



KEYSER MARSTON ASSOCIATES

CHILD CARE FACILITY DEVELOPMENT IMPACT FEE STUDY

Prepared for:
The County of Santa Cruz

Prepared by:
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TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	1
II.	INTRODUCTION	3
	A. Background	3
	B. Organization	4
	C. Disclaimer	4
III.	ANALYSIS CONCEPT, PARAMETERS AND METHODOLOGY	5
	A. General Approach	5
	B. Analysis Parameters	5
	C. Underlying Concepts and Assumptions	7
IV.	EXISTING LEVEL OF SERVICE ANALYSIS	9
	A. Allocation of Existing Supply	9
	B. Existing Level of Service	9
	C. Evaluation of Existing Level of Service	9
V.	EQUILIBRIUM LEVEL OF SERVICE	13
	A. The Demand for Child Care Spaces Associated with Residential Units	13
	B. The Demand for Child Care Spaces Associated with Non-Residential Development	17
	C. The Equilibrium Level of Service	19
VI.	CHILD CARE FACILITY COST ANALYSIS	26
	A. Development Costs for a Prototypical Child Care Center	26
	B. Development Costs for A Prototypical Family Child Care Home	27
	C. Development Costs for a Prototypical Onsite After School Care Center	28
VII.	MAXIMUM CHILD CARE DEVELOPMENT IMPACT FEE LEVELS	33
	A. Maximum Fee for Residential Units, Equilibrium Level of Service	33
	B. Maximum Fee for Non-Residential, Equilibrium Level of Service	34
	C. Maximum Fee Levels, Existing Level of Service	35
VIII.	ADDITIONAL MITIGATION FEE ACT REQUIREMENTS	38
	A. Capital Improvement Plan	38
	B. Original Nexus Study	38
	C. Evaluation of Collected Fee Revenues	39
IX.	FEE PROGRAM IMPLEMENTATION AND ADMINISTRATION	40
ATTACHMENT A: Family-Home and Commercial Child Care Forgivable Loan Program County of Santa Cruz 2024-2029 Capital Improvement Project		44

I. EXECUTIVE SUMMARY

This Child Care Facility Development Impact Fee Study (Report) provides the County of Santa Cruz (County) with the necessary technical documentation to support updating its current Child Care Facility Development Impact fee to fund child care facilities in the County. This nexus study was prepared by Keyser Marston Associates, Inc. (KMA).

This Report documents and quantifies the Existing Level of Service (LOS) for child care in the County, and the Equilibrium Level of Service, which is based on child care demand. The demand analysis quantifies the linkages between new residential and non-residential development in Santa Cruz County and the demand for child care. The analysis then estimates the cost to mitigate the impact of new development on the demand for child care. These costs are applied to the LOS analysis to establish the maximum supported fee levels. The Report has been written to meet the requirements of a nexus study under The Mitigation Fee Act (Section 66000 – 66008 of the California Government Code).

The analysis focuses on the demand for child care for infants, preschool and school-age children generated by future workers and residents of Santa Cruz County. Per the requirements of the Mitigation Fee Act, impact fee revenues can only be spent on capital facilities that mitigate demand generated by new development and not on facilities to mitigate the demand of existing development. Child care improvement expenditures are limited to the costs associated with creating new or expanding existing child care centers, family child care homes (FCCH), and after school care spaces. Impact fee revenues may not be used on maintenance or operation expenses.

Maximum Impact Fees Supported by Equilibrium Level of Service

As documented in this report, the Existing LOS, which is based on the current supply of child care spaces in the City, is not the recommended benchmark for establishing the impact fee as it does not tie directly to the demand for child care associated with new development and results in significant shortages of infant and toddler child care spaces and after school spaces. An “Equilibrium LOS” is consistent with the County’s General Plan Policy PPF-3.2.1 which states that the County shall “require, where appropriate, that proposed developments provide for mitigation of the impact of the proposed development on the need for child care facilities or services, as a condition of project approval.” Therefore, the maximum impact fee is calculated using an Equilibrium LOS based on the demand for child care generated by new development. The Equilibrium LOS mitigates the demand for child care generated by new development in order to not exacerbate the existing shortage, but does not mitigate existing deficiencies in the level of child care supply.

The Equilibrium LOS for residential development is 22.1 child care center spaces and 14.0 FCCH spaces per 1,000 bedrooms.

Translating the Equilibrium LOS to a nexus cost per square foot using child care mitigation costs and the average number of bedrooms and square feet in new residential units, the total nexus cost, or maximum fee level, is:

Maximum Fee Level for Residential Development Equilibrium Level of Service	\$2.01 per sq.ft.
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The Equilibrium LOS for non-residential development is 7.2 child care center spaces and 3.5 FCCH spaces per 1,000 employees.

Translating the Equilibrium LOS to a nexus cost per square foot using child care mitigation costs and an estimate of square footage per employee by development type, the total nexus costs are:

Maximum Fee Level for Non-Residential Development Equilibrium Level of Service		
	Employment Density	Maximum Fee Level
Retail/ Restaurant	350 SF/employee	\$1.95 per sq.ft.
Office	300 SF/employee	\$2.27 per sq.ft.
Hotel/Motel	1,000 SF/employee	\$0.68 per sq.ft.
Manufacturing / Lt. Industrial	750 SF/employee	\$0.91 per sq.ft.

These are the maximum fee levels (nexus costs) and represent the ceiling below which the County may set fee levels; they are not necessarily recommended fee levels. Additional documentation, including the existing LOS, the demand analysis, the mitigation cost analysis and other requirements of the Mitigation Fee Act, are included in the body of the report.

II. INTRODUCTION

This report provides the County with the necessary technical documentation to support updating its current Child Care Facility Development Impact fee to fund child care facilities in Santa Cruz County. The nexus study examines residential development and non-residential development and includes the child care needs of infants, toddlers, preschool and school age children. Keyser Marston Associates, Inc. (KMA) prepared the nexus study under contract with the County. This report establishes the existing and equilibrium levels of service and evaluates the impact of new residential and non-residential development on child care demand and the costs of mitigating these demands. The findings will serve as the basis for updating the County's Child Care Developer Fee pursuant to the Mitigation Fee Act. The report was also prepared to be used by the incorporated jurisdictions in the County as a basis for potentially establishing child care impact fees in the incorporated areas with minor adjustments.

This Report supports a schedule of fees to be established by an Impact Fee Ordinance and Resolution. The Mitigation Fee Act allows the County to adopt by Resolution a fee schedule consistent with the supporting technical analysis and findings of the nexus study provided in this Report. The Resolution approach to setting the fee allows periodic adjustments of the fee amount, as may be necessary over time, without amending the enabling Ordinance.

