Jefferson Union High School District

ADMINISTRATIVE OFFICES – SERRAMONTE DEL REY
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TO: Board of Trustees

FROM: Tina Van Raaphorst,
Associate Superintendent-Business Services

DATE: January 16, 2018

SUBJECT: **Workforce Housing Feasibility Study Results**

☐	Action
☐	Consent
☒	Discussion
☐	Information

Background

On June 6, 2017, the Board approved an agreement with Educational Housing Partners (EHP) to conduct a study to determine the feasibility of developing workforce housing on the Serramonte Del Rey property. Ms. Alexandra Daum, from EHP, will provide the Board with the results of this study.

Fiscal Impact

No impact at this time.

Recommendation

It is recommended that the Board discuss the results of the study and provide staff with direction regarding next steps, if desired.

Jefferson Union High School
Faculty/Staff Housing Feasibility Assessment

JUHSD Board Meeting
January 16th, 2018

EDUCATION HOUSING PARTNERS
A THOMPSON | DORFMAN COMPANY

Agenda

1. Process Overview
2. Feasibility Assessment
3. The Numbers
4. Decisions
5. Next Steps

Process Overview

Key Activities

- Faculty/staff survey assessing interest in below market district-owned housing
- Outreach to Daly City Planning and Building staff to determine required entitlement process and municipal fees
- Physical site constraints assessment to inform creation of conceptual site plan
- Utility capacity survey assessing potential need for offsite utility improvements
- November 9th, 2017 community meeting and faculty/staff presentation

Key Outputs

- Feasibility report submitted to JUHSD January 3rd, 2018
- Overview schedule for project design, entitlement, permitting and construction
- Detailed financial estimates including a Total Development Budget, Monthly Development Cashflow Projection, and Pro-Forma Financial Model

Agenda

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Feasibility Assessment

In summary, EHP believes that a project achieving JUHSD's below goals is financially, politically and physically feasible.

JUHSD Goals

1) Develop sufficient housing to meet the current need for below market rental housing for JUHSD faculty/staff;
2) Preserve the option to build additional housing units on the Serramonte site in the future;
3) Provide a similar total number of parking spaces to the public as are available today.

Agenda

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Costs

- **Total Development Budget:** The total cost to develop 48 units is estimated at ~$17,630,000 or ~$370,000 per unit.
- **Expenditure by Phase**:
  - **Entitlements (Months 6-14):** ~$931,000 (includes ~$300,000 in financing costs which could be paid out of proceeds of the financing)
  - **Permitting (Months 15-23):** An additional ~$1,110,000
  - **Construction (Months 24-41):** An additional ~$15,590,000
- **Operating Expenses:** $4750 per year per unit including administration, maintenance, utilities and long-term capital reserves,

Revenues

Option 1 – GO Bond

- Assuming GO Bond financing, rents could be set at the discretion of JUHSD as there would be very small (if any) debt obligations.
- For example, JUHSD could charge the below rents (representing a 48% discount to market rents) and still receive **~$600,000** in Net Operating Income in the first year.

Unit Type	Rent/Month
1BR	$ 1,250
2BR	$ 1,700
3BR	$ 2,100

Option 2 – COPs

- Assuming JUHSD, takes out a ~$17,650,000 COP at 4.5% with 2% payment escalation, JUHSD's first payment would be **~$855,000**.
- In order to generate sufficient NOI, first year rents would need to be set at the below levels (representing a 30% discount) and increased at an annual rate of 2% or greater.

Unit Type	Rent/Month
1BR	$ 1,650
2BR	$ 2,250
3BR	$ 2,600

Agenda

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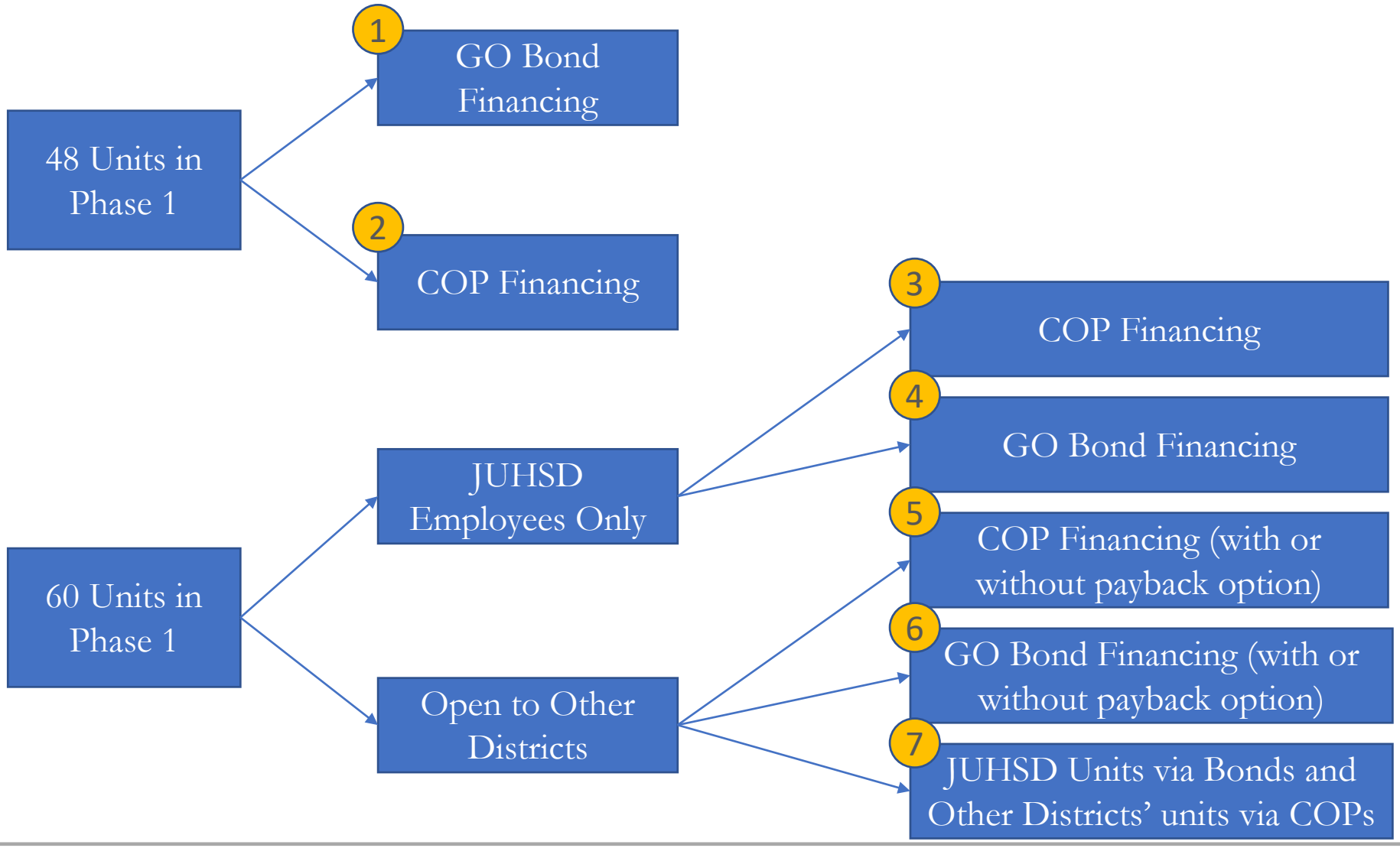
What Size Project to Design/Entitle?



Agenda

1. Process Overview
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5. Next Steps

Next Steps

- Board authorizes General Obligation Bond or Certificate of Participation financing
- If General Obligation Bond funding is selected, prepare for June or November 2018 ballot
- Board authorizes an RFP for a Design/Build contractor
- Board selects Design/Build contractor
- JUHSD attends pre-Application Conference with the City
- Housing Board is created
- Draft tenant guidelines including eligibility standards
- Create early interest list and solicit waitlist applicants

DRAFT

January 3rd, 2018

Tina Van Raaphorst
Associate Superintendent, Business Services
Jefferson Union High School District
699 Serramonte Blvd
Daly City, CA 94015

Re: Serramonte Faculty/Staff Housing

Dear Associate Superintendent Van Raaphorst,

Education Housing Partners (EHP) has concluded the feasibility assessment studying a potential faculty/staff housing development on the Jefferson Union High School District's (JUHSD) Serramonte site in Daly City. In evaluating this opportunity, EHP focused on JUHSD's goals of 1) Developing sufficient housing to meet the current need for below market rental housing for JUHSD faculty/staff; 2) Preserving the option to build additional housing units on the Serramonte site in the future; 3) Provide a similar total number of parking spaces to the public as are available today. In summary, EHP believes that the project proposed herein achieves JUHSD's goals and is financially, politically and physically feasible.

I. Overview of EHP's Faculty/Staff Housing Development Model

Our study assessed the feasibility of developing faculty/staff housing according to the following model through which EHP has developed housing for prior school district clients.

- The goals of EHP's faculty/staff housing projects are to:
  - Provide low cost and high-quality rental housing to faculty and staff
  - Offer 30% or more rent discount compared to market rents for similar units
  - Create recruitment and retention benefits for districts

- The role of the district is to:
  - Provide surplus land
  - Capitalize the development

- Facilitate the relationship with the City
- Champion the project

- In order to streamline the design and construction processes, EHP recommends:
  - The district retain a Design/Build Contractor (DBC) to lead design, entitlements, permitting and construction on a fixed-cost basis
  - The DBC is selected through an RFQ process which does not require a public bidding process and which helps to lower the total development cost
  - The DBC works on a turn-key basis and does not take any equity

- Best practices of the "company town" model in which residents are both tenants and employees include:
  - The district creates a Housing Board
  - The Housing Board hires a third-party property manager responsible for maintenance, administration, operations and leasing

- Districts can finance development through Certificates of Participation or bonds
  - Rents are set at levels that cover all operating costs, debt service and reserves
  - A feasible project will not require district general funds for development or operations

- The total development cost is lower than that of a market rate development due to:
  - No land costs (site already owned by district)
  - Lower operating costs and no property taxes
  - Tax exempt financing
  - Limited municipal fees

- EHP's housing developments are first-class residential properties and include:
  - Large floor plans – most with patios or terraces
  - In-unit washer and dryer
  - Walk-in closets in master bedrooms
  - Sustainable landscaping
  - Community rooms/lounges

II. Serramonte Faculty/Staff Housing Project Background:

The project evaluated in this feasibility report is the development of 48 affordable faculty/staff rental residential units and 82 parking spaces (24 in garages and 58 surface spaces) to be used by residential tenants.

JUHSD currently owns the Serramonte property which is located south of Serramonte Blvd, west of Callan Boulevard and east of St. Francis Boulevard in Daly City. The site proposed for the faculty/staff housing is the 3.5-acre portion at the northwestern corner of the Serramonte property (See Exhibit A). Of the 3.5-acre gross area, 2.2-acres represents the net buildable area. The proposed housing site is currently a parking lot which is underutilized and frequently empty.

Education Housing Partners, Inc. was retained by JUHSD in September 2017 to conduct an initial feasibility study of the Serramonte site. During the feasibility study, EHP:

- Created faculty/staff survey to assess interest in below market district-owned housing
- Analyzed faculty/staff survey results to inform unit count and mix
- Consulted with Daly City Planning and Building staff to determine the required entitlement process and municipal fees
- Conducted a physical site constraints assessment
- Engaged Design Architect, KTGY, to create a conceptual site plan
- Engaged Civil Engineering firm, Kimley Horn, to assess utility adequacy
- Coordinated November 9th, 2017 community and faculty/staff meeting and presentation
- Developed a schedule for project design, entitlement, permitting and construction
- Created financial estimates including a Total Development Budget, Monthly Development Cashflow Projection, and Pro-Forma Financial Model showing ongoing revenues and costs (all are included as exhibits to this report)

III. Design:

- Survey Analysis and Unit Count
  JUHSD administered a survey to all of its faculty and staff in September 2017.

  - 266 faculty/staff members (~60%) responded.
  - Of those 266, 104 were either very or somewhat interested in living in below market rate housing provided by JUHSD.

- Of those 104, 72 pay over $1500 in rent each month. Assuming future housing units would be priced at $1500/unit or more, these 72 respondents represent the addressable population for below market housing. Note: 72 is a conservative estimate as it does not include any faculty/staff who did not respond to the survey.
- Assuming an initial ~50% penetration rate amongst the addressable population would suggest an initial demand for 36 units. The JUHSD housing subcommittee elected to study 48 units rather than 36 for the following reasons:

    - **Opportunities to Reassess:** There will be multiple opportunities to assess demand before committing to the number of units in the project. For example, offering an "early interest list" through which faculty/staff members could sign up for future units would allow JUHSD to gauge ongoing interest. If interest wanes, JUHSD will have multiple opportunities to adjust the unit count accordingly.
    - **Demand from New Hires:** The survey did not take into consideration demand from new hires.
    - **Expanding the Waitlist:** If demand from JUHSD faculty/staff members does not fill all 48 units, JUHSD could partner with other school districts or municipal agencies to allow partner agencies' employees to occupy the Serramonte units. If JUHSD pursues this option, its counsel should reference Assembly Bill 1157, amended May 2nd, 2017, which addresses the property tax exemption of faculty/staff housing occupied by more than one public school district.
    - **Entitlement Flexibility:** Studying and entitling 48 units provides more flexibility than studying fewer units as reducing unit count after entitlements have been secured is much easier than increasing.

- The recommended unit mix is as follows:

Unit Type	#
1BR	28
2BR	16
3BR	4
Total	**48**

- Site Plan:
  KTGY created a conceptual site plan (included as Exhibit A) to indicate the optimal building layout on the Serramonte Site. The conceptual site plan was

informed by direction from JUHSD's Superintendent and faculty/staff housing subcommittee. In addition to providing the desired number of housing units, the site plan achieves the following goals:

- **Maintains existing public parking counts:** the parking spaces currently located where future housing will be built can be replaced at the Summit School location.
- **Allows for second phase:** The current site plan accommodates flexibility for future development of a second phase of housing to the south of the current proposed housing location.
- **Preserves access to Comcast building:** There is currently a comcast building located south of the proposed housing location on the western edge of the Serramonte site.
- **Attractive elevation:** Provides attractive elevation for cars entering main entrance

- Construction Specifications:
  A list of preliminary construction specifications is included as Exhibit B.

- Sewer Capacity:

  - Utility capacity reports prepared as part of the Summit Shasta development proposed directly south of the proposed faculty/staff housing development indicated that utility capacity could be a contraining factor on the Serramonte site.
  - Education Housing Partners engaged Kimley Horn to study existing utility capacity to serve 48 new housing units.
  - In response to Kimley Horn's request for utility modeling information, Daly City City Engineer, Richard Chiu, responded that a third-party modeling consultant would need to be engaged at JUHSD's expense.
  - The expense of third party modeling was deemed by the JUHSD housing subcommittee to be too significant for the feasibility stage. Therefore, Kimley Horn extrapolated preliminary utility capacity conclusions from a variety of existing sources including the Summit Shasta utility reports.
  - Kimley Horn's full utility capacity memorandum is available as Exhibit C. Its most significant conclusions are:
    - **Sewer**: A 271-foot stretch of sewer pipe in Serramonte Boulevard is currently "flowing full" or at capacity. The addition of 48 new housing units would likely require an upsizing of that portion of pipe. Kimley Horn's opinion of the cost of that upsizing is $93,300.

A conservative budget of $150,000 has been added to the Serramonte Total Development Budget for hard and soft costs related to sewer upsizing. This estimate assumes that a previously planned capacity project referred to as C-5 will be completed in 2023 according to the City's current schedule and that JUHSD will not be required to contribute to that project as part of the faculty/staff housing development.

- **Storm**: Kimley Horn preliminarily concludes that "the proposed project will reduce the amount of imperviousness on the site and will therefore…only require typical storm drain features such as bioretention areas, inlets, manholes, and storm drain pipe to treat, collect and convey the run-off to the existing system." These measures are included in the hard cost line in the Total Development Budget.
- **Water**: Kimley Horn reviewed the Summit Shasta water report which made no "indications that the system is near its limits and assumes that the reservoirs have available." Based on that information and further analysis, Kimley Horn concluded that there were no indications that the proposed Serramonte faculty/staff project would require off-site water improvements.

- The recommended next steps with regard to site utilities are:
  - Engage Kimley Horn to prepare utility plan
  - Submit preliminary site plan showing utility layout, proposed connection points and load estimates
  - Complete system modeling (through third party retained by City)
  - Confirm offsite utility work required to serve the project and add to budget if not already included
  - Secure will-serve letters for sewer, storm and water service

IV. Entitlements:

- City Input and Feedback:
  Since the proposed Serramonte development includes housing units and not educational facilities, all entitlement applications are anticipated to be processed by the City of Daly City and not by the Division of the State Architect (DSA).

- Entitlements Required:
  The following major entitlements will be required as part of the project and will be processed simultaneously.

  - **General Plan Amendment**

- The Serramonte site is currently designated for a future land use of "Office (C-O)" in Daly City's 2030 General Plan.
- The proposed density for this project is ~14 dwelling units/net acre (48 units over ~3.5 acres). Therefore, a general Plan amendment will be required in order to designate the Serramonte site for residential use Residential Low Density (R-LD). This designation would allow 2 to 14.5 dwelling units per acre.
- A General Plan Amendment can be processed ad hoc with City Council and does not need to wait to be bundled with other amendments.

