Early Learning Facilities
Site Assessments & Financing Strategy
Phase 2

Presentation to First 5 SMC Commission

Prepared for
San Mateo County Human Services Agency
First 5 San Mateo County
Child Care Partnership Council of San Mateo County

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Phase 1 Tasks: ELF Needs - Complete

- Evaluate demand for child care, ages 0 to 4
- Evaluate existing supply
- Estimate shortage by city and countywide
- Estimate future need over 10 years
- Provide Need Profiles for each city or county area
- Survey center-based providers and county stakeholders
Phase 2 Tasks: ELF Sites, Costs, & Strategy

- Follow up with Provider & Stakeholder sites leads
- Identify potential child care sites for further research
- Conduct assessments of top 7 candidate expansion sites
- Develop Child Care Capital Improvement Plan (CIP)
- Evaluate financing mechanisms, e.g., developer fees
Potential Child Care Site Assessments

- Sites first evaluated based on unmet demand by location
- Surveys generated 49 potential site leads
  - 19 of 49 showed potential and were evaluated by Study Committee and Consultants
- Consultants contacted each site lead to gather more information
  - 7 of these 19 were researched further and were the focus of the site assessments
Site Assessment Criteria

• Size of site and building space
• No. of children accommodated
• Cost or availability of site
• Ownership & support of owner
• Zoning and other planning considerations, e.g., parking
• Options for outdoor space
7 Assessment Sites

1. Daniel Webster Elementary School, Daly City
2. Fair Oaks Center at St. Anthony’s Church, Menlo Park
3. Midway Village, Daly City
4. First Presbyterian Church, San Mateo
5. Cañada College, Redwood City
6. Various Sites, Cabrillo Unified School District
7. Oddstad School Site, Pacifica

Sites 6 and 7 were eliminated upon further research
Site Assessment Findings

- Cost and Funding
- Building Codes
- Zoning and Permits
- Licensing and Outdoor Space
- Multiple Parties and Approvals Involved
- Lack of Available Land
- School Districts and Faith Based Organizations Best
- Strong Interest and High Need
- Many Challenges, including neighborhood opposition
Child Care Capital Improvement Plan*

- Costs based on 13 recent projects, adjusted for inflation
- Costs Estimates assume:
  - 40% - New building construction – $43,200 per space
  - 20% - New or existing commercial space – $53,800 per space
  - 15% - Expanding existing centers – $37,000 per space
  - 20% - Portable buildings – $25,400 per space
  - 5% - Employer-based centers – $41,000 per space
- Overall average Cost: **$40,717** per ELF space

*includes indoor & outdoor space costs
How Many Children are Served with 1 New Space?

- Average cost: $40,717 per space
- 30 year life per space
- Attendance - 4 years per child
- 7.5 children served over 30 years
- Average cost per child: $5,429
Existing & Future ELF Space Unmet Demand

Existing Unmet Demand as of 2015
• 7,802 spaces
• $327.2 million*

Future Growth in Demand – 2015 to 2025
• 2,414 spaces
• $101.2 million*

* includes 3% admin. cost; excludes land costs
Total & Average Costs & Spaces

- Total Countywide Capital Costs: $428.4 million
- Total ELF Spaces Needed: 10,216
- Spread over 10 Years:
  - 145 infant spaces per year
  - 876 preschool spaces year
  - 1,022 total ELF spaces per year
- 10 year average annual cost: $42.8 million
Study Qualifications & Assumptions

- Assumes all public financing
- Private sector will meet some need
- Some projects will cost less
- Use of “pay-as-you-go” methods reduce costs
- DAs, CPBs, Low Interest Loans, Grants & Foundation funding will reduce costs
- Cities & County can reduce permit costs & streamline process
- Land costs excluded
- Cost estimates based on recent projects
Existing Child Care Shortfall Costs - $318 m*

- New Employer-Based Center - 2015: $16.0
- New Portable Building - 2015: $39.7
- Expanding Existing Center - 2015: $43.3
- Existing/New Comm. Space - 2015: $84.0
- Build New Center - 2015: $134.8

* excluding 3% admin. cost; excludes land costs
Future 2015 to 2025 ELF Costs - $98.3 m*

* excluding 3% admin. cost; excludes land costs

- $41.7: New Employer-Based Center
- $26.0: New Portable Building
- $13.4: Expanding Existing Center
- $12.3: Existing/New Comm. Space
- $5.0: Build New Center

* excluding 3% admin. cost; excludes land costs
Recommended Financing Mechanisms

- Sales Tax Add-Ons
- Parcel Taxes
- Developer Impact Fees
- Employer-Based Care
- Grants and Foundations
- State Child Care Facilities Revolving Fund
- Community Benefits Programs (CBPs)
- Development Agreements (DAs)
Countywide Sales Tax

- Current Retail Taxable Sales in 2014*: $10.3 billion
- Additional Child Care Sales Tax Rate: 0.25%
- Net Annual Proceeds: $25.4 million
- Gross Bond Proceeds: $292.2 million
- Average Annual Cost per Household: $96
- % of Avg. Annual Tax Paid: 2.8%

*most recent data available
Countywide Parcel Tax

- Total Residential Parcels: 203,000
- Current Res. Assessed Value: $133.6 billion
- 25% of Need: $81.8 million
- Gross Bond Proceeds: $97.4 million
- Average Annual Parcel Tax: $42
- % of Res. AV: 0.07%
Residential Developer Impact Fees

- Developer Impact Fees can only Fund Future Demand
- Total Cost: $101.2 million
- 2015 to 2025 Population Growth: 60,200
- Estimated New Residential Units: 21,733
- New Child Care Spaces Needed: 2,414
- Potential Impact Fee per unit: $4,658
Recommendations

• Increase Advocacy
• Engage Cities
• Evaluate Countywide Funding Mechanism
• Encourage Large Employers
• Partner with School Districts & Faith-Based Orgs.
• Leverage New Development
• Reduce Barriers – Update Zoning & Permit Process
Questions and Comments?

For more information and documents see:  
www.smcoe.org/elfnar

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