A. Background

The County of Santa Cruz adopted its Child Care Developer Fee program in 1991. It was most recently updated in 2018. The program levies a fee on new residential and non-residential construction to mitigate the demand for child care spaces generated by new development. The fee is used to support the Child Care Developer Fee Loan Program, which provides loans for projects that increase the supply of licensed child care in Santa Cruz County. The current fee amounts, as specified in the County's Unified Fee Schedule, are as follows:

Land Use Category	2024 County of Santa Cruz Child Care Fee Schedule
Single Family Dwelling	\$0.87 per square foot
Multi-Family Bedroom	\$0.28 per square foot
Office	\$2.23 per square foot
Hotel/Motel	\$0.68 per square foot
Manufacturing/ Lt. Industrial	\$0.89 per square foot
Retail/Restaurants	\$1.91 per square foot

The purpose of the study is: (1) to analyze and quantify the impacts of new non-residential and residential development on child care in the County; and (2) to determine the costs to mitigate the impacts in terms of new child care facilities. The analysis and report meet the needs of a nexus study as required by the Mitigation Fee Act as incorporated in the California Government Code 66000.

B. Organization

The report is divided into the following sections:

1. *Analysis Concept, Parameters and Methodology.* This section provides background information on the nexus analysis and presents the parameters and assumptions that guide the analysis.
2. *Existing Level of Service Analysis.* This section presents the existing LOS and discusses whether the Existing LOS is appropriate for establishing the maximum impact fee level for child care.
3. *Equilibrium Level of Service Analysis.* This section presents the quantification of demand for child care spaces generated by new non-residential and residential development and the resulting calculation of the Equilibrium LOS.
4. *Child Care Facility Cost Analysis.* The cost analysis examines the cost of developing child care facilities in Santa Cruz and concludes with a cost of development per child care space, depending on the type of child care.
5. *Maximum Development Impact Fees Supported.* This section connects the LOS analyses to the cost analysis to determine the maximum development impact fee amounts supported by the nexus analysis.
6. *Additional Mitigation Fee Act Requirements.* This section provides additional requirements of the Mitigation Fee Act.
7. *Fee Program Implementation and Administration.* This section provides information about implementing the fee program and meeting the ongoing reporting requirements of the Mitigation Fee Act.

C. Disclaimer

The analyses in this report were prepared using the best and most recent data available. Secondary sources, such as the American Community Survey, were used extensively. Local information from Santa Cruz County was used whenever it was available. While we believe these sources of data are sufficiently accurate for the purposes of the analysis, we cannot guarantee their complete accuracy. As a result, KMA assumes no liability for conclusions drawn from these sources.

III. ANALYSIS CONCEPT, PARAMETERS AND METHODOLOGY

A. General Approach

The analysis demonstrates and quantifies the Equilibrium LOS for child care spaces based on (1) the linkages between the construction of new residential units, the households that live in them and the demand for child care; and (2) the linkages between the construction of new non-residential workplace buildings (office, retail, hotel, etc.), the employees who work in them and the demand for child care. The basic approach for the demand analysis is a series of linkages that moves from construction of new buildings to new employees (bedrooms), from new employees (bedrooms) to the number of new children by age, to the number of children needing child care (either in a child care center or a family child care home), to the portion of the demand allocated to non-residential and residential development. This demand finding is used to establish the Equilibrium LOS, which is then combined with the cost of creating new child care spaces to estimate the total nexus cost associated with new development in Santa Cruz County. The conclusion of the analysis is the total nexus cost per square foot of new building area.

The Equilibrium LOS is consistent with the County's General Plan Policy PPF-3.2.1 which states that the County shall "require, where appropriate, that proposed developments provide for mitigation of the impact of the proposed development on the need for child care facilities or services, as a condition of project approval."

The LOS is established for a universe of employees or bedrooms. For ease of analysis and understanding, we utilized a universe of 1,000 employees for non-residential construction and a universe of 1,000 bedrooms for residential construction.

The LOS analysis, and the demand analysis that supports it, do not address existing child care shortages; the analysis addresses only new demand for child care associated with the construction of new non-residential buildings and residential units. The analysis should not be construed to suggest that development is the only cause of child care supply shortages, nor should it be construed to suggest that the development community should bear the full cost of addressing child care problems.

B. Analysis Parameters

The following parameters apply throughout the analysis.

1. Infant, Preschool and School Age (Residential)/ Infant and Preschool Age Children Only (Non-Residential)

For residential development, the analysis includes the following age groups:

- Infant: under age 2

- **Preschool:** age 2 through age 4 or 5. Only includes 4-year-olds not enrolled in transitional kindergarten and 5-year-olds not enrolled in transitional or regular kindergarten.¹
- **School Age:** 4-year-olds enrolled in TK, 5-year-olds in TK or Kindergarten, ages 6-14. This age group generates demand for after-school care spaces.

For non-residential development, the scope of the analysis is limited to children not yet in school, which for the purposes of this study, we define as Infants and Preschool ages. The non-residential analysis focuses on demand for child care located at or near the place of work (as opposed to near the home). After-school care options are typically determined by the location of a child's school, which is determined by their place of residence, not a parent's place of work. Therefore, the School Age group is not included in the non-residential analysis.

2. Capital Costs Only

The Child Care Developer Fee program is an impact fee program that meets the requirements of the Mitigation Fee Act, as written into California Government Code, Section 66000 and following. The generally accepted interpretation of the Code language is that impact fees in California can be levied to fund capital projects only, not operational or programmatic costs. This means that only the costs of developing new child care facilities (including lifecycle costs) or refurbishing existing facilities that have become obsolete in order to maintain the existing LOS are legitimate subjects of child care fee programs.

3. Child Care Centers, Family Child Care Homes, and Onsite After School Care

The analysis focuses on the development of new child care spaces within licensed child care centers, family child care homes (FCCHs), and after school care centers located on school property. Based on discussions with the County, these three types of care are eligible for assistance through the Child Care Developer Fee Loan Program. The analysis does not include the demand for license-exempt care, as these providers are not eligible for assistance under the County's ordinance.

4. Allocation of Infant and Preschool Child Care Between Non-Residential and Residential

In order to avoid double-counting, the demand for child care is allocated between residents and employees based on the work status of parents in the household and an estimate of preference for child care near the place of work and near the home. The demand for infant and preschool

¹ For the purposes of this report, we assume that 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute estimate) and that the age cutoff for Transitional Kindergarten is fully phased in to September 1. The preschool age category also includes the small portion of 5-year-olds who do not enroll in TK and are not yet age-eligible for kindergarten.

child care in a certain area is driven both by place of employment and place of residence. The choice of location of child care is constrained by the overall supply of child care, the quality of available child care, the affordability of available care and the availability of spaces in child care centers and family child care homes. Current patterns of location of child care, either near the place of work or near the home, do not necessarily reflect the preferences of parents because of these supply constraints. Recent surveys of parent preferences for location of child care near the place of work versus near the home indicate that most families prefer child care at or near home. A survey of parent preferences conducted by Boston Consulting Group indicated that of the parents interested in care outside of the home, about half prefer care near the home, 36% prefer care along their commute route, and 13% prefer care at or near the workplace. Given that the commute route is both a function of the residence and the place of work, this demand is partially attributable to both locations.

For the purposes of this analysis, KMA has allocated 75% of the demand for infant and preschool child care to residential uses and 25% to non-residential, for families with parents in the workforce. This allocation ensures that the analysis is not double-counting demand for child care generated by non-residential and residential uses.