- **Zoning Change**
  - Both R-3 zoning and P-D (Planned Development) zoning would allow for multi-family development on the Serramonte site. EHP would recommended R-3 zoning as a change to R-3 zoning would be easier to process than a change to P-D zoning.

- **Lot Line Adjustment**
  - A Lot Line Adjustment may be required to accommodate the new subdivision of uses.
  - A Parcel map is included here as Exhibit C-1.

- Environmental Review:

  - The Serramonte development studied here is unlikely to require a full Environmental Impact Report (EIR). Instead, a Mitigated Negative Declaration is likely to be sufficient to satisfy CEQA requirements. The Daly City General Plan states "The requirement for an EIR preparation is however extremely rare as the City has in most instances determined that a Mitigated Negative Declaration is sufficient for most residential development projects."[1]
  - Costs for processing a Mitigated Negative Declaration are included in the project's Total Development Budget.
  - Daly City would likely be the lead agency for CEQA investigations and JUHSD would likely be the responsible agency.

- Affordability Requirements:

[1] Daly City 2030 A Plan for the Future, page 95.

- Per Section 17.47.050 of the Daly City Municipal Code (codified through Ordinance No. 1414, passed June 12, 2017), all rental project developments must pay an affordable housing impact fee upon issuance of a building permit unless an alternative is proposed by the developer and approved by the city manager.
- As allowed by Section 17.47.090 of the Daly City Municipal Code, "The city manager may approve, conditionally approve or reject any alternative proposed by a developer as part of an affordable housing plan. Any approval or conditional approval must be based on a finding that the purposes of this chapter would be better served by implementation of the proposed alternative(s)."
- EHP has provided JUHSD with information suggesting that this affordable housing fee does not apply to JUHSD as a public agency and recommends that JUHSD seek further advice from counsel. If JUHSD counsel concludes that this fee is not applicable to the Serramonte development, JUHSD could apply to have these fees waived by Daly City.
- If JUHSD is unsuccessful in getting these fees waived or chooses not to pursue a fee waiver, JUHSD could propose an alternative method of satisfying the Affordability Requirements per Section 17.47.090. The proposed alternative will be to offer 100% of the project's units at below market rents, thereby meeting and exceeding the goals of Section 17.47.050. In its application for an alternative method of satisfying Affordability Requirements, JUHSD should make clear that if the development is required to pay an affordable housing impact fee, JUHSD will be able to develop significantly fewer below market units thereby working against the objectives of Section 17.47.050.

V. Schedule:

- Feasibility Phase:
  The Serramonte project is currently in the feasibility phase. The finalization of this report will represent the end of the feasibility phase at which point the District will make a decision as to whether or not to hire a Design/Build contractor or otherwise initiate the entitlements application process.

- Post-Feasibility Phase Schedule:
  A detailed schedule is attached as Exhibit D. The following are key milestones:

  - Initiate RFP/RFQ for Design/Build Contractor — Month 2
  - Engage Design Build/Contractor — Month 5
  - Entitlement Submission Application — Month 8

- City Council Hearing — Month 13
- Complete Entitlements (Incl. Appeal Period) — Month 14
- First Permitting Submittal — Month 18
- Commence Construction — Month 24
- Complete Construction — Month 41

VI. Financials:

- Total Development Budget

  EHP prepared a total development budget (included as Exhibit E). The total cost to develop 48 units is estimated at ~$17,630,000 or ~$370,000 per unit.

  - **Architect and Engineering (A&E) fees**: See Exhibit F for a detailed estimate of A&E fees by scope. For the most significant categories of A&E expense (Architecture and Civil Engineering), EHP solicited proposals from KTGY and Kimley Horn. The budgets in Exhibit F for Civil Engineering and Architecture are the budgets provided in those proposals.

  - **Municipal fees:**

    - The Daly City Building Department provided an estimate for municipal fees for the proposed project including specific estimates for Building Permit, Building Plan Check, Plumbing Permit, Electrical Permit, Mechanical Permit, Planning Plan Check fees and a recommended 30% allowance for Fire, Public Works and CalGreen fees.
    - The estimate also included a Public Facilities Fee of $5,074 per unit. EHP has provided JUHSD with information suggesting that this fee does not apply to JUHSD as a public agency and recommends that JUHSD seek further advice from counsel. If JUHSD's counsel concludes that this fee is not applicable to the Serramonte development, JUHSD should apply to have these fees waived.
    - Muni-fee estimates are detailed in Exhibit G showing fee estimates that both include and exclude the Public Facilities Fees. For the purposes of the Total Development Budget and Development Cash Flow, the Public Facilities Fees have been excluded.

  - **Hard Costs:** The Hard Cost estimate includes all labor and materials, general conditions and general contractor fees to construct the proposed project. Typically, projects are quoted on a $/Net Square Foot basis. This

project is estimated to cost $345/NSF. For ease of comparison to similar projects, the sewer upsizing costs are not included in that figure.

- Development Cash Flow

Attached as Exhibit F is a detailed development cash flow projection indicating in which month of development specific costs are likely to occur. The cash flow is divided into multiple phases. During each phase JUHSD would gather new information about the cost and feasibility of the project. At the close of each phase JUHSD would evaluate whether to continue based on information collected in that phase.

  - **Entitlements phase (Months 6-14):** ~$931,000 would be required in order to secure entitlements. This includes ~$300,000 in financing costs assuming that a General Obligation Bond or Certificates of Participation would be secured during the Entitlements phase.
  - **Permitting phase (Months 15-23):** An additional ~$1,110,000 would be required in order to reach a permit-ready project (just prior to pulling permits and incurring permitting fees).
  - **Construction (Months 24-41):** An additional ~$15,590,000 would be required in order to complete construction of the project.

- Pro Forma Analysis

  - **Financing Approach**

    JUHSD has two options for financing the construction of the faculty/staff housing project:

    - **Certificates of Participation:** COP's are a form of debt that would result in JUHSD being obligated to pay both principal and interest payments every year for the term of the loan. In order for the project to be financially feasible, the annual Net Operating Income (profits after all operating expenses have been deducted from rental revenue) would need to be greater than the annual principal and interest payment.

    - **General Obligation Bond:** JUHSD could also finance the project through a general obligation bond approved by Daly City voters for the construction of the proposed faculty/staff housing project. This strategy would result in JUHSD having very little or no debt obligations. In this scenario, the Net Operating Income (profits

after all operating expenses have been deducted from rental revenue) could be available to the JUHSD as revenue. Education Housing Partners has advised JUHSD to seek counsel's advice on the use of this financing strategy as it is outside the scope of EHP's expertise.

- **Rents:**

  - **Assuming Certificates of Participation:** In order to make the most conservative financial feasibility assessment, EHP prepared a pro-forma financial model which assumes Certificates of Participation are used to finance the project (Exhibit H).

    - In this scenario, in order to be financially feasible, the project must generate sufficient Net Operating Income to cover the annual Certificate of Participation (COP) principal and interest payment. Assuming JUHSD, takes out a $17,650,000 COP at 4.5% (a conservative estimate as advised by Dale Scott and Associates) with payments escalating at 2% per year, JUHSD's first payment would need to be ~$855,000. In order for the project to generate sufficient NOI, first year rents would need to be set at the following levels and increased at an annual rate of 2% or greater in order to keep up with the COP escalation:

Unit Type	Rent/Month
1BR	$ 1,650
2BR	$ 2,250
3BR	$ 2,600

    - Compared to a sample of 19 multi-family apartment communities within 15 miles of the Serramonte site these rents offer a 32% discount on absolute monthly rent. See Exhibit I for the list of comparison properties and detailed rental information for each.

  - **Assuming General Obligation Bonds:** As it is beyond EHP's expertise to advise on General Obligation Bonds, JUHSD has engaged Dale Scott and Associates to assess the likelihood of passing General Obligations Bonds and the challenges to doing so. Assuming that it is possible to use this financing approach, rents

could be set at the discretion of JUHSD as there would be very small (if any) debt obligations. This could enable JUHSD to provide an even greater discount to market to its faculty/staff. As an example, JUHSD could charge the below rents (representing a 48% discount to market rents) and still receive ~$600,000 in Net Operating Income in the first year.

Unit Type	Rent/Month
1BR	$ 1,250
2BR	$ 1,700
3BR	$ 2,100

- **Operating expenses:** Including administration, maintenance, utilities and long-term capital reserves, operating expenses are projected at $4,750 per year per unit. This projection is based on actual expenses reported at previous EHP faculty/staff housing developments in San Mateo County increased by an annual inflation factor of 3%. See Exhibit J for details.

VII. Collaboration with Other Public School Districts

Assembly Bill number 1157, amended May 2nd 2017, addressed many outstanding questions with regard to faculty/staff housing on California public school district land. Attached as Exhibit K is a Board of Equalization Legislative Bill Analysis summarizing the bill. The Legislative Bill Analysis states:

> *"This bill [AB 1157] seeks to provide clear authorization that the Public Schools Exemption extends to property that provides housing to employees of more than one public school district or community college district. In a 2005 BOE un-annotated legal opinion, BOE staff stated that the Public Schools Exemption only applies to property housing the employees of the public school seeking the exemption (in this case a community college)…The opinion stated that the housing provided to employees of other districts would be ineligible. However, upon review, it appears that this statement was incorrect. To the extent school employees from other districts reside at the property, the other school district could claim the exemption on units its employees occupy as property 'used' by the district."*

JUHSD's challenges in recruiting and retaining faculty and staff are not unique in the Bay Area. Many Bay Area school districts are experiencing similar challenges due to the high cost of living relative to salaries. Assembly Bill 1157 paves the way for school districts to work together on the creation of below market housing for faculty and staff of multiple districts at the same property. JUHSD could consider partnering with neighboring districts in its development of faculty/staff housing. This partnership

approach would create additional complexity and possibly challenges, but it is worth noting the potential benefits including:

- **Lower risk of vacancy:** The ability to source tenants from a larger pool would lower the risk of vacancy.
- **Soft cost economies of scale:** Many soft costs do not increase linearly with the size of the project. Therefore, a project of a bigger size would pay lower soft costs/unit than a smaller project.
- **Hard cost economies of scale:** Some hard costs are one-time costs or semi-fixed costs associated with mobilizing and running a construction job of any size. These costs do not increase linearly with the size of construction job. Therefore, a project of a bigger size would pay lower one-time construction costs/unit than a smaller project.
- **More efficient use of property:** The proposed site for the Serramonte faculty/housing could potentially contain more units than the 48 currently proposed for the site. If JUHSD were to partner with another district, the combined demand would necessitate more than 48 housing units resulting in a more efficient use of District property.

VIII. Next Steps

The suggested next steps following the completion of the feasibility phase are:

- Board consideration and authorization to proceed with General Obligation Bond financing for June 2018 or November 2018 ballot
- Board authorization to issue an RFP for a Design/Build contractor
- Selection of a Design/Build contractor
- Design/Build contractor selection of consultant team and commencement of design
- Pre-Application Conference with City of Daly City

We have appreciated the opportunity to work on this important project and look forward to answering any questions you or the JUHSD Board may have after reading this feasibility study.

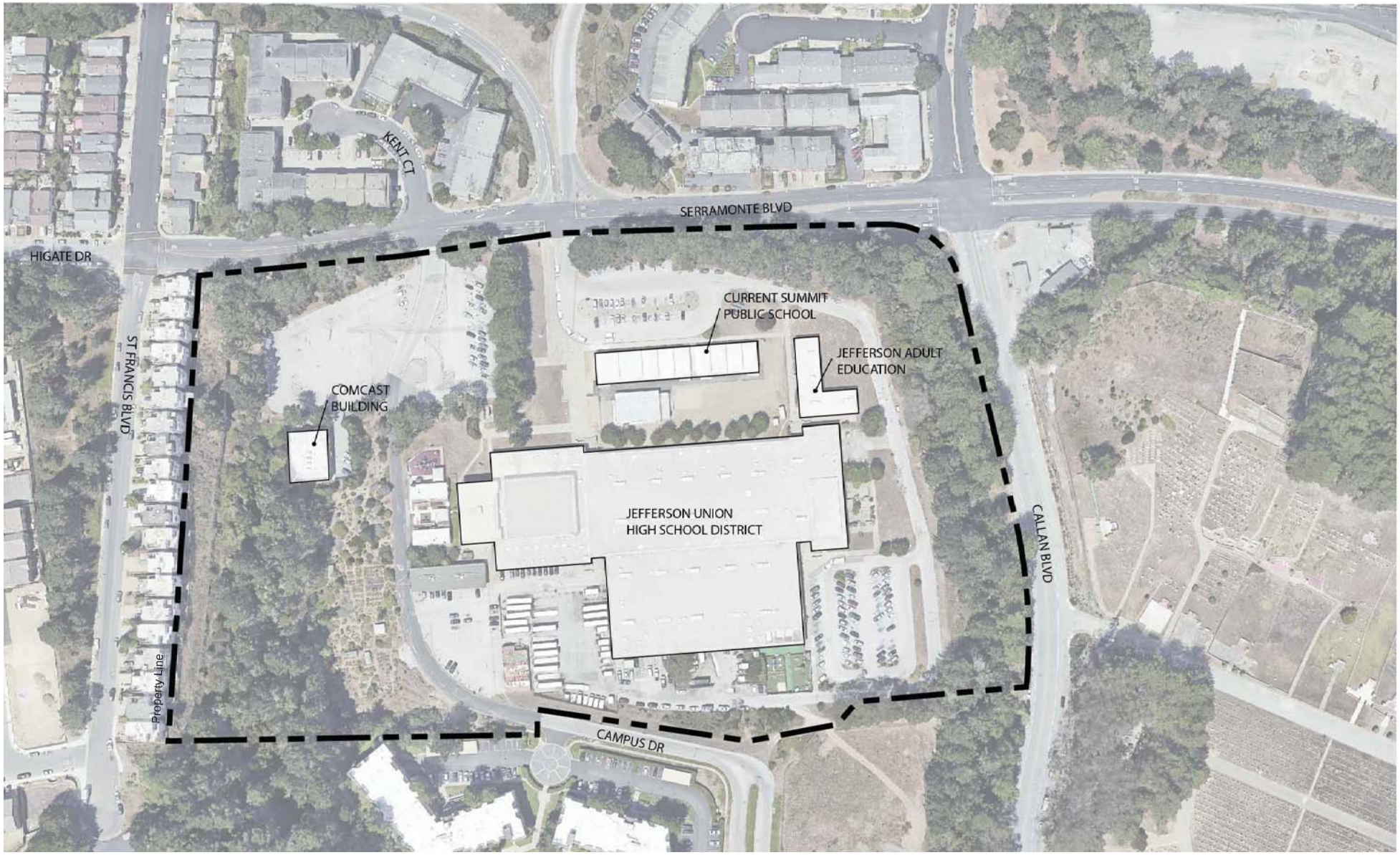
Sincerely,

Alexandra Daum
Project Manager

cc: Bruce Dorfman
Will Thompson

Exhibit List

Exhibit A:	Conceptual site plans
Exhibit B:	Preliminary construction specifications
Exhibit C:	Utility capacity memorandum
Exhibit C-1:	Parcel map
Exhibit D:	Schedule
Exhibit E:	Total development budget
Exhibit F:	Cash flow projection
Exhibit G:	Municipal fee estimate
Exhibit H:	Pro-forma financial model
Exhibit I:	Market comparison analysis
Exhibit J:	Operating expenses estimate
Exhibit K:	Board of Equalization legislative bill analysis



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Thompson Dorfman Partners, LLC
39 Forrest St #201
Mill Valley, CA 94941

JUHSD FACULTY HOUSING
DALY CITY, CA # 2017-0779

CONCEPTUAL PHASE
OCTOBER 31, 2017

NTS

EXISTING SITE
(FOR INTERNAL USE ONLY)

A0.0

Overall Project Summary

Site Area:	2.17	acres (net)
Total Units:	48	du
Net Density:	22.12	du/ac

Project Summary

Unit Name	Description	Total du	%
1 Bd Unit	1 bd + 1 bath	28	58%
2 Bd Unit	2 bd + 2 bath	16	33%
3 Bd Unit	3 bd + 2 bath	4	9%
Total		**48 du**	**100%**

Parking Summary

Parking Required	# du	Covered ratio	Total Required	Guest Ratio	Total Guest Required
1 Bd Unit	28	1.5	42.00	-	-
2 Bd Unit	16	2	32.00	-	-
3 Bd Unit	4	2	8.00	-	-
Total			**82 spaces**		

Parking Provided					
In Garage			24 spaces	-	-
Surface Parking			58 spaces	-	-
Total		**1.71 sp/du ratio**	**82 spaces**	**-**	**-**

