
<td>1,462</td>
</tr>
<tr>
<td>Average cost of Preschool Per Month</td>
<td>$1,341</td>
</tr>
<tr>
<td>Total Monthly Preschool Tuition Remission Cost</td>
<td>$1,960,000</td>
</tr>
<tr>
<td>Annual Tuition Remission Cost</td>
<td>$23,520,000</td>
</tr>
<tr>
<td>Family Fees for Subsidized Care Remission</td>
<td>$396,000</td>
</tr>
<tr>
<td>Total Tuition Remission Cost</td>
<td>$23,916,000</td>
</tr>
</tbody>
</table>

*Minus subsidized spaces and plus San Bruno/Daly City children*
# Teacher and Staff Estimate

<table>
<thead>
<tr>
<th>Item</th>
<th>Small FCCHs Spaces</th>
<th>Large FCCHs Spaces</th>
<th>Preschool Spaces</th>
<th>Subsidized Preschool Spaces</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers Required</td>
<td>21</td>
<td>64</td>
<td>144</td>
<td>60</td>
<td>289</td>
</tr>
<tr>
<td>Estimated Directors</td>
<td>na</td>
<td>na</td>
<td>17</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Aides and Support Staff</td>
<td>na</td>
<td>na</td>
<td>34</td>
<td>26</td>
<td>60</td>
</tr>
<tr>
<td>Total Staff</td>
<td>21</td>
<td>64</td>
<td>195</td>
<td>99</td>
<td>379</td>
</tr>
</tbody>
</table>
I replaced this table because the "S" in FCCHS was capital and not lower case.

Michelle Nilsson, 2022-08-05T18:26:08.480
### Estimated Changes in Wages by Staff Role*

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Avg. Wage / Hr.</th>
<th>230% of Min. Wage / Hr.</th>
<th>Estimated Wage Increase</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preschool Workforce</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teacher Aides &amp; Support Staff</td>
<td>$15.80</td>
<td>$36.34</td>
<td>$20.54</td>
<td>130%</td>
</tr>
<tr>
<td>Assist./Assoc. Teacher</td>
<td>$17.35</td>
<td>$39.97</td>
<td>$22.62</td>
<td>130%</td>
</tr>
<tr>
<td>Lead Teachers/Asst. Directors</td>
<td>$20.07</td>
<td>$43.97</td>
<td>$23.90</td>
<td>119%</td>
</tr>
<tr>
<td>FCCH Owners</td>
<td>$27.11</td>
<td>$48.37</td>
<td>$21.26</td>
<td>78%</td>
</tr>
<tr>
<td>Directors</td>
<td>$31.77</td>
<td>$53.21</td>
<td>$21.44</td>
<td>67%</td>
</tr>
</tbody>
</table>

*Based on current min. wage in SSF; 10% pay increase by level*
# Estimated Wage Enhancement Costs

## Child Care Staff Wage Enhancement Analysis

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Preschool Staff (1)</td>
<td>379</td>
<td>379</td>
</tr>
<tr>
<td>Average Currently Hourly Wage</td>
<td>$20.21</td>
<td>$20.21</td>
</tr>
<tr>
<td>Proposed Wage at 230% of Min. Wage</td>
<td>$36.34</td>
<td>$36.34</td>
</tr>
<tr>
<td>Current Estimated Wages</td>
<td>$15,942,000</td>
<td>15,942,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Wage Enhancements</td>
<td>$17,493,000</td>
<td>$17,493,000</td>
</tr>
<tr>
<td>Total Child Care Wages w Enhancements</td>
<td>$33,435,000</td>
<td>$33,435,000</td>
</tr>
</tbody>
</table>
## Non-Resident Worker Demand

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Estimate - 2022</td>
<td>47,849</td>
</tr>
<tr>
<td>Percent Non-Resident (1)</td>
<td>85.0%</td>
</tr>
<tr>
<td>Non Resident Workers - 2022</td>
<td>40,672</td>
</tr>
<tr>
<td>Estimated Demand for Infant/Preschool Care</td>
<td></td>
</tr>
<tr>
<td>from Non-Resident Workers 0 to 5 year olds</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Estimated 0-5 Demand from Non-Resident Workers</strong></td>
<td><strong>2,034</strong></td>
</tr>
</tbody>
</table>
Costs of Non-Resident Worker Child Care

- Estimated Preschool Spaces Needed*: 1,220
- Average Cost of Preschool per Month: $1,341
- Yearly Tuition Remission Cost per Preschooler: $16,089
- Total Annual Tuition Remission Cost for Non-Resident Employees' Children: $19,631,000

*60% of total is preschool demand
# Summary of Costs and Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Estimates</th>
<th>Future Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Parcel Tax Revenues for Program Costs</td>
<td>$50,310,000</td>
<td>$61,380,000</td>
</tr>
<tr>
<td>Resident Preschool Tuition Remission</td>
<td>$23,916,000</td>
<td>$23,916,000</td>
</tr>
<tr>
<td>Child Care Wage Enhancements</td>
<td>$17,493,000</td>
<td>$17,493,000</td>
</tr>
<tr>
<td>Non-Resident Employee Tuition Remission Cost (2)</td>
<td>$19,631,000</td>
<td>$19,631,000</td>
</tr>
<tr>
<td>Total Estimated Costs of ELC Parcel Tax Program</td>
<td>$61,040,000</td>
<td>$61,040,000</td>
</tr>
<tr>
<td>Revenue Surplus / (Shortfall)</td>
<td>($10,730,000)</td>
<td>$340,000</td>
</tr>
</tbody>
</table>

Percent Shortage: -21% 1%
# Supply and Demand for Preschool Spaces

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Estimates</th>
<th>Future Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply and Demand for Child Care Spaces</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Supply</td>
<td>2,482</td>
<td>2,482</td>
</tr>
<tr>
<td>Current Demand - Resident &amp; Non Resident Workers</td>
<td>2,970</td>
<td>2,970</td>
</tr>
<tr>
<td><strong>Surplus or Shortage of Preschool Spaces</strong></td>
<td>(488)</td>
<td>(488)</td>
</tr>
<tr>
<td>Percent Shortage</td>
<td>-20%</td>
<td>-20%</td>
</tr>
</tbody>
</table>
Thank you! I welcome your questions and comments!

For more information:
Contact joanne@brionecon.com
www.brionecon.com

Brion Economics