The above allocation is also used to allocate the supply of existing child care spaces for the purposes of calculating the Existing LOS. For families with no parent in the workplace, demand and supply are allocated entirely to residential uses. The demand for after school child care is also allocated entirely to residential development, as the location of a child's school is generally determined by place of residence, as discussed earlier.

C. Underlying Concepts and Assumptions

There are several fundamental concepts and assumptions that are important underpinnings to the nexus concept and methodology. Following is a brief summary of these concepts and key assumptions.

- New child care facilities are not being added to the supply in sufficient quantities to meet new needs, as discussed in Section IV. It is important, if difficult, to separate vacancies in child care centers due to the real or perceived inferior quality of care, the cost of care, or some other factor, from vacancies due to lack of overall demand for child care.
- By associating demand for child care with newly constructed residential and non-residential buildings, there is an underlying assumption that the new construction is “net” new to the economy. New office space or residential units may be occupied by a firm or household already located in Santa Cruz County, but somewhere in the chain of moves, net new jobs or households are added to the economy.
- The nexus analysis for non-residential buildings only considers ‘direct’ employees, or employees who work within a building. Office, retail, and hotel buildings are all serviced

by a range of additional employees such as janitorial, security services, window washers, landscape maintenance personnel, etc. These indirect employees are not counted in the analysis. No multipliers or recognition of the multiplier effect of new developments is accounted for in the analysis. Construction employment is also not factored into the analysis.

IV. EXISTING LEVEL OF SERVICE ANALYSIS

Per the requirements of the Mitigation Fee Act, this report documents the Existing Level of Service for child care in Santa Cruz County. The Existing LOS is measured using the following metrics:

- *Residential Development*: the current supply of licensed child care spaces per 1,000 bedrooms in Santa Cruz County.
- *Non-Residential Development*: the current supply of licensed child care spaces per 1,000 employees in Santa Cruz County.

A. Allocation of Existing Supply

The current supply of licensed child care in Santa Cruz County was documented in the “Early Care, Education, and After-School Care Strategic Plan – 2023” by Brion Economics, Inc., in June 2023. As discussed in the Analysis Parameters in Section III, the supply is allocated between residential and non-residential based on the work status of parents in the household and an estimate of preference for child care near the place of work and near the home. The allocations and the resulting number of child care spaces allocated to residential and non-residential development are shown in Table 1, at the end of this Section.

B. Existing Level of Service

The Existing LOS for residential development is determined by the current supply of licensed child care spaces allocated to residential per 1,000 bedrooms in Santa Cruz County. According to data from the US Census Bureau, there are 263,257 bedrooms in Santa Cruz County, resulting in the Existing LOS shown in Table 2, at the end of this Section.

The Existing LOS for non-residential development is determined by the current supply of licensed child care spaces allocated to non-residential per 1,000 employees in Santa Cruz County. Employment figures from the American Community Survey were used to estimate the current number of employees in Santa Cruz County, at 121,613. The resulting Existing LOS is shown in Table 2.

C. Evaluation of Existing Level of Service

The Existing LOS is not the most appropriate measure with which to estimate future child care space needs. An LOS for child care should be based on a demand analysis that estimates the incremental impact on the demand for child care from working households associated with new development. The reasons for this include the following:

- The Existing LOS is not tied to the demand for child care generated by new residential and non-residential development. A demand-based analysis, which links new residents and new employees to their demand for center-based and FCCH-based child care, results in a more accurate estimate of the impact of new development on the current need for child care spaces in the city.
- The Existing LOS is associated with a significant shortage of child care spaces throughout the County, particularly for infants and toddlers. The Santa Cruz County Childhood Advisory Council Strategic Plan 2023 documents the existing shortage of spaces. The report estimates that overall, the supply of child care in Santa Cruz meets less than half of the existing demand for child care.² The findings are summarized in the FY2022-23 *Report on Thrive by 5* as follows: “Key Trend: In every region of the county, there are extreme shortages in the child care supply compared to the number of children who need child care, particularly for infants and toddlers.”³
- The Existing LOS overstates the need for preschool spaces to accommodate the future demand from working families. The supply and demand for preschool spaces is currently undergoing a significant transition in California, as the age-eligibility for the transitional kindergarten program expands each year. The providers of traditional preschool are still in the process of adjusting the supply to reflect the changes in demand. Therefore, the current availability of preschool spaces is not the best predictor of demand in the future. The demand-based LOS accounts for these changes. In addition, the Existing LOS includes all preschool spaces and does not isolate the spaces demanded from working families. There is additional demand for preschool spaces generated by families with parents who are not in the workforce. This demand is excluded from the demand-based LOS, resulting in a more conservative estimate.
- The County’s General Plan includes Policy PPF-3.2.1 which states that the County shall “require, where appropriate, that proposed developments provide for mitigation of the impact of the proposed development on the need for child care facilities or services, as a condition of project approval.”

Therefore, an “Equilibrium” Level of Service has been selected as the relevant metric as it is based on mitigating the impact of the proposed development, in order to not exacerbate the shortage of child care supply in the County, consistent with the County’s General Plan. The Equilibrium LOS will not mitigate existing deficiencies in the supply.

² Chart II-18, *Early Care, Education, and After-School Care Strategic Plan – 2023*, Santa Cruz County, June 2023.

³ Page 19, FY 2022-23 Report on Thrive by 5, Draft, August 2023.

Table 1
Existing Supply of Child Care in Santa Cruz County
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

I. Current Supply of Child Care¹

	Infants (Under 2)	Preschool (2-4)	School Age (5-12)	Total
Licensed Child Care Centers	383	3,511	1,220	5,114
Licensed Family Child Care Homes	636	1,272	950	2,858
Total, Licensed Child Care Spaces	1,019	4,783	2,170	7,972

II. Allocation of Current Supply to Meet Demand Generated by Employees and Residents

	Percent of Children²	Non- Residential³	Residential³
<u>Young Children by Household Type</u>			
All Parents Working	67%	25%	75%
Two Parents, Only One Working	24%	25%	75%
No Working Parents	9%	0%	100%
Weighted Overall, Young Children	100%	23%	77%
 School-Age Children		0%	100%

III. Current Supply Allocated to Residential

	Infants (Under 2)	Preschool (2-4)	School Age (5-12)	Total
Licensed Child Care Centers	296	2,712	1,220	4,228
Licensed Family Child Care Homes	491	983	950	2,424
Total, Licensed Child Care Spaces	787	3,695	2,170	6,652

IV. Current Supply Allocated to Non-Residential

Licensed Child Care Centers	87	799	-	886
Licensed Family Child Care Homes	145	289	-	434
Total, Licensed Child Care Spaces	232	1,088	-	1,320

1. Early Care, Education and After-School Care Strategic Plan - 2023, Santa Cruz County, Brion Economics, Inc., June 2023.

2. 2022 American Community Survey 5-Year Estimates.

3. KMA estimate of child care generated by place of employment versus place of residence. The allocation prevents double-counting child care near work and child care near home. The allocation is based on available survey data, including data published in "Reinventing Childcare for Today's Workforce," Boston Consulting Group, May 2023.