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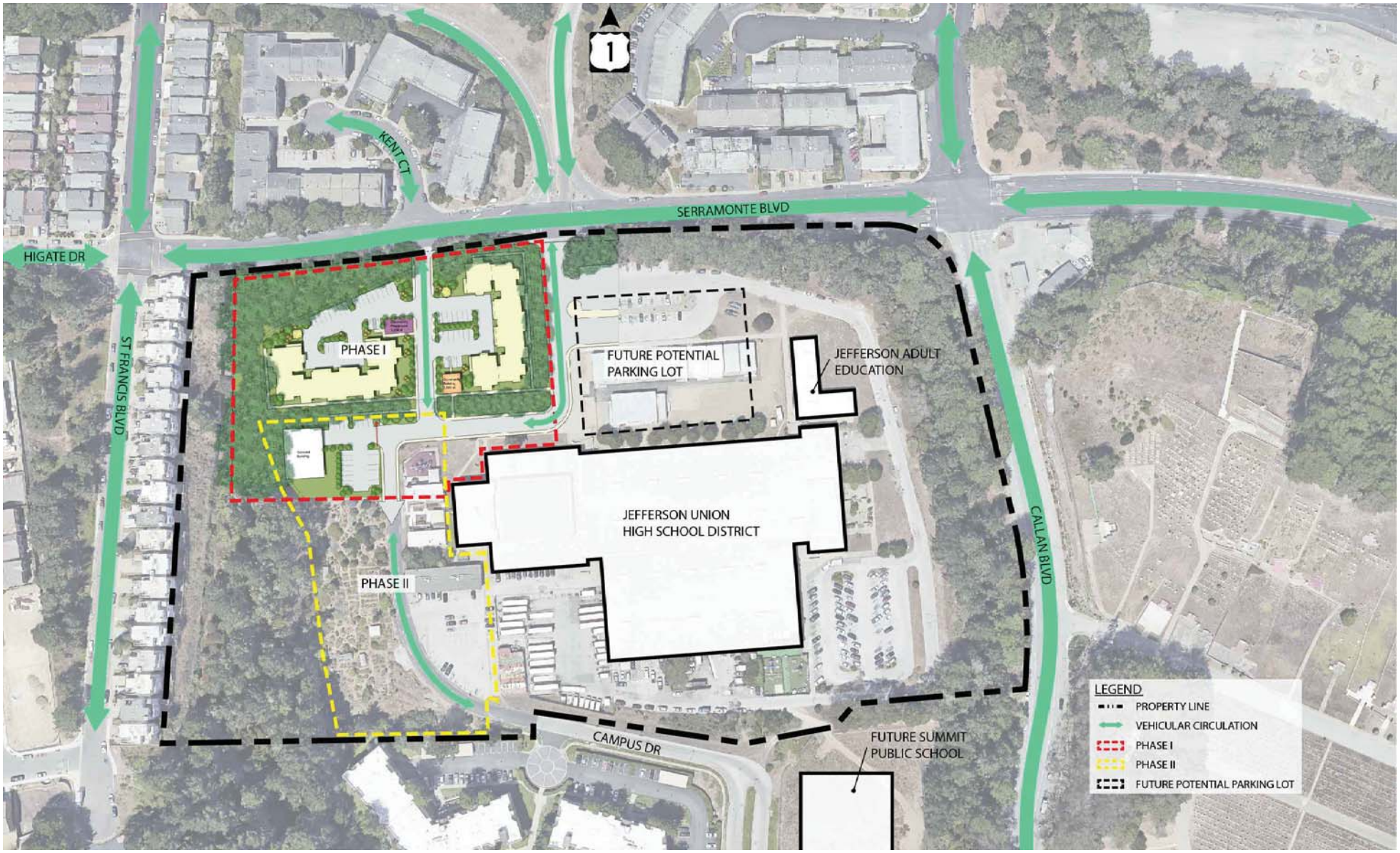
JUHSD FACULTY HOUSING
DALY CITY, CA # 2017-0779

CONCEPTUAL PHASE
OCTOBER 31, 2017

0 15 30 60

SITE STUDY
(FOR INTERNAL USE ONLY)

A1.0



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JUHSD FACULTY HOUSING
DALY CITY, CA # 2017-0779

CONCEPTUAL PHASE
OCTOBER 31, 2017

NTS

CONTEXT MAP
(FOR INTERNAL USE ONLY)

A1.1

EXHIBIT B

PRELIMINARY CONSTRUCTION SPECIFCATIONS

Buildings:

Size:	Approximately 28,000 livable square feet for apartments
Structural:	Two, two and three-story wood frame buildings with wood frame unit balconies with Pli-Dek or equal finish
Foundations:	Conventional slab on grade with deepened footings or post-tensioned slabs
Roof Systems:	30-year, Class B, three-tab architectural grade composition roofs
Siding:	Lap board siding (HardiePlank) and/or three-coat stucco exterior
Windows:	Dual glazed extruded vinyl frame (Milguard or equivalent); extra-large windows preferred (Eco or All Weather)
Insulation:	R-19 exterior walls, R-30 ceiling/roof over heated space, R-13 party wall insulation and double layer of sheetrock
Stairs:	Prefab metal stringers with closed concrete risers and treads
Trim:	Painted spruce or HardieTrim
Water:	Master public water meter with private hot and cold submeters to each unit

Individual Units:

Interior Finishes:	**Walls and ceilings**: Painted, 5/8" drywall Level 4 with light orange peel finish; ceilings not less than 9 feet (price out prep coat)
	Floors: Carpeted or vinyl covered 1 ¼" Gypcrete; vinyl plank or tile at entries
	Carpet: 26 oz. FHA approved on top of ½" rebond underlay
	Vinyl Flooring (kitchens and baths): Vinyl plank or equivalent
	Entry Door: Metal, insulated, 6-panel
	Interior Door: Single panel hollow core masonite
	Hardware: Kwikset Titan Series and Kwikset Interior door handles or equal, including project master keys
	Paint: Primer plus one coat of latex flat on walls, acrylic enamel semigloss in baths and kitchens
	Trim: MDF baseboards, stool and apron, and door trim throughout
	Cabinetry: Flush panel, wood doors (laminate), full overlay, hidden hinges
	Closets: Feature plastic coated wire shelf and hanging systems or wood equivalent; Slider doors and conventional swing doors for any walk-in closets
Life Safety:	All units and garages are sprinklered (semi-recessed heads) with monitored flow alarms
	All units have electronic smoke alarms
	All units have monitored fire detectors connected to central annunciator
Electrical:	125 amp capacity per unit (min)

	Wall outlets every 12 lineal feet or per code standard
	Two telephone outlets per unit
	Bath fans to have occupancy sensors
	Cable TV and CAT 5 internet access outlets in bedrooms, living rooms and dens
	Surface mounted lighting in halls, baths, kitchens, dining areas, entryways and walk-in closets (LED)
	Individually metered electricity
Mechanical:	"Cadet" or equivalent electric heating system with thermostats in each room
	Tie all scuppers into downspouts and wire screens for gutters
	Individual 40-gallon gas water heaters
	Individually metered gas
Kitchens*:	**Counter Tops**: Tile or stone with 6" integral backsplash
	Refrigerator: frostfree18 cubic foot with top-mounted freezer with icemaker
	Range: Gas range and oven
	Dishwasher: Built-in with two level wash action
	Disposal: Continuous feed, ½ horsepower motor
	Microwave: Vent to the outside
	Basin: Stainless steel basin with Delta single handle control
	**All appliances by GE/Whirlpool or like*
Bathrooms:	Low flow toilet
	Fiberglass tub and surround with Kohler single handle control
	Cultured marble countertops or equivalent with integrated bowls and Kohler single handle controls
	Oversized wall mirror above vanity
	16" x 24" mirrored door medicine cabinet
	18" or 24" square tube chrome towel bars and chrome plated tissue holder
Unit Amenities:	Balconies or patios on all apartments, railings metal or stucco with Trex Cap
	Washer/dryer in all apartments (GE/Whirlpool or equivalent)
	Pantries, linen and guest closets in selected units
	Horizontal, metal, 1-inch mini-blinds covering all windows; Vertical, PVC 2-inch blinds on sliders

Kimley»Horn

MEMORANDUM

To:	Alexandra Daum
From:	Mark Falgout
	Kimley-Horn and Associates, Inc.
Date:	November 30, 2017
Subject:	Jefferson Union High School District Utility Investigation

Kimley-Horn has been contracted to investigate capacity issues in the sanitary sewer, water, and storm drain systems serving the Jefferson Union High School District property located at 699 Serramonte Blvd, Daly City, CA.

Sanitary Sewer

Kimley-Horn contacted the City Public Works Department to find out if there are any known capacity issues. Richard Chiu, in the Public Works Department, responded that a proposed project must submit a preliminary site plan showing utility layout, proposed connection points, and sewage generation information for the City's third-party consultant to use to perform system modeling of the sanitary sewer system.

Richard mentioned that a sanitary sewer study was done earlier this year for the Summit Shasta high school campus located near the project site. Education Housing Partners requested and obtained the sanitary sewer report to determine the cost and discover any pertinent information. Due to the expense of the third-party modeling, a project specific report will not be done at this time, however it will be required for "will-serve" letters and to determine the extents of sanitary sewer improvements, if any, when the project moves forward. Kimley-Horn was asked to review the information from the Summit Shasta report, dated April 21, 2017, prepared by RMC and Woodard & Curran, to see if there are any quantifiable off-site sewer improvements that the project may need to install.

The Summit Shasta high school campus is planning to connect to an existing 6-inch diameter sanitary sewer in Callan Boulevard. The 6-inch diameter line connects to the existing 10-inch line in Serramonte Blvd at the Callan Blvd intersection, then continues east where it connects to a 15-inch line that flows north on Gellert Blvd. The Faculty Housing Project is anticipated to connect to the 10-inch line in Serramonte Blvd along the project frontage.

The City sanitary sewer base map currently shows the last two lengths of sewer on Serramonte Blvd to be only 8-inch in diameter, however the report indicates that the existing sanitary sewer line in Serramonte Blvd has recently received an upsize to 12-inch HDPE (11.2-inch inside diameter). The model has been updated for this change and to include a nearby proposed development, called Serramonte Views, that will discharge into Serramonte Blvd. Serramonte Views includes a residential

complex and a hotel and is located on the south side of Serramonte Blvd between Gellert and Callan Blvds.

The report indicates that there is a downstream restriction that creates a surcharge on the Serramonte system at the Gellert Blvd intersection. However, a previously recommended capacity project referred to as C-5 will relieve the surcharge.

The City's consultant ran the updated model and determined that the development would not create any additional capacity deficiencies in the system with the completion of capacity project C-5. However, without C-5 the sewer system in Serramonte Blvd experiences some surcharge. Project C-5 is slated for 2023, according to Richard Chiu, City Engineer.

The model does show that the last segment of sewer in Serramonte Blvd is flowing full which could mean that when the 45 additional units are added, that segment could experience a surcharge and require an upsizing. The remaining modeled system in Serramonte Blvd appears to have sufficient capacity with the highest segment flowing at 71% of capacity. The referenced Summit Shasta sewer capacity report, City utility base maps, and an opinion of probable costs for upsizing 271 feet of existing 12" HDPE sewer just upstream of the Serramonte/Gellert intersection is attached to this memorandum.

Storm Drain

Kimley-Horn discussed the storm drain capacity with Richard Chiu. Instead of discussing off-site capacity issues, said that the site would be required to mitigate post-project flows back to pre-project flows for the 10 year – 2 hour storm event.

To determine the impacts to the site, we utilized aerial photographs of the existing site and the site plan titled JUHSD Faculty Housing, drawn by KTGY, dated October 10, 2017 provided by the client to compare the impervious areas of the existing and proposed uses. Totals are shown below:

Existing Imperviousness (SF)	Proposed Imperviousness (SF)
110,100+/-	76,980+/-

Based on this preliminary analysis, the proposed project will reduce the amount of imperviousness on the site and will therefore, not require detention to mitigate peak flows. The site will only require typical storm drain features such as bioretention areas, inlets, manholes, and storm drain pipe to treat, collect and convey the run-off to the existing system.

If the project proceeds beyond the feasibility stage, we recommend obtaining a site survey to better analyze the existing impervious areas.

The City has stated that they do not issue "will serve" letters for storm drain because they are already serving the site. However, Richard Chiu said that if we meet the above requirements, the City will continue to serve the site.

City base maps of the existing storm drain system are attached to this memorandum.

Water Service

Kimley-Horn contacted the City Public Works Department to find out if there are any known capacity issues. Richard Chiu, in the Public Works Department, responded that a proposed project must submit a preliminary site plan showing utility layout, proposed connection points, and water demand information for the City's third party consultant to use to perform system modeling of the water system.

Richard mentioned that a water study was done earlier this year for the Summit Shasta high school campus located near the project site. Education Housing Partners requested and obtained the water study to determine the cost and discover any pertinent information. Due to the expense of the third-party modeling, a project specific report will not be done at this time, however it will be required for "will-serve" letters and to determine the extents of water improvements, if any, when the project moves forward. Kimley-Horn was asked to review the information from the Summit Shasta report, dated May 24, 2017, prepared by Brown and Caldwell, to see if there are any quantifiable off-site water improvements that the project may need to install.

The report indicates that the Summit Shasta site is proposed to connect to an existing 10-inch water line in Campus Drive. The site is in the City's Pressure Zone 6 which draws water from Reservoirs 6 and 6B, each with an overflow at elevation of 685 feet, mean sea level datum. According to Google Earth, the site elevation is roughly 495 feet. This is the same Pressure Zone and rough elevations of the Faculty Housing project.

The report found that the existing water mains would deliver satisfactory system pressure and flow to the Summit Shasta project and no new water pipes or facilities would be needed. The report does not make any indications that the system is near its limits and assumes that the reservoirs have available capacity. Therefore, there are no offsite improvements for water that can be extrapolated to the Faculty Housing project.

The referenced Summit Shasta water report and City base maps are attached to this memorandum.

SANITARY SEWER

Kimley»Horn

PRELIMINARY OPINION OF CONSTRUCTION COSTS

Jefferson Union High School District
Prepared By: Mark Falgout
11/30/17

Public Sewer Main Upsizing (Serramonte Blvd at Gellert Blvd)

	Item	Quantity	Unit	Unit Cost	Cost
1	15-inch HDPE Sanitary Sewer Pipe (in Ex. Street)	271	LF	$250.00	$67,750
2	Connect to Existing Sewer Manhole	2	EA	$5,000.00	$10,000
				Subtotal	$77,750
				20% Contingency	$15,550
				Total	**$93,300**

OPINION OF PROBABLE COST DISCLAIMER

Because the Consultant does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials, shall be made on the basis of its experience and represent its judgment as an experienced and qualified professional, familiar with the industry. The Consultant cannot and does not guarantee that proposals, bids or actual costs will not vary from its opinions of cost. If the Client wishes greater assurance as to the amount of any cost, it shall employ an independent cost estimator. Consultant's services required to bring costs within any limitation established by the Client will be paid for as Additional Services.

Note:

1. The cost of 15-inch sewer includes sawcut, demolition, removal of the existing pipe, and replacement of pavement in the existing road.
2. This opinion assumes the project will not be required to make a fair share contribution to the City's Project C-5, downstream sewer upsizing.
3. This opinion assumes no other new contributions to the sewer system other than those identified in the report prepared for the Summit Shasta campus by RMC and Woodard & Curran, dated April 21, 2017.

Technical Memorandum

City of Daly City
Wastewater Collection System Hydraulic Modeling Support

Subject: Collection System Flow Study for Summit Shasta at Serramonte

Prepared by: Jennifer Chang, P.E.

Reviewed by: Gisa Ju, P.E.

Date: April 21, 2017

Reference: 0120-006.10

Summit Shasta at Serramonte is a high school campus development proposed for the currently vacant parcel located at 699 Serramonte Blvd. in Daly City. The campus would consist of 1-story modular buildings for classrooms, office space, and a gymnasium capable of converting into classrooms.

The development's proposed enrollment is 400 students. For the City's 2015 Collection System Model Update, existing sanitary flows were estimated using recorded water billing data from years 2013 through 2015. Since the parcel is currently vacant, the existing sanitary flow was set to zero in the model. To estimate the potential load from the proposed high school, an industry standard factor of 15 gallons per day (gpd) per student was used to calculate the development's future load. The calculated Summit Shasta at Serramonte loads are shown in **Table 1**.

Table 1: Future Summit Shasta at Serramonte Loads

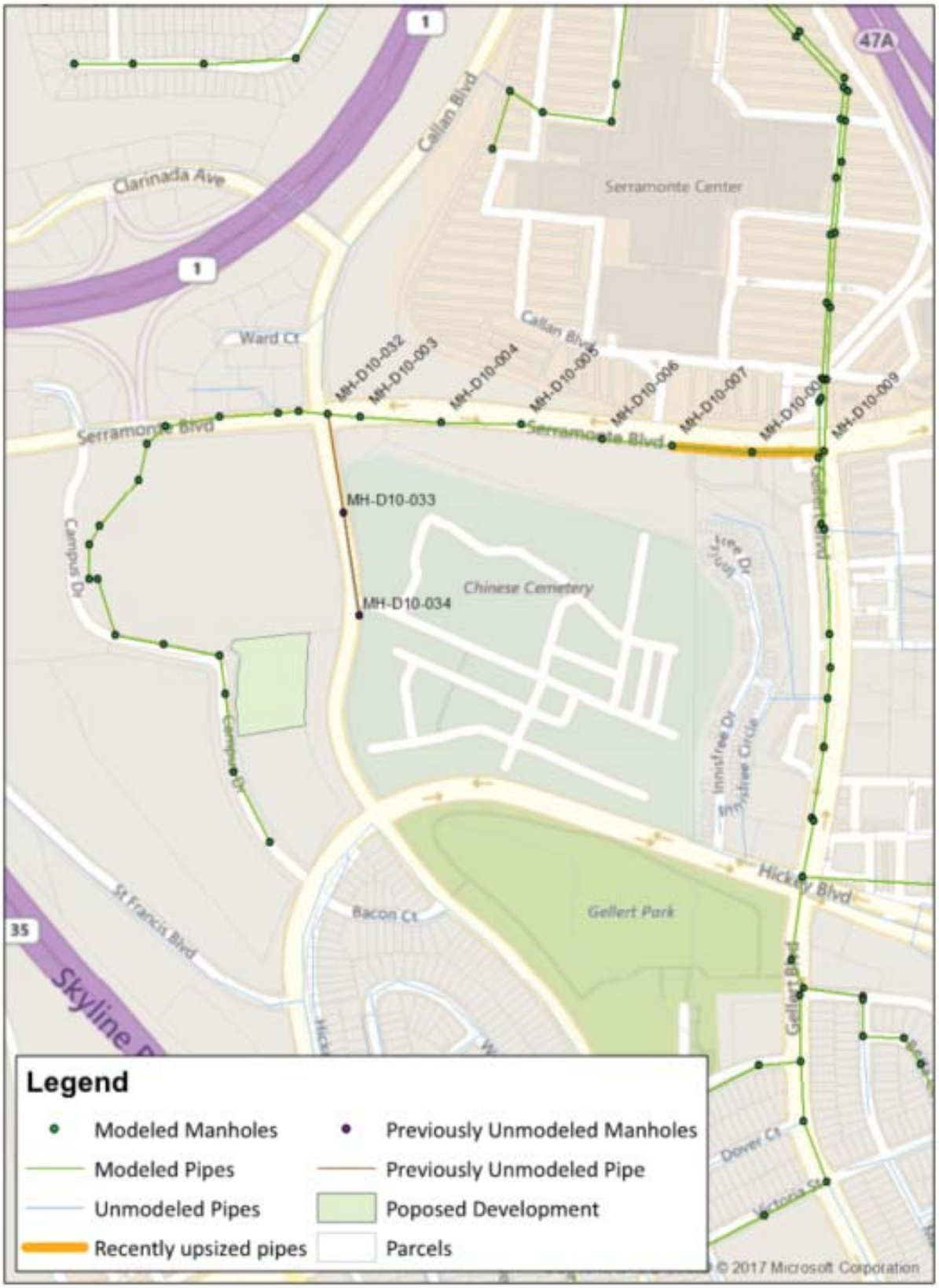
Assessor Parcel Number (APN)	Loading Factor (gpd)	Future Count	Total Future Estimated Load[1] (gpd)
091-211-270	15 per student	400 students	6,000

The utility plans for the proposed development indicate the campus would discharge to a previously un-modeled 6-inch sewer east of the parcel along Callan Blvd. This 6-inch sewer was added to the model and the calculated development load was then attributed to it at manhole MH-D10-034. The Callan Blvd. sewer flows north and discharges to a modeled 10-inch pipe in Serramonte Blvd, which connects to the 15-inch sewer along Gellert Blvd. In the 2015 Model Update, the sewers along Serramonte Blvd. immediately upstream of the Gellert Blvd. intersection were shown to have. insufficient capacity. As a result, these sewers have recently been upsized to 12-inch HDPE pipe (11.2-inch inside diameter) for increased capacity. The map on the following page shows the parcel associated with the Summit Shasta at Serramonte development, as well as the surrounding collection system.

In order to evaluate the Summit Shasta development impacts properly, a nearby proposed development discharging to Serramonte Blvd. was also included in the modeled loads. The Serramonte Views development, located on the south side of Serramonte Boulevard between Gellert and Callan Boulevards in Daly City, includes a residential complex and a hotel. The flow from the Serramonte Views Development was loaded to the existing 10-inch pipe in Serramonte Blvd. at manhole MH-D10-006.

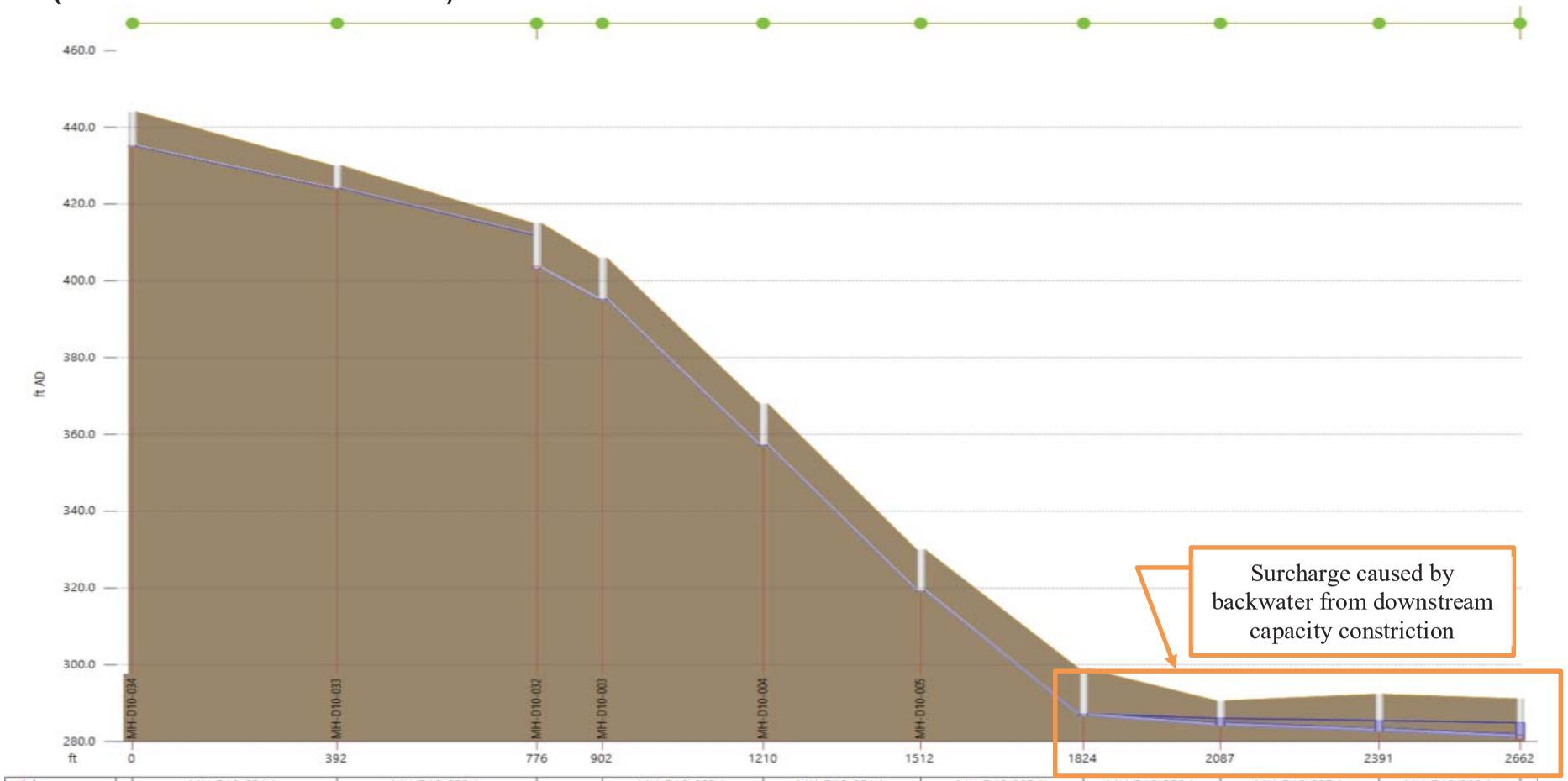
[1] Estimated load is average base wastewater flow, instantaneous predicted flow (including peak flow) is calculated based on a diurnal base wastewater flow profile applied in the model

Figure 1: Summit Shasta at Serramonte



The model was run for the City's design storm wet weather flow under future loading conditions with and without previously recommended downstream capacity projects. As indicated in the two results profiles on the following pages, the Serramonte Blvd. sewer downstream of the development immediately west of Gellert Blvd. would experience some surcharge due to backwater conditions caused by restrictions further downstream in the system, but these backwater conditions would be relieved by previously recommended capacity project C-5. Therefore, the development flows would not create any additional capacity deficiencies in the system.

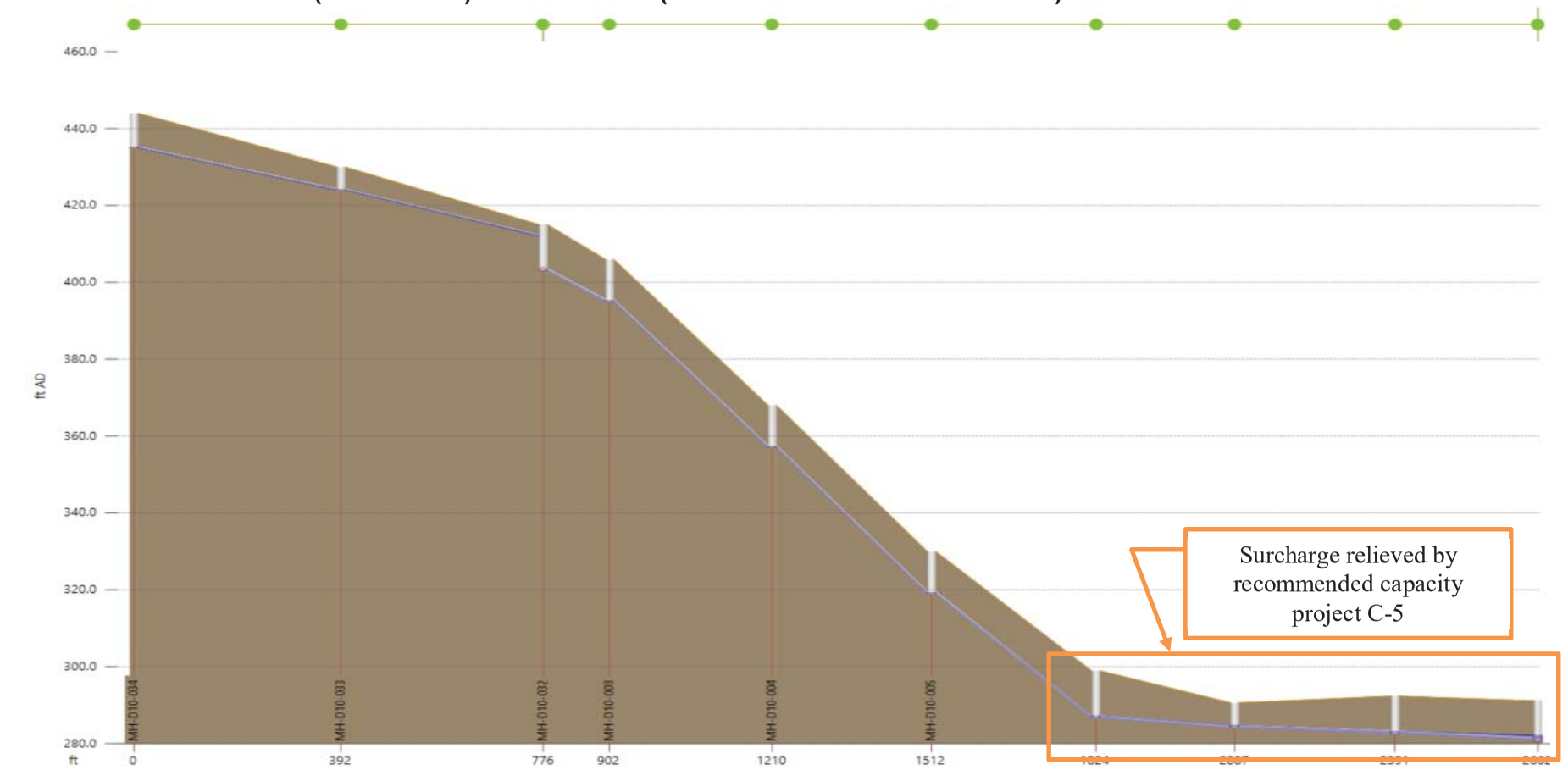
Figure 2: 2015 Model Update Future Loads with Summit Shasta Development – PWWF Results from MH-D10-034 (Callan Blvd.) to MH-D10-009 (Serramonte Blvd. at Gellert Blvd.)



Link	MH-D10-034.1	MH-D10-033.1	-	MH-D10-003.1	MH-D10-004.1	MH-D10-005.1	MH-D10-006.1	MH-D10-007.1	MH-D10-008.1
length (ft)	392.4	383.5	125.6	308.4	301.8	311.8	263.2	304.0	271.1
width (in)	6.0	6.0	10.0	10.0	10.0	10.0	10.0	11.2	11.2
us inv (ft AD)	435.000	424.000	403.000	395.000	357.000	319.000	286.600	284.100	282.500
ds inv (ft AD)	424.000	412.000	395.000	357.000	319.000	286.600	284.100	282.500	281.000
grad (%)	2.803	3.129	6.369	12.323	12.589	10.391	0.950	0.526	0.553
pfc (MGD)	0.61	0.64	3.57	4.97	5.03	4.57	1.38	1.39	1.43
surc	0.16	0.15	0.34	0.29	0.30	0.65	1.00	1.00	1.00
DS flow (MGD)	0.0103	0.0103	0.8266	0.8265	0.8265	0.8264	0.9881	1.0165	1.0945

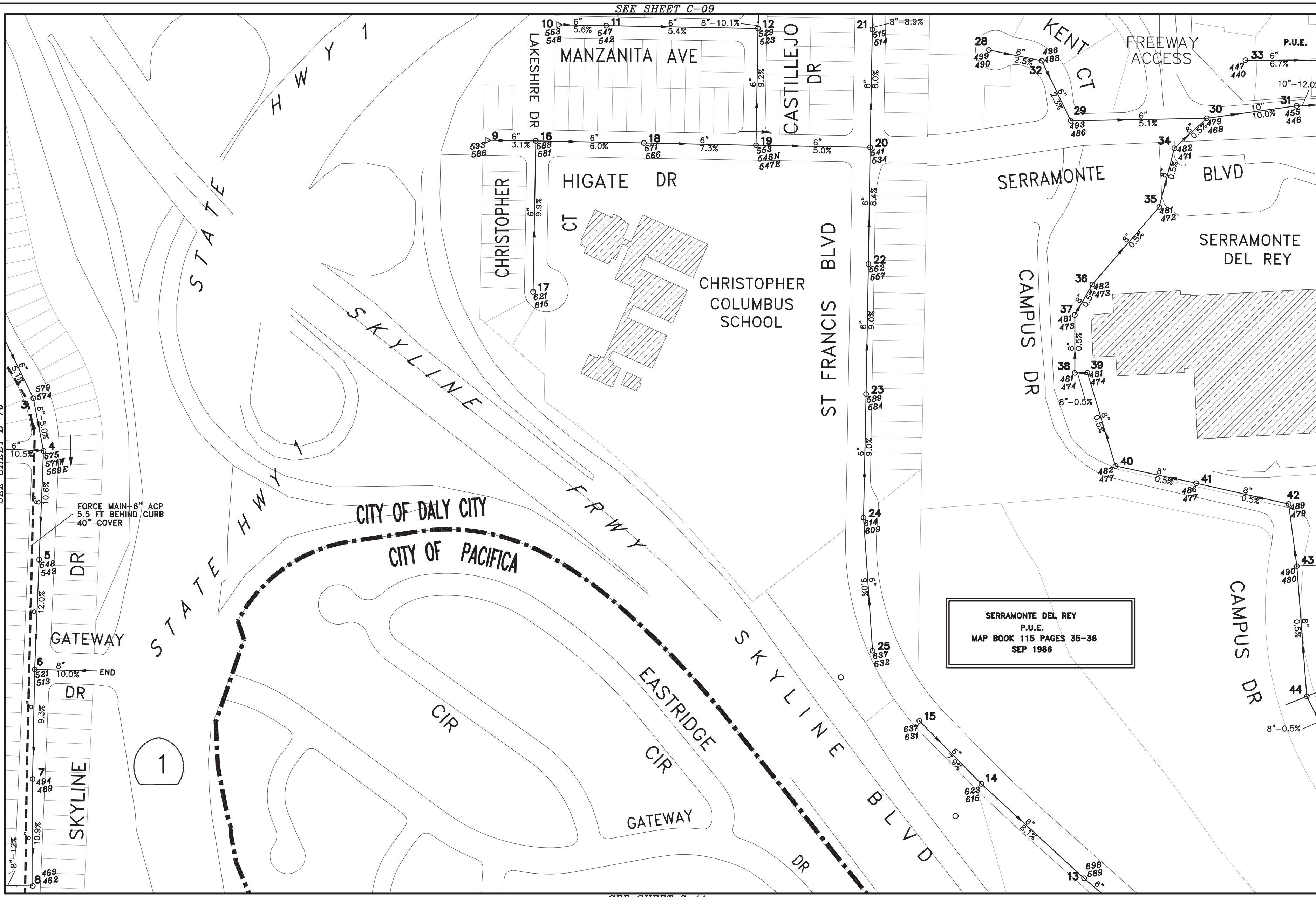
Node	MH-D10-034	MH-D10-033	MH-D10-032	MH-D10-003	MH-D10-004	MH-D10-005	MH-D10-006	MH-D10-007	MH-D10-008	-
ground (ft AD)	444.000	430.000	415.000	406.000	368.000	330.000	298.900	290.600	292.300	291.100
flood dep (ft)	-8.922	-5.923	-11.712	-10.756	-10.757	-10.746	-11.757	-4.538	-6.852	-6.197

Figure 3: 2015 Model Update Future Loads with Summit Shasta Development with downstream capacity deficiencies relieved– PWWF Results from MH-D10-034 (Callan Blvd.) to MH-D10-009 (Serramonte Blvd. at Gellert Blvd.)