Table 2
Current Supply Level of Service
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

I. Current Supply Allocated to Residential¹	Infants (Under 2)	Preschool (2-4)	School Age (5-12)	Total
Licensed Child Care Centers	296	2,712	1,220	4,228
Licensed Family Child Care Homes	491	983	950	2,424
Total, Licensed Child Care Spaces	787	3,695	2,170	6,652
II. Existing Level of Service, Residents				
Total Bedrooms, Santa Cruz County ²		263,257		
Licensed Child Care Center Spaces Per 1,000 Bedrooms	1.1	10.3	4.6	16.1
Licensed FCCH Spaces Per 1,000 Bedrooms	1.9	3.7	3.6	9.2
III. Current Supply Allocated to Non-Residential¹				
Licensed Child Care Centers	87	799	-	886
Licensed Family Child Care Homes	145	289	-	434
Total, Licensed Child Care Spaces	232	1,088	-	1,320
IV. Existing Level of Service, Non-Residential				
Total Employees, Santa Cruz County ³		121,613		
Licensed Child Care Center Spaces Per 1,000 Employees	0.7	6.6	-	7.3
Licensed FCCH Spaces Per 1,000 Employees	1.2	2.4	-	3.6

1. See Table 1.

2. 2022 American Community Survey 5-Year Estimates.

3. Commute flow data from American Community Survey 5-Year Estimates, 2016-2020.

V. EQUILIBRIUM LEVEL OF SERVICE

The Equilibrium Level of Service metric is based on a demand analysis that estimates the impact of the proposed development on the demand for child care in the County. The demand analysis follows the same methodology as the nexus analysis that was conducted in 2018 to support the County's Child Care Developer Fee program.

Subsections A and B provide separate demand analyses for the development of residential buildings and non-residential buildings. The primary data sources for the demand analysis are the 2022 Five-Year Estimates American Community Survey (ACS), California Department of Finance population estimates, and other national surveys on child care usage.

A. The Demand for Child Care Spaces Associated with Residential Units

New residential units increase the need for child care in Santa Cruz County. The demand analysis quantifies this relationship by estimating the average demand for child care spaces from a given universe of bedrooms. For residential development, the analysis estimates the demand for child care from infant and preschool age children, and the demand for after school care from school age children. The analyses are presented separately below.

1. Infant and Preschool Age Children (Under 5 Years)

To estimate the demand for infant and preschool child care from new residential units, a series of steps flows from the number of children per 1,000 bedrooms, to the number of children requiring child care, to the number of children who would receive child care in a center or FCCH near the home. The analysis follows the series of sequential steps described below and summarized in Tables 3 through 5 at the end of this section.

a) Demand for Child Care

Using ACS data, we calculate the percent of children under 6 years old in Santa Cruz County who have working parent(s) and therefore generally require child care in some form. Working parent(s) in this situation can be either two parent households with both parents working or single parent households with the parent working. Overall, 67% of children under 6 in Santa Cruz County have working parents. The calculation is shown in Step 1 on Table 3.

Santa Cruz County	
Percent of Children Under 6 With Working Parents	67%

Source: 2022 Five-Year Estimates, American Community Survey. US Census Bureau.

Using this percentage and population figures from the California Department of Finance for Santa Cruz County, we calculate the *number* of children with working parent(s) per household.

(Note that the preschool age category includes only the 4- and 5-year-olds who are assumed not to enroll in transitional kindergarten and are not yet enrolled in kindergarten.) We then divide that by the total number of bedrooms in Santa Cruz County, using ACS data on the distribution of housing units by bedroom count. We use this as the baseline estimate of the number of children requiring some form of child care. The demand for child care from a universe of 1,000 bedrooms is about 27.2 children of preschool age and under.

	Infant (Under 2)	Preschool (2-4/5)	Total
Number of Children in Santa Cruz County	4,459	6,212	10,671
Percent with Working Parent(s)		67%	
Number of Children with Working Parent(s)	2,989	4,165	7,154
Number of Bedrooms in SC County		263,257	
Number of Children with Working Parent(s) per 1,000 Bedrooms	11.4	15.8	27.2

Sources: American Community Survey, California Department of Finance.

See Table 3 for more information.

b) How Child Care Needs Are Met

The analysis is concerned with children for whom child care needs are met by child care centers and FCCHs. The US Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey publishes data on the type of child care used by families. The data is published by employment status of the mother and by age of the child, in addition to many other factors. The most recent data is based on a survey conducted in 2019. Weighting the survey data for Santa Cruz County population figures, the data suggest that for Infants under 2 receiving care from someone other than a parent, 35% attend a child care center while 12% attend an FCCH. For Preschoolers, the data suggested that 61% attend a child care center while 6% attend an FCCH.

To determine whether national data are representative of the situation in Santa Cruz, KMA examined the current supply of child care centers and FCCHs in the county. Based on child care supply estimates from the Early Care, Education, and After-School Care Strategic Plan – 2023, shown in Table 1, 62% of licensed child care spaces available for children under 2 in Santa Cruz County are in FCCHs and 38% are in child care centers. Given these supply figures, the percent of young children attending FCCHs in Santa Cruz is likely to be higher than the national survey suggests. KMA used the current local supply ratios to adjust the national usage estimates.

For preschool age children, KMA adjusted the national data to account for two additional factors. The first is that 27% of licensed child care spaces available for children age 2-4 in Santa Cruz County are in FCCHs and 73% are in child care centers, suggesting that local usage of FCCH spaces is higher than the national average. The second factor is the emphasis on

providing preschool opportunities for all children, which serves to increase the demand for preschool spaces.

The estimates of child care usage are as follows:

Type of Child Care	Infant (Under 2)	Preschool (2-4/5)
Child Care Center	35%	65%
Family Child Care Home	25%	25%
Other (Nanny, Relatives)	<u>40%</u>	<u>10%</u>
Total	100%	100%

Sources: US Department of Education, California Department of Finance, Brion Associates, KMA.

See Table 4, Step 3 for more information.

c) Demand for Center-Based and FCCH Child Care

Using the estimate of the percent of children attending child care centers and FCCHs, we calculate that from a universe of 1,000 bedrooms, working parents would demand approximately 14.2 child care center spaces and 6.8 FCCH spaces for infant and preschool age children.

	Infant (Under 2)	Preschool (2-4/5)	Total
Number of Children with Working Parent(s) per 1,000 Bedrooms	11.4	15.8	27.2
Type of Child Care			
Child Care Center	35%	65%	
Family Child Care Home	25%	25%	
Children Needing Center-Based Care per 1,000 Bedrooms	3.9	10.3	14.2
Children Needing FCCH Care per 1,000 Bedrooms	2.8	4.0	6.8

Sources: ACS, California Department of Finance, US Department of Education, Brion Associates, KMA.

See Table 4 for more information.

d) Demand for Child Care Center Spaces near the Home

As previously discussed, KMA estimated that 75% of the demand for infant and preschool child care will be located near the home and 25% located near the place of work. Therefore, to complete the residential demand analysis, we calculate the number of children demanding child care near home at 75% of all children demanding center based and FCCH care.