Link	MH-D10-034.1	MH-D10-033.1	-	MH-D10-003.1	MH-D10-004.1	MH-D10-005.1	MH-D10-006.1	MH-D10-007.1	MH-D10-008.1
length (ft)	392.4	383.5	125.6	308.4	301.8	311.8	263.2	304.0	271.1
width (in)	6.0	6.0	10.0	10.0	10.0	10.0	10.0	11.2	11.2
us inv (ft AD)	435.000	424.000	403.000	395.000	357.000	319.000	286.600	284.100	282.500
ds inv (ft AD)	424.000	412.000	395.000	357.000	319.000	286.600	284.100	282.500	281.000
grad (%)	2.803	3.129	6.369	12.323	12.589	10.391	0.950	0.526	0.553
pfc (MGD)	0.61	0.64	3.57	4.97	5.03	4.57	1.38	1.39	1.43
surc	0.16	0.15	0.34	0.29	0.30	0.64	0.71	0.63	1.00
DS flow (MGD)	0.0103	0.0103	0.8266	0.8265	0.8265	0.8264	0.9720	0.9717	1.0609

Node	MH-D10-034	MH-D10-033	MH-D10-032	MH-D10-003	MH-D10-004	MH-D10-005	MH-D10-006	MH-D10-007	MH-D10-008	-
ground (ft AD)	444.000	430.000	415.000	406.000	368.000	330.000	298.900	290.600	292.300	291.100
flood dep (ft)	-8.922	-5.923	-11.712	-10.756	-10.757	-10.746	-11.766	-5.909	-9.221	-9.014



NOTE: FOR LEGEND SEE GRID INDEX MAP	SCALE: 1"=200'	NORTH SAN MATEO COUNTY SANITATION DISTRICT	JUNE 1999	REVISED AUGUST 2008	C-10

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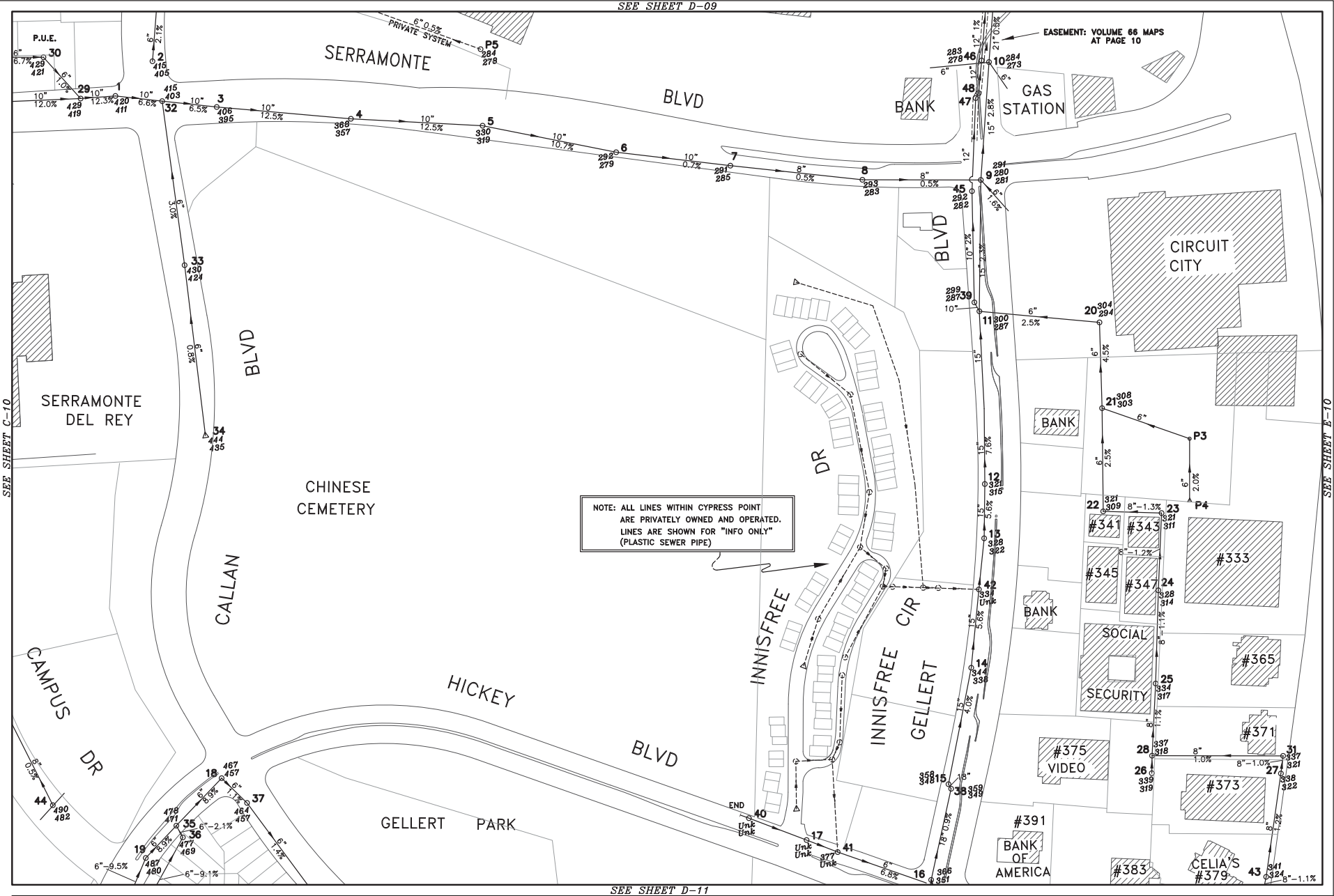

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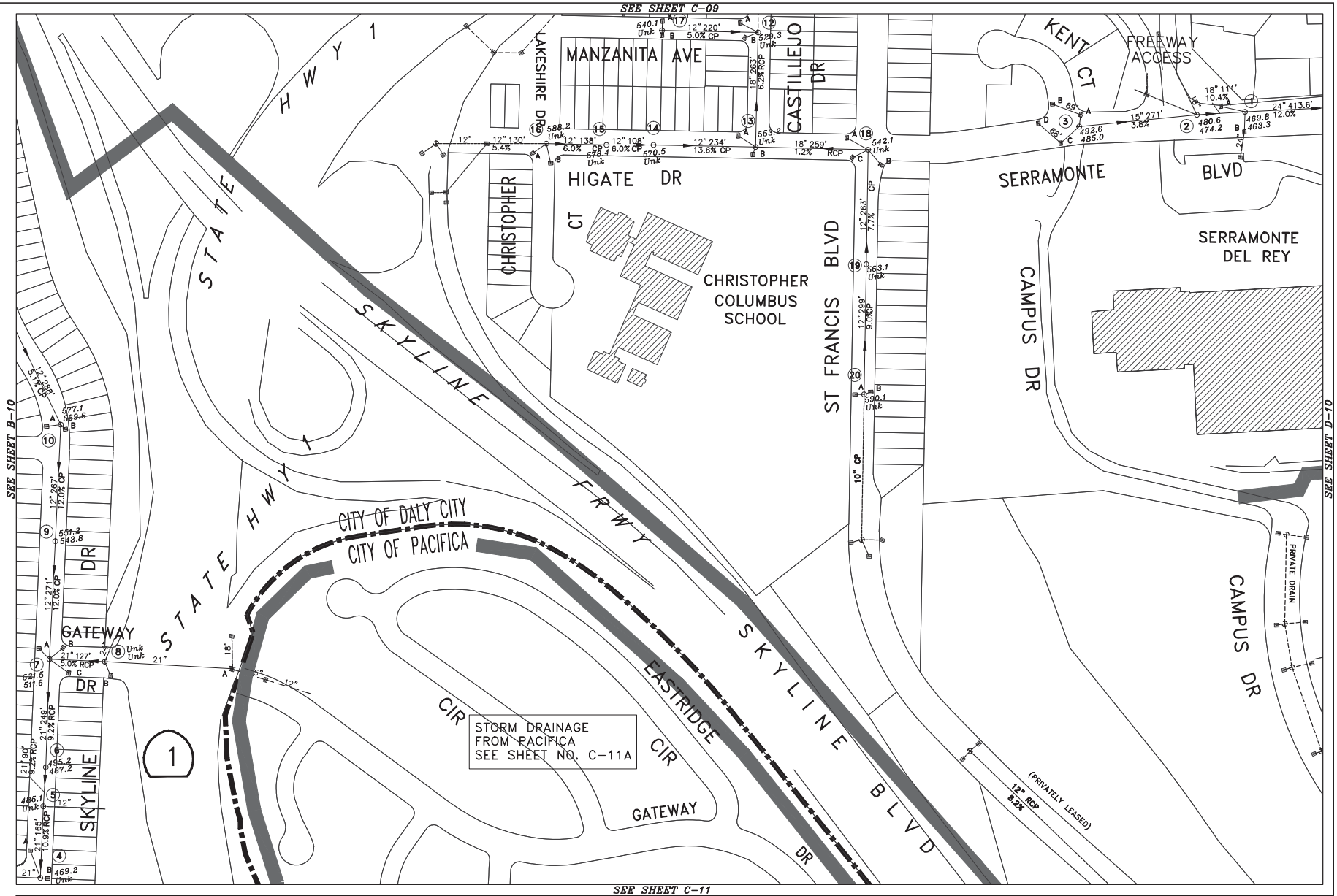
STORM DRAIN



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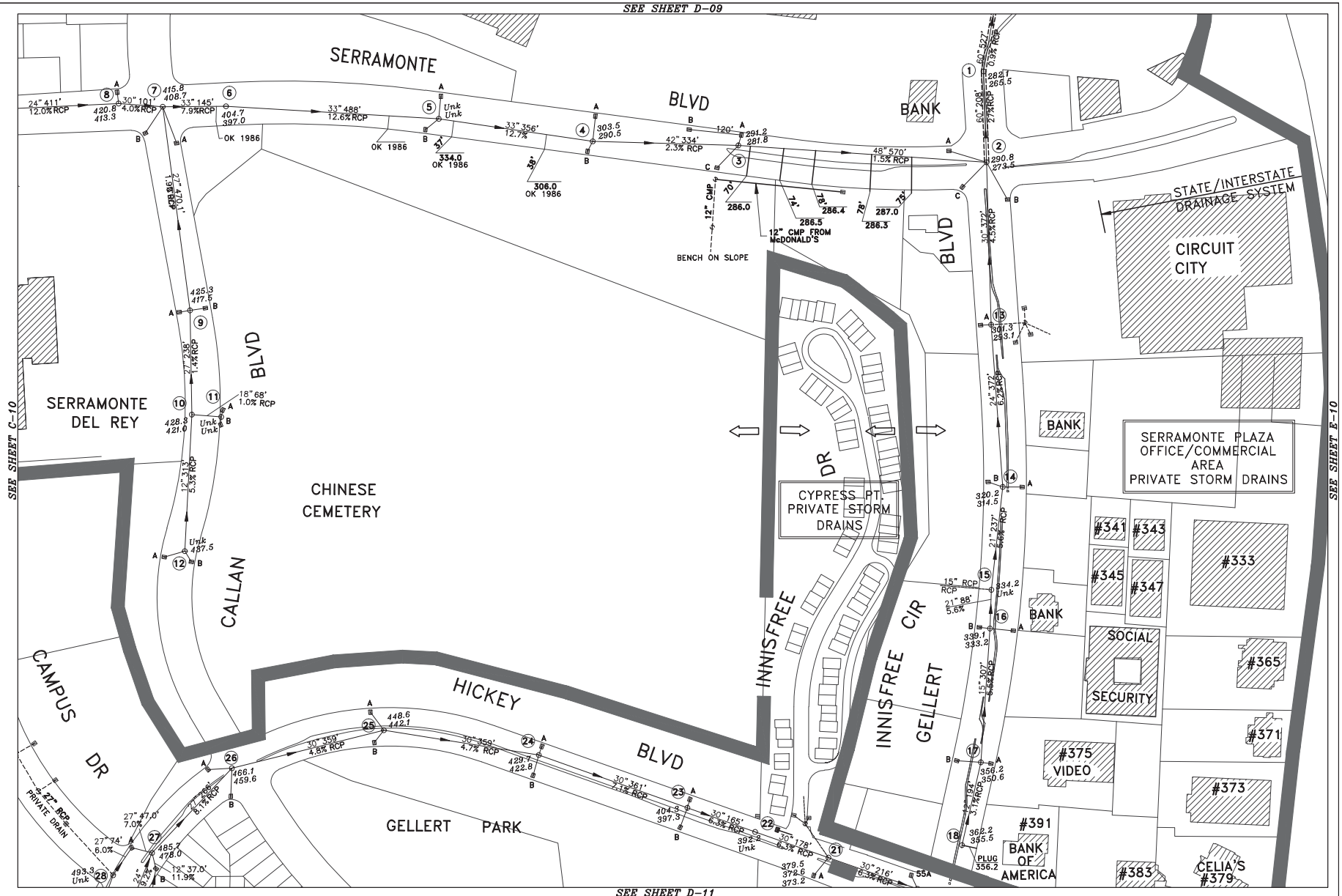
NOTE: FOR LEGEND SEE GRID INDEX MAP	SCALE: 1"=200'	DALY CITY STORM DRAIN SYSTEM	FEB. 2000	REVISED	C-10



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Date: 5/22/2000

NOTE: FOR LEGEND SEE GRID INDEX MAP	SCALE: 1"=200'	DALY CITY STORM DRAIN SYSTEM	FEB. 2000	REVISED	D-10

WATER

201 North Civic Drive, Suite 115
Walnut Creek, CA 94596

T: 925.937.9010
F: 925.937.9026

May 24, 2017

Mr. David Rogers
Civil Engineer, Associate
City of Daly City - Engineering Division
333 - 90th Street
Daly City, California 94015

150627-1011

Subject: Hydraulic Analysis for the Proposed Summit Shasta Project

Dear Mr. Rogers:

In completion of the Agreement for Consulting Services dated April 13, 2017, between the City of Daly City (Daly City) and Brown and Caldwell (BC), BC is pleased to submit this letter report for your review. This report documents the hydraulic analysis performed to determine the water main sizes required to deliver domestic and fire flow demands to the proposed Summit Shasta Project (Site) in Daly City.

For this assignment, BC expanded the existing hydraulic model of Daly City's potable water system and analyzed various scenarios to determine an appropriate distribution configuration and water main sizes. BC also evaluated potential connection points to the City's water system. This report describes the model development, summarizes hydraulic analysis results, and presents BC's recommendations for the diameters and connection points of the distribution pipelines.

The following activities are not in the scope of work and thus not part of this analysis:

- Surge analysis;
- Water quality analysis and;
- Sizing of the proposed automatic fire-suppression sprinklers system.

Hydraulic Model Development

BC modeled the proposed project using InfoWater 12.3 by Innovyze, Inc. InfoWater is a commercially available, fully Geographic Information System (GIS) integrated, water distribution modeling and management software application that calculates and tracks various hydraulic constituents, such as flow, velocity and pressure of water through the water system.

The updated model includes the existing Daly City pipe network (last updated on April 30, 2017 including distribution mains 8-inch to 16-inch in diameter; note that the model also shows many mains with diameters ≤ 4 inches when those mains are the only local water mains or provide locations for service connections) and the proposed pipe network and/or facilities for the project site. Figure 1 illustrates the existing and proposed water systems of the Summit Shasta Project.

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City of Daly City
Hydraulic Analysis
Summit Shasta Project

Figure 1
Existing and Proposed Water System

Legend

Junction

- Active (All Modeled Facilities)
- Domain (Project Specific Facilities)

Pipe (In)

- <=4.00
- 6
- 8
- 10
- =>12
- Street CL

- Existing Hydrant

N

0 120 240

Feet

Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

DALY CITY CALIFORNIA

Brown AND Caldwell

Author: Kevin Kai Path: P:\GIS\Daly City\Model\DalyCity-072416.mxd

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The Summit Shasta at Serramonte development is located within the City's Pressure Zone 6 and is bounded by Callan Boulevard to the east, Hickey Boulevard to the south, and Campus Drive to the west. Pressure Zone 6 draws water from Reservoirs 6 and 6B, each with an overflow at elevation 685 feet, mean sea level datum. As shown on the drawings by Artik (Architect) (emailed to BC dated February 1, 2017), the project consists of five new school buildings on a 2.47-acre parcel (Building A is 9,516 SF, Building B is 4,277 SF, and Building C is 4,158 SF, Building D is 5,760 SF, and Building E is 1,920 SF). The basic construction type for these one-story modular buildings will be Type V-B, in which the structural elements, exterior walls and interior walls are of any materials permitted by the California Building Code.

As determined during the project kick-off meeting on March 29, 2017, the proposed project shall connect to the existing 10–inch-diameter ductile iron pipe (DIP) on Campus Drive.

Based on the preliminary design drawings, BC developed the proposed water network in the modeling program. All new water mains shall be constructed per the current Daly City design standards. We selected a conservative Hazen-Williams roughness coefficient of 130 for the new water mains to account for pipe friction and minor losses associated with fittings and valves.

The hydraulic model consists of the following elements and assumptions:

1. No new public water distribution pipeline will be required to serve the proposed project sites;
2. One demand node serving the proposed project.
3. One new connection point to the existing Daly City water system:
    a. Pressure Zone 6 connection to the existing 10-inch-diameter water main on Campus Drive.