	Infant (Under 2)	Preschool (2-4/5)	Total
Center-Based Care per 1,000 Bedrooms @75% of Demand	3.0	7.7	10.7
FCCH Care per 1,000 Bedrooms @ 75% of Demand	2.1	3.0	5.1

See Table 4 for more information.

2. School Age Children (5 - 14 Years)

For residential units, we also estimate the demand for after school care from school age children. The methodology is essentially the same as for the infant and preschool age children, but the inputs vary. As with the infant and preschool analysis, the primary data sources are the 2022 American Community Survey and California Department of Finance data. The steps are described below.

a) Demand for Child Care

Using ACS data, we calculate the percent of school age children in Santa Cruz County who have working parent(s), which can be either two parent households with both parents working or single parent households with the parent working. Overall, 70.7% of children 6-17 in Santa Cruz County have working parents. The calculation is shown in Step 1 on Table 5.

	Santa Cruz County
Percent of Children 6-17 With Working Parents	70.7%

Using this percentage and California Department of Finance data on the population of Santa Cruz County, we calculate the *number* of school age children with working parent(s). We then divide that by the total number of bedrooms in Santa Cruz County, using ACS data on the distribution of housing units by bedroom count. We use this as the baseline estimate of the number of children requiring some form of after school child care. The demand for school age child care from a universe of 1,000 bedrooms is about 76 children.

Number of Children age 5-14 in Santa Cruz County	28,231
Percent with Working Parent(s)	71%
Number of School Age Children with Working Parent(s)	19,955
Number of Bedrooms in SC County	263,257
Number of School Age Children with Working Parent(s) per 1,000 Bedrooms	76

Sources: ACS, California Department of Finance

See Table 5 for more information.

b) Demand for Child Care, by Type of Care

Reliable surveys on the preferences of parents for different after-school care choices are not available. In addition, a significant portion of after-school spaces in Santa Cruz County are license-exempt, and therefore not included in the impact fee analysis. To estimate the increased demand for licensed after-school spaces generated by new development, KMA applied the current percentages of licensed after-school care spaces in Santa Cruz County. Currently, 15%

of after-school care spaces in the county are in licensed centers and 12% are in FCCHs. The remainder are license-exempt facilities. Applying these percentages, we calculate that from a universe of 1,000 bedrooms, working parents would demand approximately 11.4 center-based after school care spaces and 8.9 FCCH spaces.

Number of School Age Children with Working Parent(s) per 1,000 Bedrooms	76
Type of Child Care	
Licensed Center After School Care	15%
Family Child Care Home	12%
School Age Children Needing Licensed Center Based Care per 1,000 Bedrooms	11.4
School Age Children Needing FCCH Care per 1,000 Bedrooms	8.9

Sources: ACS, California Department of Finance, Brion Associates.

See Table 5 for more information.

B. The Demand for Child Care Spaces Associated with Non-Residential Development

The analysis also examines how new non-residential buildings increase the need for child care spaces. The demand analysis quantifies this relationship by estimating the average demand for child care spaces from a given universe of employees. Following the same methodology as for residential buildings, the analysis moves through a series of steps from the number of children per 1,000 employees, to the number of children requiring child care, to the number of children who would receive child care in a daycare center or FCCH near a parent's place of work.

Again, the primary data sources for the demand analysis are the 2022 Five-Year Estimates American Community Survey (ACS), California Department of Finance population estimates, and other national surveys.

1. Demand for Child Care Spaces

As calculated in the residential demand analysis, 67% of children under 6 years old in Santa Cruz County have working parent(s).

Using the percentage from above and California Department of Finance data on the population of Santa Cruz County, we calculate the number of children with working parent(s) per employed county resident. We use this as the baseline for estimating the *rate* at which employees have children under age 5 who require some form of child care.⁴ The demand for child care from a universe of 1,000 employees is 55 children of preschool age and under, determined as follows:

⁴ The rate is established using Santa Cruz County demographics (number of children, percent with working parents and number of employed residents) to approximate the demographics of the universe of employees who work in Santa Cruz County.

	Infant (Under 2)	Preschool (2 – 4/5)	Total
Number of Children in Santa Cruz County	4,459	6,212	10,671
Percent with Working Parent(s)		67%	
Number of Children with Working Parent(s)	2,989	4,165	7,154
Number of Employed Residents in SC County		129,144	
Number of Children with Working Parent(s) per 1,000 Employees	23	32	55

Sources: ACS, California Department of Finance.

See Step 2 on Table 6 for more information.

The non-residential analysis relies on the same data sources as the residential analysis to allocate child care by the type of care, including national surveys adjusted for local demographics and supply conditions. The estimates are as follows:

Type of Child Care	Infant (Under 2)	Preschool (2-4/5)
Child Care Center	35%	65%
Family Child Care Home	25%	25%
Other (Nanny, Relatives)	40%	10%
Total	100%	100%

Sources: US Department of Education, California Department of Finance, Brion Associates, KMA.

See Table 7, Step 3 for more information.

2. Demand for Center-Based and FCCH Child Care

Using the estimates of the percent of children attending child care centers and FCCHs, we calculate that from a universe of 1,000 employees, parents would demand approximately 29.0 child care center spaces and 13.8 FCCH spaces.

	Infant (Under 2)	Preschool (2-4/5)	Total
Number of Children with Working Parent(s) per 1,000 Employees	23	32	55
Type of Child Care			
Child Care Center	35%	65%	
Family Child Care Home	25%	25%	
Children Needing Center-Based Care per 1,000 Employees	8.0	21.0	29.0
Children Needing FCCH Care per 1,000 Employees	5.8	8.1	13.8

Sources: ACS, California Department of Finance, US Department of Education, Brion Associates, KMA.

3. Demand for Child Care Spaces near the Workplace

The last step in the analysis is an allocation of the child care center space demand to two generic locations – near the place of work or near the place of residence. As discussed earlier, KMA utilizes a 25% share of the demand for child care centers and FCCHs located near the workplace. The demand analysis for non-residential buildings suggests that a universe of 1,000 employees will generate demand for an average of approximately 7.2 child care center spaces and 3.5 FCCH spaces near the workplace.

	Infant (Under 2)	Preschool (2-4/5)	Total
Center-Based Care Near Work @ 25% of Demand	2.0	5.2	7.2
FCCH Care Near Work @ 25% of Demand	1.4	2.0	3.5

See Table 7, Step 5, for more information.

C. The Equilibrium Level of Service

Consistent with Policy PPF-3.2.1 in the County General Plan, the Equilibrium LOS is set at a level to mitigate the additional demand for child care generated by new development. The Equilibrium LOS is based on a demand analysis that follows the same methodology as the linkage fee analysis conducted in 2018 to support the County's existing Child Care Developer Fee. The findings of the demand analysis, and the resulting Equilibrium Level of Service, are summarized below and in Table 8.