Construction types, building area, required fireflow and hydrant:

1. For the purpose of estimating the fire flow requirements, BC used Type VB building construction type for the new buildings;
2. The new buildings will have approved automatic sprinklers, and highest ceiling elevations will be approximately 12 feet above pad elevations;
3. Required fireflow and duration per California Fire Code 2016 Appendix B. (Table B105.1):
    a. Building A is the largest proposed building with 9,516 SF: 2,750 gpm for two hours (reduced to 1,500 gpm for two hours since the project will be equipped with fire sprinklers).
4. Required hydrant number and spacing per California Fire Code 2016 Appendix C. (Table C102.1): one hydrant with 500 feet between hydrants.

Per the 2016 California Fire Code, as an exception, the local fire authority can reduce required fire flow by up to 75 percent when a building has an approved automatic sprinkler system. After the initial project review on April 2017, North County Fire Authority (NCFA) agreed to a 50 percent reduction in required fire flow or to the minimum required fire-flow of 1,500 gpm, whichever is large. Reductions in required fire flow and flow duration are a discretionary decision of the NCFA. The local fire authority also may increase fire flow demand at its discretion to address concerns regarding wild land or other issues.

Demand Allocations

BC allocated the additional average demands among the model nodes using the typical school unit water demand factor from Water Quality (Tchobanoglous and Schroeder 1987). Table 1 presents the water demands used for this analysis.

Table 1. Average Day and Fire Flow Demands for the Proposed Project

Proposed Project	Approx. Area[a], sq. ft.	Appprox. No. of Occupants[e]	Building Type, per CBC	Approx. Building Height, ft.	Land Use Classification	Unit Water Demands,[b,c]	Ave. Day Demands, gpm[d]	Required Fireflow[f], gpm	Reduced Fireflow[g], gpm	Flow Duration, Hrs.	Min. No. of Hydrants[h]	Ave. Spacing between Hydrants[i], ft.
Summit Shasta Project												
Building A	9,516	100	V-B	30	School	15 gpcd	3.1	2,750	1,500	2	1	500
Building B	4,277	27	V-B	30	School	15 gpcd	0.8	1,750	1,500	2	1	500
Building C	4,158	100	V-B	30	School	15 gpcd	3.1	1,750	1,500	2	1	500
Building D	5,760	100	V-B	30	School	15 gpcd	3.1	2,000	1,500	2	1	500
Building E	1,920	100	V-B	30	School	15 gpcd	3.1	1,500	1,500	2	1	500
Proposed Project Total		427			-	-	13.3	2,750	1,500	2	1	500

a. Approximate areas from Artik Architect

b. School Unit Water Demand Factor from Tchobanoglous, Schroeder. 1987. Water Quality: Addison-Wesley

c. gpcd = gallons per capita per day, gpsfpd = gallons per square foot per day, gpm = gallons per minute

d. Residential demand is averaged over 24 hours and Retail/Office/School demand is averaged over 8-hours per day.

e. The new school is being designed for a maximum occupancy of 400 students and 27 staff.

f. Per the 2016 California Fire Code, Appendix B and C

g. Assume 50 percent reduction in required fire flow with an approved automatic sprinkler system

h. One hydrant for each 1,000 gpm of required fire flow or fraction thereof

i. Actual final spacing of hydrants as required by City Fire Marshal

Hydraulic Analysis

BC used Daly City's Water Master Plan (BC, August 1991) hydraulic design criteria for this analysis; they reflect the fire flow requirements under the revised California Fire Code with provisions for automatic fire sprinklers. Table 2 summarizes the distribution system pressure criteria, and Table 3 summarizes the velocity and headloss criteria.

Table 2. Pressure Criteria

Condition	Pressure, (pounds per square inch [psi])	Demand Multiplier[a]
Minimum pressure at peak-hour[b]	40	3.0
Minimum residual pressure under Fire Flow + Max Day Demand—hydrant pressure per California Waterworks Standard (CCR Title 22, 2008)[c]	20	1.5 + fire flow
Minimum residual pressure under Fire Sprinkler demand + Max Day Demand—sprinkler pressure at highest sprinkler (pressure measured at pad elevation on utility side of water meter)[d]	55	1.5

a. Demand multipliers based on the 1991 Master Plan.

b. The latest edition of the California Water Works Standards (Section 64602) requires a peak-hour pressure of 40 psig.

c. Fire flow demand at the model junction varies, with a minimum residual pressure of at least 20 pounds per square inch gage (psig).

d. Fire sprinkler demand for each building is 225 gpm. BC assumed fifteen sprinklers per building at 15 gpm each will be activated for the sprinkler flow simulation.

Table 3. Velocity and Head Loss Criteria

Parameter	Condition	Distribution Pipeline Criteria
Maximum distribution velocity	Maximum day	5 fps
Maximum distribution headloss	Pipeline diameter < 16 inches	10 feet/1,000 feet
	Pipeline diameter ≥ 16 inches	3 feet/1,000 feet

BC analyzed the hydraulic network model under four scenarios: maximum day demand, peak hour demand, fire sprinkler demand plus maximum day demand, and structure fire flow plus maximum day demand. Table 4 lists the demand node information, including junction identification, pressure zone, elevation, and average day demand.

1. **Scenario 1.** Maximum day demand is the theoretical largest demand that occurs during any single day of the year. The day of maximum demand is usually associated with hot weather during the late summer or early fall. The maximum day demand factor for Daly City is 1.5. We applied this global multiplier to all demand nodes in the model to simulate maximum day demand conditions.
2. **Scenario 2.** Peak hour is the largest demand that occurs on any one single hour during the day of maximum demand and is larger than maximum day demand. We multiplied demands globally by 3.0 for peak-hour conditions.

3. **Scenario 3.** Fire sprinkler demand is estimated to be 225 gpm for each building. BC assumed fifteen sprinklers per building at 15 gpm each will be activated for the sprinkler flow simulation, with a residual pressure of 55 psig required at pad elevation on the utility side of the water meter at the fire flow location.
4. **Scenario 4.** BC analyzed available fire flow by running the structure fire flow simulation under the maximum day demand scenario in the steady state mode.

Table 4. Model Nodes and Demands

Junction ID[a]	Description	Pressure Zone	Elevation[b], (ft)	Average Day Demand, (gpm)
6-J711	Summit Shasta Project	Zone 6	488	13.3

a. See Figure 1 for the location of the demand node.

b. Fire sprinkler demand is 225 gpm at the highest modeled node.

Findings, Conclusions and Recommendations

After analyzing the model output for several different combinations of pipe sizes, BC found that the existing water mains would deliver satisfactory system pressure and flow to the proposed project and that neither the City nor the developer would need to install any new water pipes or facilities. Table 5 summarizes the hydraulic analysis results.

Table 5. Hydraulic Analysis Results

Analysis Scenario No.	Model Assumptions			Analysis Results				
	Tank Level	System Demands	Fire Flow/ Sprinkler Demands	Min. Pressure	Max. Pressure	Available Fire Flow	Max. Velocity	Max. Headloss
1	Full -1 ft	Maximum day	-	-	75 psi	-	< 5 fps	<3 ft / 1,000 ft
2	Full -10 ft	Peak hour	-	> 40 psi	60 psi	-	-	-
3	Full -1 ft	Maximum day	225 gpm	>55 psi	75 psi	-	-	-
4	Full -5 ft	Maximum day	1,500 gpm	>20 psi	75 psi	3,800 gpm	-	-

Finding 1. Under maximum day demand conditions, BC found that the modeled system met both the maximum velocity and headloss criteria. The Uniform Plumbing Code (Section 608.2) limits internal pressures in any structure to 80 psig; therefore, structures with pad elevation lower than approximately 470 feet in Pressure Zones 6 will require individual pressure-regulating devices.

- Junctions 6-J711 appears to have pad elevation higher than 470 feet, thus new construction will not require individual pressure-regulating devices.

Finding 2. Under peak-hour demand conditions, BC found that all junctions within the proposed project meet the minimum required residual pressure of 40 psig.

Finding 3. Under maximum day conditions with sprinkler flow demands, the modeled system delivered a sprinkler flow of 225 gpm and met the minimum required residual pressure of 55 psig at pad elevation on the utility side of the water meter.

- The lowest residual pressure was 75 psig at Junction 6-J711 near the proposed project connection point.

Finding 4. Under maximum day conditions with structure fire flow demands, the modeled system delivered the required fire flows and met the minimum required residual pressure of 20 psig. Table 6 lists the available fire flow simulation results.

- Daly City's water system would deliver the total maximum fire demand for the Project (1,500 gpm for two hours equals 180,000 gallons) from Reservoir 6 and 6B (1.5 MG each).
- Based on BC knowledge of the City water system, we assumed that these various water sources will have enough available capacity to supply the required fire flow.

Table 6. Residual Pressure During Fire Flow Demand Simulation

Junction ID	Static Pressure, (psi)	Fire-Flow Demand (gpm)	Residual Pressure, (psi)	Available Flow at Hydrant[a] (gpm)	Notes
6-J711	75	1,500	20	3,800	Summit Shasta Project

a. *There are more than two existing hydrants within 500-feet of the project site that will be able to provide the required fireflow. One hydrant for each 1,000 gpm of required fire flow or fraction thereof.*

For the proposed Summit Shasta Project, the model conforms to the fire flow requirements while the existing water mains would meet the velocity and headloss criteria.

BC appreciates the opportunity to assist Daly City with this project. Please call us with any questions.

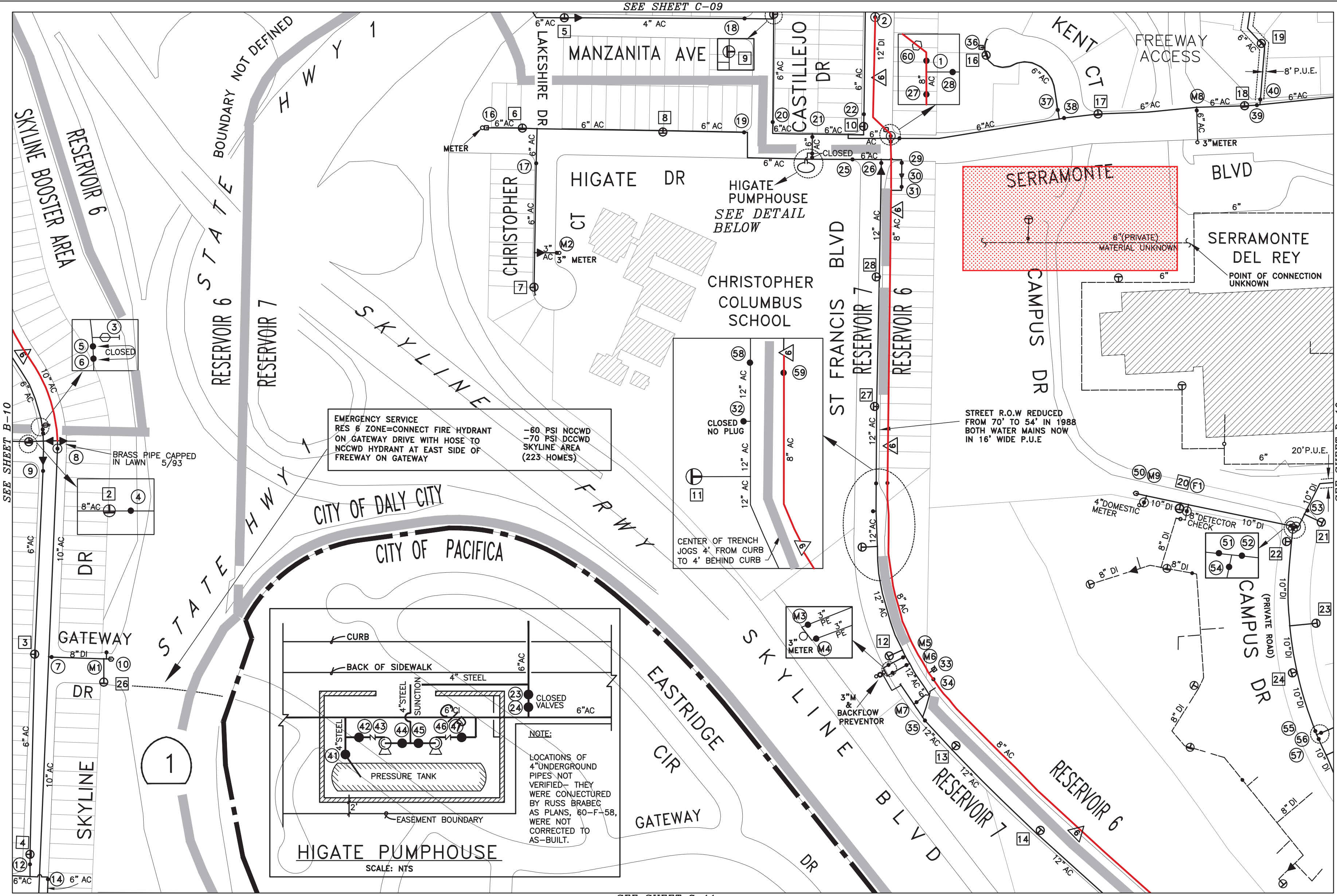
Very truly yours,

Brown and Caldwell

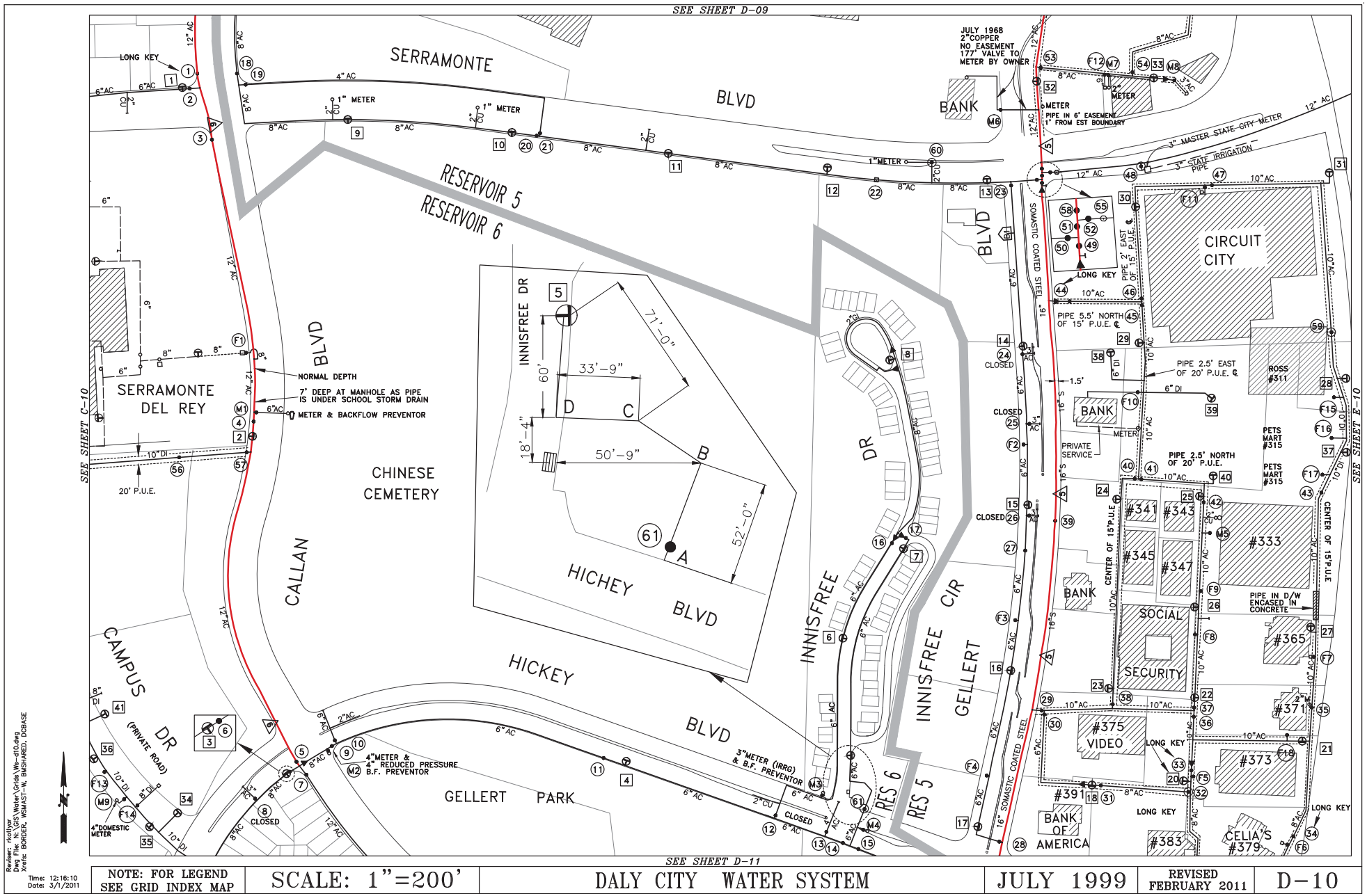
Kevin Kai, P.E.
Project Manager
California License C 60024

KK/BF:dem

cc: Richard Chui, Daly City
William Faisst, Brown and Caldwell



NOTE: FOR LEGEND SEE GRID INDEX MAP	SCALE: 1"=200'	DALY CITY WATER SYSTEM	JULY 1999	REVISED APRIL 2010	C-10



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Dwg File: N:\GIS\Water\Grids\Ws-d10.dwg
Xrefs: BORDER, WSMAST-W, BMSHARED, DCBASE