Equilibrium Level of Service	Infant (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
<u>Residential Development</u>				
Licensed Child Care Center Spaces Per 1,000 Bedrooms	3.0	7.7	11.4	22.1
Licensed FCCH Spaces Per 1,000 Bedrooms	2.1	3.0	8.9	14.0
<u>Non-Residential Development</u>				
Licensed Child Care Center Spaces Per 1,000 Employees	2.0	5.2	0.0	7.2
Licensed FCCH Spaces Per 1,000 Employees	1.4	2.0	0.0	3.5

Table 3
Demand Analysis for Residential Development
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Step 1. Percent of Children in Santa Cruz County with Working Parent(s)

Total Number of Children Under 6 in Families/Subfamilies ¹	13,553
Number of Children Under 6 with Working Parent(s) ²	9,086
<i>Percent of Children Under 6 with Working Parent(s)</i>	<i>67.0%</i>

Step 2. Children Under 5 Needing Some Form of Child Care

	Infant (Under 2)	Preschool (2 - 4/5⁴)	Total
Total Number of Children in Age Group ³	4,459	6,212	10,671
Percent of Children With Working Parent(s) (Step 1)		67%	
Number of Children with Working Parents	2,989	4,165	7,154
Number of Bedrooms in Santa Cruz County ⁵		263,257	
Number of Children With Working Parent(s) per 1,000 Bedrooms	11.4	15.8	27.2

1. This is the universe from which the statistic in Step 1b is drawn. A subfamily is defined as "a married couple (with or without children) or a single parent with one or more never-married children under the age of 18, residing with and related to the householder, but not including the householder or the householder's spouse."

2. Working parent(s) can be either a single parent who is in the labor force, or two parents who are both in the labor force.

3. General population numbers from the California Department of Finance, 2024. Does not match total in Step 1 because it does not include all four or five year olds and it includes all children, not just own children in families.

4. Includes only the portion of 4- and 5-year olds not assumed to be enrolled in transitional kindergarten. Assumes 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute). Assumes fully phased-in TK eligibility.

5. 2022 American Community Survey 5-Year Estimates.

Source: American Community Survey 5-Year Estimates, 2022. California Department of Finance population estimates, 2024.

Table 4
Demand Analysis for Residential Development, cont'd
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Step 3. Children Under 5 Needing Child Care, By Type of Care

	Infant (Under 2)	Preschool (2 - 4/5²)	Total
Type of Child Care, Not Including Parental Care¹			
Center-Based Care	35%	65%	
Family Child Care Home (FCCH)	25%	25%	
Other (Nanny, Relatives, etc.)	40%	10%	
	100%	100%	
Children Needing Center-Based Care per 1,000 Bedrooms	3.9	10.3	14.2
Children Needing FCCH Care per 1,000 Bedrooms	2.8	4.0	6.8

Step 4. Children Under 5 Needing Child Care Allocated to Residential³

	Infant (Under 2)	Preschool (2 - 4/5²)	Total
Children Needing Center-Based Care per 1,000 Bedrooms @ 75%	3.0	7.7	10.7
Children Needing FCCH Care per 1,000 Bedrooms @ 75%	2.1	3.0	5.1

1. KMA estimate based on US Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey of the National Household Education Surveys Program. National Data adjusted to account for the relatively high supply of FCCH child care spaces in Santa Cruz County compared to center-based spaces.

2. Includes only the portion of 4- and 5-year olds not assumed to be enrolled in transitional kindergarten. Assumes 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute). Assumes fully phased-in TK eligibility.

3. KMA estimate based on survey preferences for parents seeking childcare outside of their home, as published in "Reinventing Childcare for Today's Workforce," Boston Consulting Group, May 2023.

Sources: US Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey of the National Household Education Surveys Program, 2021. Santa Cruz County Office of Education, "Early Care, Education, and After-School Care Strategic Plan", 2023. Boston Consulting Group. US Treasury, "The Economics of Child Care Supply in the United States," 2021.

Table 5
Demand Analysis for Residential Development, School Age Children
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Step 1. Percent of School Age Children in Santa Cruz County with Working Parent(s)

Total Number of Children 6-17 in Families/Subfamilies ¹	33,660
Number of Children 6-17 with Working Parent(s) ²	23,793
<i>Percent of Children 6-17 with Working Parent(s)</i>	<i>70.7%</i>

Step 2. Children Age 5-14 Needing Some Form of After School Care

	4/5-14 Years
Total Number of Children in Age Group ³	28,231
Percent of Children With Working Parent(s) (Step 1)	71%
Number of Children with Working Parents	19,955
Number of Bedrooms in Santa Cruz County ⁴	263,257
Number of Children 5-14 With Working Parent(s) per 1,000 Bedrooms	76

Step 3. Children 5-14 Needing Licensed After School Care, By Type of Care

Type of After School Care⁵	4/5-14 Years
Licensed Center Programs	15%
Family Child Care Home (FCCH)	12%
Children Needing Licensed After-School Care per 1,000 Bedrooms	11.4
Children Needing FCCH After-School Care per 1,000 Bedrooms	8.9

1. This is the universe from which the statistic in Step 1b is drawn. A subfamily is defined as "a married couple (with or without children) or a single parent with one or more never-married children under the age of 18, residing with and related to the householder, but not including the householder or the householder's spouse."

2. Working parent(s) can be either a single parent who is in the labor force, or two parents who are both in the labor force.

3. General population numbers from the California Department of Finance. Includes the portion of 4- and 5-year-olds enrolled in Transitional Kindergarten. Assumes 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute).

4. 2022 American Community Survey 5-Year Estimates.

5. Demand-based estimates of afterschool care choice not available. Percentages based on current supply of afterschool care in SC County. License-exempt afterschool programs account for the remainder of after-school care spaces.

Table 6
Demand Analysis for Non-Residential Buildings
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Step 1. Percent of Children in Santa Cruz County with Working Parent(s)

Total Number of Children Under 6 in Families/Subfamilies ¹	13,553
Number of Children Under 6 with Working Parent(s) ²	9,086
<i>Percent of Children Under 6 with Working Parent(s)</i>	<i>67%</i>

Step 2. Children Under 5 Requiring Some Form of Child Care

	Infant (Under 2)	Preschool (2 - 4/5⁴)	Total
Total Number of Children in Age Group ³	4,459	6,212	10,671
Percent of Children With Working Parent(s) (Step 1)		67%	
Number of Children with Working Parents	2,989	4,165	7,154
Number of Employed Residents in Santa Cruz County ⁵		129,144	
Number of Children With Working Parent(s) per 1,000 Employees	23	32	55

1. This is the universe from which the statistic in Step 1b is drawn. A subfamily is defined as "a married couple (with or without children) or a single parent with one or more never-married children under the age of 18, residing with and related to the householder, but not including the householder or the householder's spouse."

2. Working parent(s) can be either a single parent who is in the labor force, or two parents who are both in the labor force. Source: 2022 ACS 5-Year Estimates.

3. General population numbers from the California Department of Finance, 2024. Does not match total in Step 1 because it does not include all four or five year olds and it includes all children, not just own children in families.

4. Includes only the portion of 4- and 5-year olds not assumed to be enrolled in transitional kindergarten. Assumes 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute). Assumes fully phased-in TK eligibility.

5. 2022 ACS 5-Year Estimates.

Source: American Community Survey 5-Year Estimates, 2022. California Department of Finance population estimates, 2024.

Table 7
Demand Analysis for Non-Residential Buildings, cont'd.
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Step 3. Children Under 5 Needing Child Care, By Type of Care

	Infant (Under 2)	Preschool (2 - 4/5 ²)	Total
Type of Child Care, Not Including Parental Care¹			
Center-Based Care	35%	65%	
Family Child Care Home (FCCH)	25%	25%	
Other (Nanny, Relatives, etc.)	40%	10%	
	100%	100%	
Children Needing Center-Based Care per 1,000 Employees	8.0	21.0	29.0
Children Needing FCCH Care per 1,000 Employees	5.8	8.1	13.8

Step 4. Children Under 5 Needing Child Care, Allocated to Place of Employment³

	Infant (Under 2)	Preschool (2 - 4/5 ²)	Total
Children Needing Center-Based Care per 1,000 Employees @ 25%	2.0	5.2	7.2
Children Needing FCCH Care per 1,000 Employees @ 25%	1.4	2.0	3.5

1. KMA estimate based on US Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey of the National Household Education Surveys Program. National Data adjusted to account for the relatively high supply of FCCH child care spaces in Santa Cruz County compared to center-based spaces.

2. Includes only the portion of 4- and 5-year olds not assumed to be enrolled in transitional kindergarten. Assumes 3/5 of eligible 4-year-olds will attend transitional kindergarten (Learning Policy Institute). Assumes fully phased-in TK eligibility.

3. KMA estimate based on survey preferences for parents seeking childcare outside of their home, as published in "Reinventing Childcare for Today's Workforce," Boston Consulting Group, May 2023.

Sources: US Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey of the National Household Education Surveys Program, 2021. Santa Cruz County Office of Education, "Early Care, Education, and After-School Care Strategic Plan", 2023. Boston Consulting Group. US Treasury, "The Economics of Child Care Supply in the United States," 2021.

Table 8
Equilibrium Level of Service
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

1. Residential Development	Infants (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
Licensed Child Care Center Spaces Per 1,000 Bedrooms	3.0	7.7	11.4	22.1
Licensed FCCH Spaces Per 1,000 Bedrooms	2.1	3.0	8.9	14.0

2. Non-Residential Development	Infants (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
Licensed Child Care Center Spaces Per 1,000 Employees	2.0	5.2	0.0	7.2
Licensed FCCH Spaces Per 1,000 Employees	1.4	2.0	0.0	3.5

See Tables 3 through 7 for more information.

VI. CHILD CARE FACILITY COST ANALYSIS

To establish the maximum impact fee supported by the Level of Service analysis, an estimate of the mitigation costs must be developed. The mitigation costs for child care demand associated with residential and non-residential buildings must relate to the cost of creating child care facilities for infant, preschool and after school age children, according to the parameters of the nexus analysis. In this section, we estimate the cost of developing a new child care center, a new FCCH and a new after school care center, all on a per-child-care-space basis. Combining the results of the LOS analysis and this cost analysis produces the estimates of mitigation costs, which become the maximum supported impact fee.

To develop a cost estimate, we examined the experience of recently developed or in process child care centers in Santa Cruz County. We also assembled third party construction cost estimates and recent commercial land sales in the County. In addition to current development costs, each cost estimate includes a Lifecycle Replacement Cost Factor of 15%. This factor covers the capital replacement and maintenance of the new child care facilities going forward. Note that the analysis assumes that the centers are privately owned, which is consistent with the way the County's loan program operates.

A. Development Costs for a Prototypical Child Care Center

Discussions with local child care providers that have recently built or are planning new child care centers indicate that new centers can either be traditional new construction or modular construction, with modular construction resulting in cost savings for some projects. KMA developed an estimate of both construction types and used an average of the two methods for the purposes of the mitigation cost analysis. Table 9 and Table 10 present the two estimates of the cost to develop a new child care center using traditional new construction and modular construction. The analyses are summarized below.

1. Development Program

For purposes of this analysis, we assume that a new child care center will have 40 licensed child care spaces, serving a mix of infant, toddler and preschoolers. Based on interviews with local providers, new construction buildings are assumed to have an average of 75 square feet of indoor space per child (including classrooms, offices, bathrooms, kitchen, hallways, storage, etc.) and 75 square feet per child of outdoor play space. Modular buildings are assumed to have an average of 48 square feet of indoor space per child, and 75 square feet of outdoor play space. Based on County zoning requirements, which require 1 space per 5 children and 1 per employee, and an average staffing ratio of 1 employee per 8 children, we assume a total of 13 parking spaces.

2. Development Costs

KMA estimated the cost components for new child care centers based on cost information for five recently built or planned local child care centers in Santa Cruz County. The main components and unit costs of a 40-space child care center are as follows:

	New Construction	Modular Construction	Average, New Center
Total Construction Costs (direct & indirect)	\$3,120,000	\$1,963,200	
Lifecycle Replacement Cost Factor	\$468,000	\$294,000	
<u>Land</u>	<u>\$496,400</u>	<u>\$446,000</u>	
Total Development Costs (40 spaces)	\$4,084,400	\$2,703,200	
Total Mitigation Cost per Space	\$102,100	\$67,600	\$84,850

Sources: Recently built and planned new child care centers in Santa Cruz County, including new construction and modular construction.

The conclusion of this analysis is that it costs approximately \$84,850 per space to develop a new child care center in Santa Cruz County, based on the recent experience of several child care operators in the County.

B. Development Costs for A Prototypical Family Child Care Home

Table 11 presents an estimate of the cost to develop a new FCCH. The analysis is summarized below.

1. Development Program

For purposes of this analysis, we assume a small FCCH with 8 licensed child care spaces, an average of 60 square feet of indoor space per child, and 75 square feet per child of outdoor play space.

2. Development Costs

For the FCCH, KMA estimated the renovation and remodeling costs associated with turning an existing unfinished garage space into a classroom, adding a bathroom, and updating the exterior to comply with licensing requirements, such as enhanced fencing and hardscaping. The analysis assumes that the provider owns a home large enough to accommodate the FCCH. This is a conservative assumption that does not include land costs or the construction costs of the home. The main components and unit costs of a new FCCH are estimated as follows:

	PSF Bldg. Area	Bldg. Area	Total
Remodeling and Renovations	\$175/SF	480 SF	\$84,000
Furnishings, Equipment and Indirects ¹	\$50/SF	480 SF	\$24,000
Lifecycle Replacement Cost Factor		15% of above	\$16,200
<u>Land</u>			<u>Not included</u>
Total Development Costs (8 spaces)			\$124,200
Total Mitigation Cost per Space			\$15,500

1. Includes indoor furnishings and fixtures, as well as outdoor play structures, design and engineering, fees and hookups, and financing.

The conclusion of this analysis is that it costs approximately \$15,500 per space to develop an FCCH in Santa Cruz County.

C. Development Costs for a Prototypical Onsite After School Care Center

Table 12 presents an estimate of the cost to develop a new after school center located on a school site. The analysis is summarized below.

1. Development Program

For purposes of this analysis, we assume a modular building located on school property with 48 child care spaces for school age kids and an average of 40 square feet of indoor space per child, including restrooms. No additional outdoor play equipment is assumed.