Time: 12:16:10
Date: 3/1/2011

NOTE: FOR LEGEND SEE GRID INDEX MAP	SCALE: 1"=200'	DALY CITY WATER SYSTEM	JULY 1999	REVISED FEBRUARY 2011	D-10

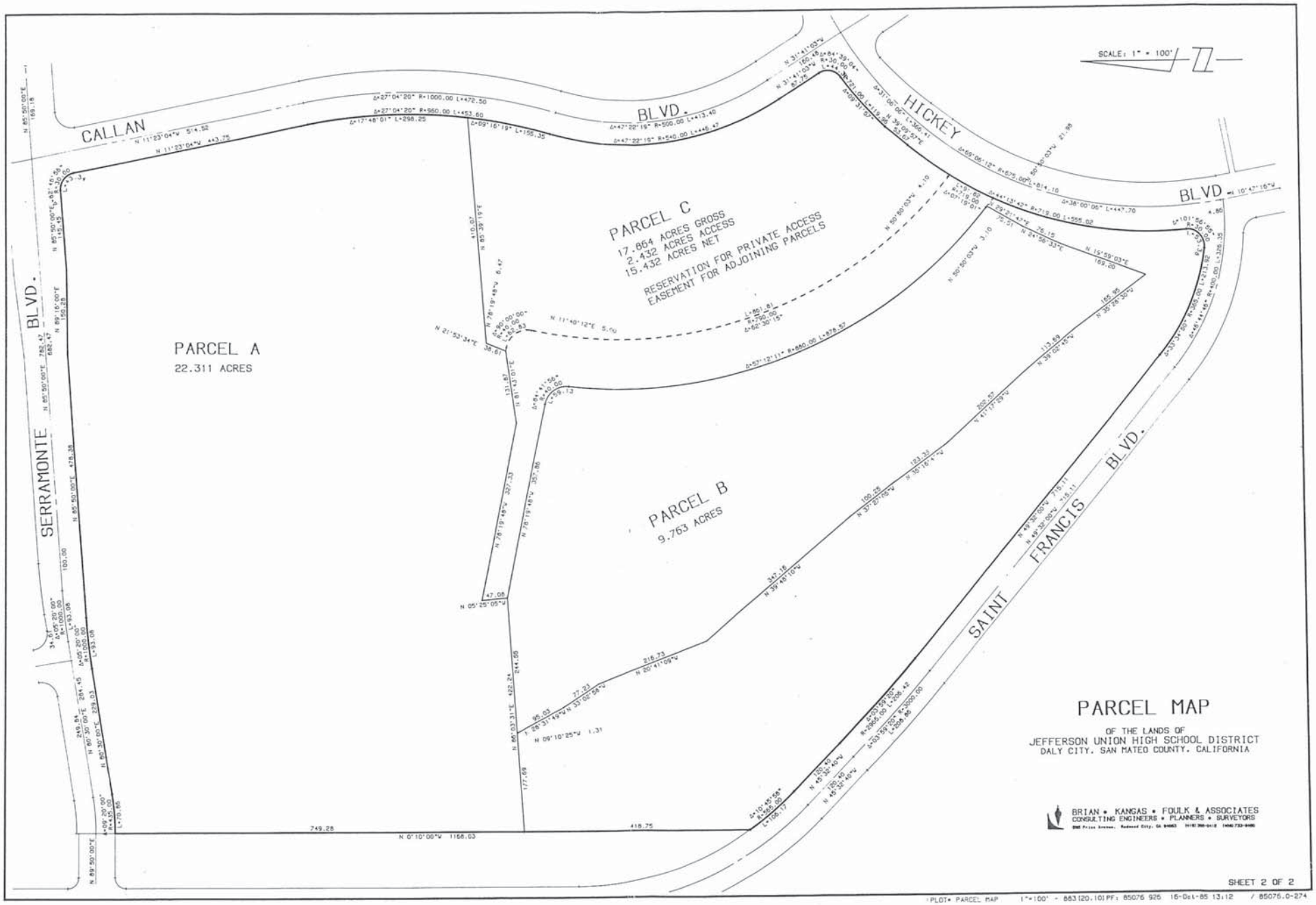
SCALE: 1" = 100'
CALLAN BLVD.
HICKEY BLVD.
SERRAMONTE BLVD.
SAINT FRANCIS BLVD.
PARCEL A
22.311 ACRES
PARCEL B
9.763 ACRES
PARCEL C
17.864 ACRES GROSS
2.432 ACRES ACCESS
15.432 ACRES NET
RESERVATION FOR PRIVATE ACCESS
EASEMENT FOR ADJOINING PARCELS
PARCEL MAP
OF THE LANDS OF
JEFFERSON UNION HIGH SCHOOL DISTRICT
DALY CITY, SAN MATEO COUNTY, CALIFORNIA
BRIAN • KANGAS • FOULK & ASSOCIATES
CONSULTING ENGINEERS • PLANNERS • SURVEYORS
SHEET 2 OF 2

Exhibit D

Serramonte Development Calendar
Updated: 12/28/2017

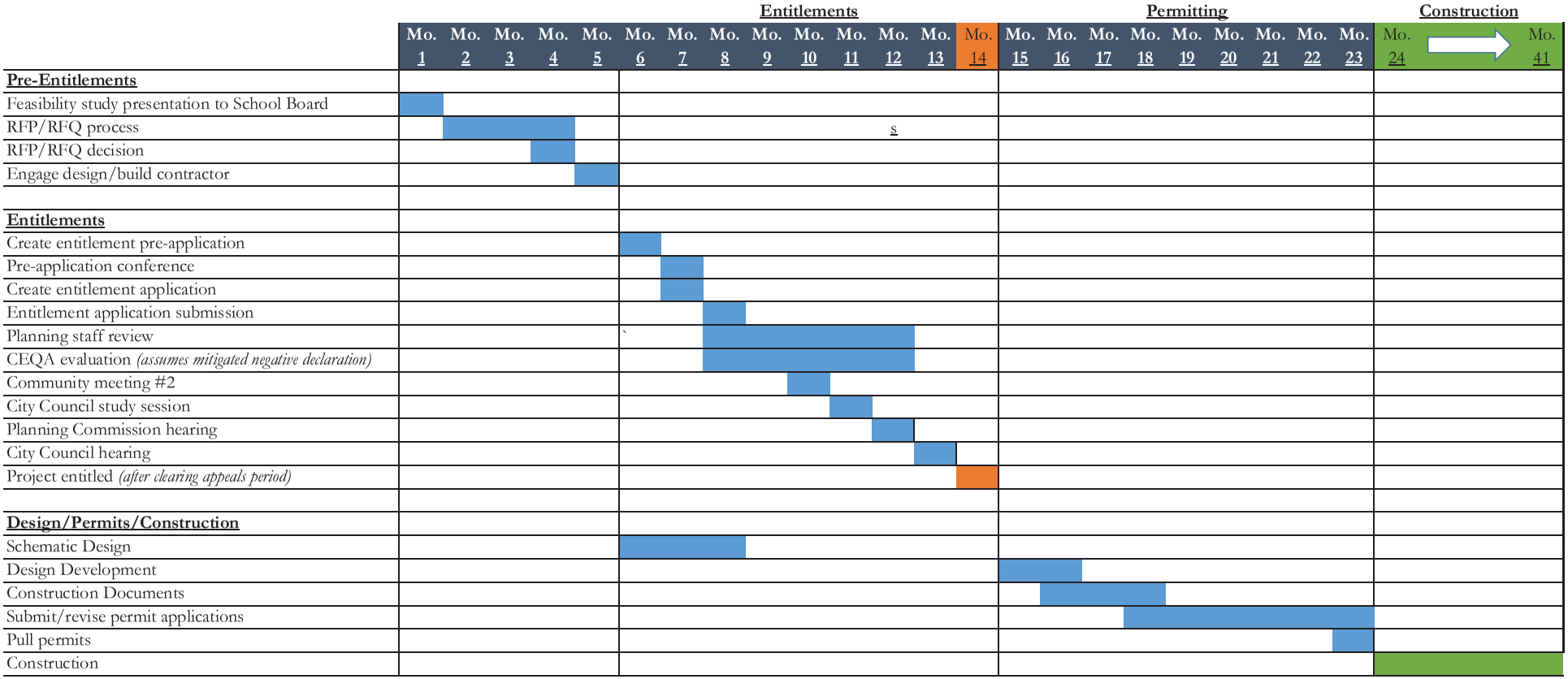

Exhibit E

Serramonte Total Development Cost
Updated: 12/28/2017

Project Data		
# of Units	48	Units
Land Area - Total	4.00	Acres
Site Density - Gross	12.00	DU/Acre
Description	Type 5 - 3-Story Wood Frame Faculty and Staff Housing	

Development Costs		Total Cost	Cost/Unit
Land (psf - land area)		$ -	$ -
Hard Costs (1)		$ 13,378,000	$ 278,709
GC / CM Fees		$ 803,000	$ 16,729
Sewer Upsizing (2)		$ 150,000	$ 3,125
A & E Fees		$ 1,465,000	$ 30,516
Municipal Fees (3)		$ 134,000	$ 2,788
Legal, Entitlement Support, Misc.		$ 60,000	$ 1,250
Contingency (4)	5.0%	$ 799,000	$ 16,646
Offsite Overhead (5)	$15,000	$ 540,000	$ 11,250
Bond Financing Cost (6)		$ 300,000	$ 6,250
Total Development Cost		$ 17,629,000	**$ 367,263**

(1) Includes demolition and general conditions
(2) Conservative estimate on Kimley Horn utility investigation memorandum
(3) Based on estimate provided by Daly City Planning Department; Assumes Public Facility Fees are waived
(4) Contingency based on all expenses other than offsite overhead
(5) Monthly fee of $15,000 to Design/Build contractor to manage entitlement, permitting and construction
(6) Approximate cost of bond financing per Dale Scott Associates

Exhibit F

Serramonte Cash Flow Projection
Updated: 12/28/2017

Consultants	Scope	Total Amount	Pre-entitlements 9 Months: Mo. 1	Mo. 2	Mo. 3	Mo. 4	Mo. 5	Entitlements 9 Months: Mo. 6	Mo. 7	Mo. 8	Mo. 9	Mo. 10	Mo. 11	Mo. 12	Mo. 13	Mo. 14	Permitting 9 Months: Mo. 15	Mo. 16	Mo. 17	Mo. 18	Mo. 19	Mo. 20	Mo. 21	Mo. 22	Mo. 23	Construction 18 Months: Mo. 24 → Mo. 41
Architectural	SD/Entitlements	$ 85,000						$ 21,250	$ 21,250	$ 6,071	$ 6,071	$ 6,071	$ 6,071	$ 6,071	$ 6,071	$ 6,071										
	DD/CDs	$ 310,000															$ 77,500	$ 77,500	$ 22,143	$ 22,143	$ 22,143	$ 22,143	$ 22,143	$ 22,143	$ 22,143	
	CA	$ 85,000																							$ 85,000
Architectural - Community Building	SD/Entitlements	$ 20,000						$ 5,000	$ 5,000	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429										
	DD/CDs	$ 50,000															$ 12,500	$ 12,500	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	
	CA	$ 10,000																							$ 10,000
Landscape	Concept/SDs	$ 25,000						$ 6,250	$ 6,250	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786										
	DD/CDs	$ 35,000															$ 8,750	$ 8,750	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	
	CA	$ 15,000																							$ 15,000
Civil	Survey	$ 30,000						$ 15,000	$ 15,000																
	SD/Entitlements	$ 65,000						$ 16,250	$ 16,250	$ 4,643	$ 4,643	$ 4,643	$ 4,643	$ 4,643	$ 4,643	$ 4,643										
	DD/CDs	$ 15,000															$ 3,750	$ 3,750	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	
	CA	$ 10,000																							$ 10,000
Structural	SD/Entitlements	$ 15,000						$ 3,750	$ 3,750	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071										
	DD/CDs	$ 45,000															$ 11,250	$ 11,250	$ 3,214	$ 3,214	$ 3,214	$ 3,214	$ 3,214	$ 3,214	$ 3,214	
	CA	$ 25,000																							$ 25,000
MEPS	SD/Entitlements	$ 25,000						$ 6,250	$ 6,250	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786										
	DD/CDs	$ 95,000															$ 23,750	$ 23,750	$ 6,786	$ 6,786	$ 6,786	$ 6,786	$ 6,786	$ 6,786	$ 6,786	
	CA	$ 25,000																							$ 25,000
Acoustical	DD/CDs	$ 20,000															$ 5,000	$ 5,000	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	
	CA	$ 5,000																							$ 5,000
Traffic	Entitlements	$ 30,000						$ 7,500	$ 7,500	$ 2,143	$ 2,143	$ 2,143	$ 2,143	$ 2,143	$ 2,143	$ 2,143										
Environmental	Phase I & II/ Hazmat	$ 20,000						$ 5,000	$ 5,000	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429	$ 1,429										
CEQA	Mitigated Negative Declaration	$ 80,000						$ 20,000	$ 20,000	$ 5,714	$ 5,714	$ 5,714	$ 5,714	$ 5,714	$ 5,714	$ 5,714										
Biologist		$ 15,000						$ 3,750	$ 3,750	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071	$ 1,071										
Geotechnical	Complete Study	$ 25,000															$ 6,250	$ 6,250	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	
	Construction Admin	$ 25,000																							$ 25,000
Joint Trench	SD/Entitlements	$ 10,000						$ 2,500	$ 2,500	$ 714	$ 714	$ 714	$ 714	$ 714	$ 714	$ 714										
	DD/CDs	$ 25,000															$ 6,250	$ 6,250	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	$ 1,786	
	Construction Admin	$ 10,000																							$ 10,000
Potholing	DD/CDs	$ 10,000															$ 5,000	$ 5,000								
Waterproofing	DD/CDs	$ 50,000															$ 12,500	$ 12,500	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	$ 3,571	
	Construction Admin	$ 10,000																							$ 10,000
Interior Design	DD/CDs	$ 35,000															$ 8,750	$ 8,750	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	
	Construction Admin	$ 20,000																							$ 20,000
Plan Peer Review	DD/CDs	$ 10,000															$ 2,500	$ 2,500	$ 714	$ 714	$ 714	$ 714	$ 714	$ 714	$ 714	
	Construction Admin	$ 10,000																							$ 10,000
Contingency	Misc.	$ 69,750						$ 5,625	$ 5,625	$ 1,393	$ 1,393	$ 1,393	$ 1,393	$ 1,393	$ 1,393	$ 1,393	$ 9,188	$ 9,188	$ 2,554	$ 2,554	$ 2,554	$ 2,554	$ 2,554	$ 2,554	$ 2,554	$ 12,500
Subtotal A&E		**$ 1,464,750**	$ -	$ -	$ -	$ -	$ -	**$ 118,125**	**$ 118,125**	**$ 29,250**	**$ 29,250**	**$ 29,250**	**$ 29,250**	**$ 29,250**	**$ 29,250**	**$ 29,250**	**$ 192,938**	**$ 192,938**	**$ 53,625**	**$ 53,625**	**$ 53,625**	**$ 53,625**	**$ 53,625**	**$ 53,625**	**$ 53,625**	**$ 262,500**
Offsite Overhead		$ 540,000						$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 270,000
Financing Costs		$ 300,000						$ 300,000																		
Legal		$ 60,000						$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 2,778	$ 10,000
Muni-Fees		$ 133,817																						$ 133,817	
Project Contingency	5%	$ 799,000						$ 6,795	$ 6,795	$ 2,351	$ 2,351	$ 2,351	$ 2,351	$ 2,351	$ 2,351	$ 2,351	$ 10,536	$ 10,536	$ 3,570	$ 3,570	$ 3,570	$ 3,570	$ 3,570	$ 3,570	$ 10,261	$ 716,197
Hard Costs		$ 14,331,050																							$ 14,331,050
Total Cash Outflow		**$ 17,628,617**	$ -	$ -	$ -	$ -	$ -	**$ 442,698**	**$ 142,698**	**$ 49,379**	**$ 49,379**	**$ 49,379**	**$ 49,379**	**$ 49,379**	**$ 49,379**	**$ 49,379**	**$ 221,251**	**$ 221,251**	**$ 74,973**	**$ 74,973**	**$ 74,973**	**$ 74,973**	**$ 74,973**	**$ 74,973**	**$ 215,481**	**$ 15,589,747**
Cumulative Total			*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 442,698*	*$ 585,396*	*$ 634,775*	*$ 684,154*	*$ 733,533*	*$ 782,913*	*$ 832,292*	*$ 881,671*	*$ 931,050*	*$ 1,152,301*	*$ 1,373,552*	*$ 1,448,525*	*$ 1,523,498*	*$ 1,598,471*	*$ 1,673,444*	*$ 1,748,417*	*$ 1,823,390*	*$ 2,038,871*	*$ 17,628,617*
Total Incremental																$ 931,050									$ 1,107,821	$ 15,589,747

Exhibit G

Serramonte Municipal Fees
Updated: 12/28/2017

Without Public Facilities Fee

Unit Type	Average Muni Fee	Quantitiy	
1BR	$ 2,348	28	$ 65,753
2BR	$ 3,329	16	$ 53,260
3BR	$ 3,701	4	$ 14,804
		48	**$ 133,817**

With Public Facilities Fee

Unit Type	Average Muni Fee	Quantitiy	
1BR	$ 7,422	28	$ 207,825
2BR	$ 8,403	16	$ 134,444
3BR	$ 8,775	4	$ 35,100
		48	**$ 377,369**

Exhibit H

Serramonte Pro Forma Analysis
Updated: 12/28/2017

Unit Mix & Prices

Unit Type	Qty	%	Net Rentable Rentable Area	Total Area	Projected Rent (1)	Rent/NSF	Monthly Rent	Annual Rent
1BR / 1BA	28	58%	725	20,300	$1,650	$2.28	$46,200	$554,400
2BR/ 2BA	16	33%	1,000	16,000	$2,250	$2.25	$36,000	$432,000
3BR/ 2BA	4	8%	1,200	4,800	$2,600	$2.17	$10,400	$124,800
Total	**48**	**100%**	**856**	**41,100**	**$1,929**	**$2.25**	**$92,600**	**$1,111,200**

(1) Assumes no additional BMR units are required (assumes BMR requirement is allowed by Planning to be satisfied through faculty/staff units)

Pro Forma

			Year 1	Trending	Year 2	Year 3	Year 4	Year 5
Cash Flow Analysis								
Rental Income			$ 1,111,200	3%	$ 1,144,536	$ 1,178,872	$1,214,238	$1,250,665
Other Income			$ 3,000	3%	$ 3,090	$ 3,183	$ 3,278	$ 3,377
Total Income			$ 1,114,200		$ 1,147,626	$ 1,182,055	$1,217,516	$1,254,042
less Vacancy		3%	$ 27,855	0%	$ 28,691	$ 29,551	$ 30,438	$ 31,351
Gross Income			$ 1,086,345	0%	$ 1,118,935	$ 1,152,503	$1,187,079	$1,222,691
less Expenses (2)	$	4,750	$ 228,000	3%	$ 234,840	$ 241,885	$ 249,142	$ 256,616
Net Operating Income			**$ 858,345**		**$ 884,095**	**$ 910,618**	**$ 937,937**	**$ 966,075**

(2) Typical annual expenses/ unit for other EHP projects

Exhibit I

Serramonte Financial Summary
Updated: 12/28/2017

Name (1)	Submarket	Built	Renovated	$/Unit	SF/Unit	$/SF
Avalon Ocean Avenue	San Francisco	2012		$ 3,625	886	$ 4.09
South City Station Apartments	San Francisco	2007		$ 3,400	1,010	$ 3.37
Villas at Park Merced	San Francisco	1955		$ 3,322	896	$ 3.71
88 Hillside Apartments	Daly City	2010		$ 3,285	1,170	$ 2.81
Pacific Place	Daly City	2009		$ 3,263	1,079	$ 3.02
La Terrazza Apartments	Colma	2006		$ 2,961	983	$ 3.01
Pacifica Park Apartments	Pacifica	1965		$ 2,908	877	$ 3.32
eaves Pacifica	Pacifica	1971	1995	$ 2,876	849	$ 3.39
Seacliff	Pacifica	1972		$ 2,865	765	$ 3.75
The Bluffs at Pacifica Apartments	Pacifica	1963	2010	$ 2,862	860	$ 3.33
Serramonte Ridge Apartments	Daly City	1987	2014	$ 2,682	712	$ 3.77
Ocean Aire	Pacifica	1984	2004	$ 2,651	615	$ 4.31
Peninsula Pines	South San Francisco	1964		$ 2,630	812	$ 3.24
eaves Daly City	Daly City	1975	2010	$ 2,613	725	$ 3.60
Edgeview Terrace	Daly City	1965		$ 2,554	746	$ 3.42
Westlake Village Apartments	Daly City	1968	2000	$ 2,464	780	$ 3.16
Clubview	South San Francisco	1964		$ 2,431	818	$ 2.97
Skyline Heights	Daly City	1975		$ 2,344	608	$ 3.86
Marymount Gateway	Pacifica	1970		$ 2,214	850	$ 2.60
Average Market Rent				**$2,839**	**844**	**$3.36**
Projected Serramonte Rents				$ 1,929	879	$2.25
Projected Savings/Month				$ 910		$ 1.11

% Discount from Market	**32%**

(1) Source: Axiometrics November 2017 Survey

Exhibit J

Serramonte Operating Expenses Estimate
Updated: 12/28/2017

	Annual Cost/Unit	
Administration	$	1,220
Maintenance	$	1,750
Utilities	$	1,280
Long Term Reserve	$	500
Total	**$**	**4,750**

*Based on 2016 actual expenses from previous EHP projects in San

Assembly Bill 1157 (Mullin)
Date: 05/02/17
Program: Property Taxes
Sponsor: Author
Revenue and Taxation Code Section 202
Effective: January 1, 2018

Michele Pielsticker (Chief) 916.322.2376
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This analysis is limited to this bill's property tax provisions.

Summary: Provides that the Public Schools Exemption includes property used for employee housing for employees from multiple public school districts or community college districts at the same property location.

Purpose: To aid in the effort to build affordable housing for public school district and community college district employees to support employee recruitment and retention.

Fiscal Impact Summary: No revenue impact as the amendments are within the scope of existing law.

Existing Law: The California Constitution exempts from property taxation property owned by the state or local governments[1] and property used exclusively for public schools, community colleges, state colleges, and state universities ("Public Schools Exemption").[2] Since public schools are tax-exempt governmental entities, a public school typically files a claim for the Public Schools Exemption only on property the public school uses but does not own.

No property tax law provision explicitly relates to public school employee housing. While the courts have addressed the subject, these cases concern housing provided at the collegiate level. The courts have ruled that school employee housing may be exempt under the Public Schools Exemption where the housing is reasonably necessary to further the primary educational purpose of the public school. Property "used exclusively for educational purposes" includes college or university-provided faculty and student housing because such housing furthers the primary educational purpose of a university or college and is reasonably necessary for the fulfillment of a generally recognized function of a complete and modern college or university.[3]

The Teacher Housing Act of 2016[4] creates a state public policy supporting affordable rental housing on school district (K-12)-owned land restricted to occupancy for teachers and school district employees.

Proposed Law: This bill provides that the Public Schools Exemption [Article XIII, Section 3(d) and RTC Section 202(a)(3)] includes property that houses employees from multiple public school districts (K-12) or community college districts provided there is a written agreement between the affected public school districts or community college districts.

Additionally, this bill provides that the exemption applicable to county-owned property [Article XIII, Section 3(b) and RTC Section 202(a)(4)] includes county-owned property used to provide county employee housing that is also used to provide housing to public school district or community college district employees, provided the housing is within the county.

[1] Article XIII, Section 3(a) and (b), Revenue and Taxation Code (RTC) Section 202(a)(4).
[2] Article XIII, Section 3(d) and RTC Section 202(a)(3).
[3] *Mann v. County of Alameda* (1978) 85 Cal.App.3d 505.
[4] Health and Safety Code Sections 53570 to 53574 (SB 1413, Stats. 2016, Ch. 732).

In General. Public Schools Exemption v. Private College Exemption. These are separate and distinct exemptions as noted below:

Private Colleges. The law[5] provides a "College Exemption" applicable to nonprofit educational institutions of collegiate grade. The College Exemption is available to property used exclusively for educational purposes by a nonprofit educational institution of collegiate grade. The property may be either owned or leased.

Public Colleges/Public Schools. Colleges that are part of the public school system, such as community colleges, state colleges, state universities, including the University of California, are not exempt under the College Exemption. They are constitutionally exempt as government owned property. Additionally, they may be exempt under the Public Schools Exemption if the property is used for public school purposes and owned by a private person or entity. Typically, a formal claim requesting the "Public Schools Exemption" is necessary only when the public school does not own the property in question. Public School Exemption claim, (BOE-268-A), may be filed by the public school, otherwise the property owner must file Lessor's Exemption claim, BOE 263.

Residential Housing and the Public Schools and College Exemption: Exclusive Use. Relevant to this bill, in the context of residential housing, the courts have not addressed exemption availablity below the collegiate level. To qualify for exemption, property must be used exclusively for educational purposes. This purpose includes facilities that are reasonably necessary to further the primary educational purpose of a university or college, such as college- or university-provided faculty and student housing. However, the mere fact that apartments comprised mostly of student tenants are located near campus does not make the units eligible for the college or public schools exemption.[6]

Possessory Interests. In certain instances, a property tax assessment may be levied when a person or entity uses publicly-owned real property that, with respect to its public owner, is either immune or exempt from property taxation. These uses are commonly referred to as "possessory interests" and are typically found where an individual or entity leases, rents, or uses federal, state, or local government facilities and/or land.

RTC Section 107 establishes parameters within which assessors and judicial authorities are to determine the existence of taxable possessory interests. Generally, those determinations are made according to the facts and circumstances in each individual case. Relevant to the issues raised by this bill, the general taxability of various possessory interests is noted below:

- **College and University Student and Staff Rental Housing: Not taxable to tenant.** In the case of rental housing for students and employees of colleges and universities, generally the courts[7] and BOE's legal written opinions[8] have found that the student-tenant or the employee-tenant occupying the housing is not subject to tax for a taxable possessory interest. The possessory interest is not taxable to the tenant if the occupancy can be considered reasonably necessary or incidental to an educational purpose.

- **Affordable Rental Housing: Not taxable to tenant.** In the case of affordable rental housing that is government-owned, the BOE has opined that there is no taxable possessory interest to the tenant occupying the property because it would defeat the public purpose of providing affordable and low-cost housing.[9]

- **Privately Owned Homes on College/University Land: Land is taxable to the homeowner.** In the case of employee-owned homes on public university land, a taxable possessory interest exists in the

[5] Article XIII, Section 3(e), implemented by RTC Section 203.
[6] Property Tax Annotation No. 690.0006 (CalSTRS-owned apartment via LLC).
[7] See *Connolly et al v. Orange County* (1992) 1 Cal.4th 1105 for a detailed discussion concerning *English v. Alameda County* (1977) 70 Cal.App.3d 266 and *Mann v. Alameda County* (1978) at pp.1125-1127.
[8] Property Tax Annotation No. 660.0225 (Student Housing), 660.0340 (University Staff), 785.000 (State University Exemption).
[9] Property Tax Annotation No. 690.0155 (Low-Income Housing).

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

land. *Connolly et al. v. Orange County* (1992) 1 Cal.4th 1105 holds that the public schools exemption is not available when an employee leases university-owned land underlying the employee-owned home.

- **Other Government-Owned Employee Housing: Possibly taxable.** Depending on the facts, federal-employee[10] and state-employee residents of government owned employee housing may owe tax related to their possessory interest. Additionally, the courts have held that an irrigation district employee residing in a single-family residence owned by the district owes tax on the possessory interest.[11] With respect to military housing, both on-base and off-base, the courts have ruled that military personnel residing in the homes do not have a taxable possessory interest.[12] Property Tax 28 lists, as an example of commonly encountered taxable possessory interests, "[t]he possession of an employee in housing owned by a public agency, irrespective of whether occupancy of the housing is a condition of employment except when the facility also serves as the employee's work area to which the employer has full access."

Background: The Teacher Housing Act of 2016 (Act) (SB 1413, Stats. 2016, Ch. 732) authorizes a school district to establish and implement programs that address staff housing needs. The Act provides clear authorization to school districts to develop housing on district-owned property to provide affordable housing to teachers and school district employees who need it. The Act created a state policy supporting housing for teachers and school district employees, as described in federal tax law, and permits the school districts and developers receiving local or state funds or tax credits for affordable rental housing to restrict occupancy to teachers and school district employees.

Commentary:

1. **Effect of this Bill: One Site - Multiple Districts.** This bill seeks to provide clear authorization that the Public Schools Exemption extends to property that provides housing to employees of more than one public school district or community college district. In a 2005 BOE un-annotated legal opinion, BOE staff stated that the Public Schools Exemption only applies to property housing the employees of the public school seeking the exemption (in this case a community college). This opinion related to the construction of rental apartments for employees located on a community college campus where tenant eligibility priority extended to employees from nearby high school districts. The opinion stated that the housing provided to employees of other districts would be ineligible. However, upon review, it appears that this statement was incorrect. To the extent school employees from other districts reside at the property, the other school district could claim the exemption on units its employees occupy as property "used" by the district. This is possible because the Public Schools Exemption (1) can apply on a per unit basis, (2) has no ownership requirement, and (3) has no location limitations. Thus, staff views the proposed jointly provided employee housing amendment (RTC Section 202(b)(2)) as falling within the scope of existing law.

2. **Public Schools (K-12) and Community Colleges.** This bill seeks to provide clear authorization that the Public Schools Exemption may also extend to housing provided below the collegiate level; i.e., to public school district (K-12) employees, as well as to community college district employees. The development of employee housing at the K-12 public school level is an emerging issue, as few employee housing projects at the K-12 public school level have been built in California. To date, the courts have affirmed that the Public Schools Exemption[13] and the College Exemption[14] apply to college and university employee housing (including an individual employee's possessory interest). The courts have not addressed residential housing below the collegiate level. Generally, based on the reasoning in such cases as *Mann v. Alameda County* (1978) 85 Cal.App.3d 505, *Church Divinity School v. Alameda County* (1957) 152 Cal.App.2d 496, and *English v. Alameda County* (1977) 70

[10] *United States v. Fresno County* (1975) 50 Cal.App.3d 633 (National forest service employees).
[11] *McCaslin v. DeCamp* (1967) 248 Cal.App.2d 13 (Irrigation District employee).
[12] *United States v. Humboldt County* (1980) 628 F.2d 549 (Military personnel).
[13] Article XIII, Section 3(d).
[14] Article XIII, Section 3(e).

Cal.App.3d 226, property is being "used exclusively" for college/university purposes so long as the unit is rented to a student, faculty member, or staff member of the college/university. Explicitly stating that the Public Schools Exemption "includes" property that provides housing for employees of public schools at the K-12 level and community colleges gives proponents a measure of certainty that public schools below the collegiate level are similarly eligible, avoiding a possessory interest assessment to the employee-tenant residing in the unit. This bill's language only addresses the limited, and possibly rare, joint-use scenario. While no provision of law explicitly addresses universities and college employee-provided housing, a long history of case law exists.

3. **Providing affordable housing at the public school level may serve an educational purpose that is reasonably necessary.** In the context of residential housing, the difficulty in recruiting and retaining satisfactory employees are facts that the courts have held constitute a reasonable necessity.[15] Furthermore, the Teacher Housing Act of 2016 has created a state public policy supporting affordable housing for teachers and school district employees.

4. **Possessory Interests.** The bill's proponents state the bill is intended to ensure that neither the employee-tenant nor any school district receives a property tax bill related to housing. In the case of other affordable rental housing properties, the BOE has previously opined that issuing a tax bill to an occupant-tenant for their possessory interest would defeat the public purpose of providing affordable housing. (However, this bill does not limit its provisions to housing rented at an affordable cost). To issue a tax bill to any public school district or community college district because it allows employees from other districts to occupy the housing (or because it leases land it owns to another school district for housing) would similarly appear to defeat the educational public purpose of the Public Schools Exemption. As noted previously, if a possessory-interest related tax bill was issued to any public school (or county, in the case of county-owned land), that public school could claim the "Public School Exemption" on units occupied by its employees, given that ownership is not a requirement.

5. **Jurisdictional Boundaries of County-Owned Property.** In some cases, government-owned property is taxable when located outside its jurisdiction (Section 11 of Article XIII of the California Constitution). This bill appears to require, in RTC Section 202(b)(3), that a school district and community college district boundaries be located entirely within the county that owns the property. However, this requirement is not entirely clear. Nonetheless, property used by a school district for public school purposes is tax exempt even if located outside the district's boundaries.[16]

6. **County employee housing?** Could one argue that the language in this bill creates a possessory interest exemption related to county employee housing? This bill does not explicitly address possessory interests. While county-owned employee housing may be tax exempt as government-owned property, the county employee residing in the property may be subject to a taxable possessory interest assessment, similar to state, federal, and other local-government employees. The bill states the tax exemption for government-owned property includes county-owned property used to provide housing for county employees that is also used for school employees (i.e., school employees and county employees residing at the same property site). Where county and school employees live in housing on county-owned land, BOE staff views the language of this amendment (RTC Section 202(b)(3)) as within the scope of existing law. First, the presence of the school-employees does not interfere with the county's exemption of property it owns. Second, any units occupied by public school district employees could be eligible for exemption under the public schools exemption as property used for public school purposes. However, to the extent that the language in RTC 202(b)(3) is interpreted to mean that county employees are given a possessory interest exemption in county-owned employee housing, it would appear to be an expansion of existing law.

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[15] *Church Divinity School* v. *Alameda County* (1957) 152 Cal.App.2d 496.

[16] Property Tax Annotation No. 690.0052. (Science Camp located in another county)

Costs: This bill would result in minor absorbable costs to update publications.

Revenue Impact: As currently drafted, this bill has no revenue impact. As noted previously, with regard to a single property site serving multiple public school employers, each public school could claim the public schools exemption on any rental unit occupied by its employee. The same is true for school employee housing located on county-owned land. Furthermore, this bill merely states that the existing public schools exemption "includes" the specific scenarios outlined therein. The assessor must still find that the employee housing provided is reasonably necessary to further the primary educational purpose of the public school based on the facts of each case.

This revenue estimate assumes this bill does not create an exemption for general county employee housing, except county office of education employees, with respect to any taxable possessory interest the county-employee may hold.