2. Development Costs

For the after school care building, KMA estimated the costs for a new modular building. Cost estimates were provided by local care providers who have recently built new modular classrooms, and KMA supplemented that data with cost estimates from our work in other locations. No land costs are assumed because the building is located on school property. The main components and unit costs of a new onsite after school care building are estimated as follows:

	PSF Bldg. Area	Bldg. Area	Total
Modular Building with restrooms, Furnishings, Permitting and Start-up Costs	\$938/SF	1,920 SF	\$1,800,000
Lifecycle Replacement Cost Factor		15% of above	\$270,000
Total Development Costs (50 spaces)			\$2,070,000
Total Mitigation Cost per Space			\$43,100

The conclusion of this analysis is that it costs approximately \$43,100 per space to develop a new after school care center in Santa Cruz County.

Table 9
Estimated Development Costs of New Construction Child Care Center
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Number of Children: 40 (Infant, Toddler, Preschool)

Size of Facility

Indoor Space @	75 sq. ft. per child	3,000 sq. ft.
Outdoor Space @	75 sq. ft. per child	3,000 sq. ft.
Total		<u>6,000 sq. ft.</u>

Cost of Facility

Warm Shell, Total Costs	\$750 /sf	3,000 sq. ft.	\$2,250,000
Indoor buildout and Start-up Costs	\$250 /sf	3,000 sq. ft.	\$750,000
Exterior play areas	\$40 /sf	3,000 sq. ft.	\$120,000
Lifecycle Replacement Cost Factor		15%	<u>\$468,000</u>
			\$3,588,000

Land required:

Building pad	3,000 sq. ft.
Parking ¹	
Facility Parking @ 13 spaces	4,550 sq. ft.
Outdoor play area	<u>3,000 sq. ft.</u>
	10,550 sq. ft.
Total land required @ 85% coverage	12,410 sq. ft.

Land cost @ \$40 per sq. ft. x 12,410 sq.ft.	<u>\$496,400</u>
Total Development Cost	\$4,084,400
Cost per sq. ft. child care facility	\$1,361
Total Cost Per Child Care Space	\$102,100

1. Estimated based on one space per 5 children and one per employee.

Note: The analysis assumes that the center is privately owned.

Sources: Constructions costs from four recently built or planned new construction child care centers in Santa Cruz County, CoStar, KMA.

Table 10
Estimated Development Costs of New Modular Child Care Center
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Number of Children: 40 (Infant, Toddler, Preschool)

Size of Facility

Indoor Space @	48 sq. ft. per child	1,920 sq. ft.
Outdoor Space @	75 sq. ft. per child	3,000 sq. ft.
Total		<u>4,920 sq. ft.</u>

Cost of Facility

Modular Buildings	\$250 /sf	1,920 sq. ft.	\$480,000
Site Development, Interior buildout, Soft Costs and Start-up Costs	\$710 /sf	1,920 sq. ft.	\$1,363,200
Exterior play areas	\$40 /sf	3,000 sq. ft.	\$120,000
Lifecycle Replacement Cost Factor		15%	<u>\$294,000</u>
			\$2,257,200

Land required:

Building pad	1,920 sq. ft.
Parking ¹	
Facility Parking @ 13 spaces	4,550 sq. ft.
Outdoor play area	<u>3,000 sq. ft.</u>
	9,470 sq. ft.

Total land required @ 85% coverage 11,140 sq. ft.

Land cost @ \$40 per sq. ft. x 11,140 sq.ft. \$446,000

Total Development Cost \$2,703,200

Cost per sq. ft. child care facility \$1,408

Total Cost Per Child Care Space \$67,600

1. Estimated based on one space per 5 children and one per employee.

Note: The analysis assumes that the center is privately owned.

Sources: Construction costs for recently built modular classrooms from local childcare provider in Santa Cruz County, CoStar, KMA.

Table 11
Estimated Family Child Care Homes Facility Costs
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Number of Children: 8 (Infant, Toddler, Preschool, After School)

Size of Facility

Indoor Space @	60 sq. ft. per child	480 sq. ft.
Outdoor Space @	75 sq. ft. per child	600 sq. ft.
Total		<u>1,080 sq. ft.</u>

Cost of Facility

Remodeling and Renovations	\$175 /sf	480 sq. ft.	\$84,000
Furnishing, equipment, and indirects (includes financing, permit fees, start-up costs, etc.)	\$50 /sf	480 sq. ft.	\$24,000
Lifecycle Replacement Cost Factor		15%	<u>\$16,200</u>

Total Development Cost \$124,200

Cost per sq. ft. child care facility \$259

Total Development Cost per Child Care Space \$15,500

1. Assumes that provider converts a garage space into a classroom, adds a bathroom, and makes outdoor improvements to comply with licensing requirements such as enhanced fencing and landscaping.

Sources: Interviews with local child care operators and local general contractor, Engineering News-Record, RS Means, KMA.

Table 12
Estimated After School Care Facility Costs
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

Number of Children:	48 (School Age Children)		
Size of Facility			
Indoor Space @	40 sq. ft. per child	1,920 sq. ft.	
Cost of Facility			
Modular Buildings with Restrooms, Furnishings, Soft Costs, Start-Up Costs.	\$938 /sf	1,920 sq. ft.	\$1,800,000
Lifecycle Replacement Cost Factor		15%	<u>\$270,000</u>
Total Development Cost			\$2,070,000
Total Development Cost per Child Care Space			\$43,100

Sources: Construction costs based on recently built modular classrooms in Santa Cruz County, interviews with local child care operators, KMA.

VII. MAXIMUM CHILD CARE DEVELOPMENT IMPACT FEE LEVELS

In this section, we join the LOS analyses with the conclusions of the mitigation cost analysis to determine the maximum fee levels that are supported by the nexus analysis.

A. Maximum Fee for Residential Units, Equilibrium Level of Service

The LOS is expressed in child care spaces per 1,000 bedrooms. To translate the LOS to a maximum fee level, an estimate of the typical new housing unit must be developed. KMA reviewed sales data for homes built and sold in the unincorporated County since 2020. These newer homes have 3.1 bedrooms on average and a median unit size of 2,718 square feet. KMA also reviewed data on multifamily units, including recently built units and units under development. These units have 1.5 bedrooms on average and just under 700 square feet. KMA weighted these units based on data in the County's Housing Element which suggests that 81% of units built are single-family homes and 19% are multi-family units. Overall, the weighted average unit size for a new residential unit in the County is estimated at 2.8 bedrooms and 2,300 square foot. Additional details are presented in Appendix Table 1 at the end of this report.

The maximum fee level is the mitigation cost associated with the Equilibrium LOS for the typical new residential unit. The Level of Service is multiplied by the mitigation cost estimates and divided by 1,000 bedrooms to estimate the cost per bedroom. This is translated to a cost per square foot by multiplying by the average number of bedrooms in a new unit and dividing by the average square footage. An administrative fee of 2% is added to the maximum fee level. The analysis is shown on Table 13 and below.

Residential Development	Infant (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
<u>Level of Service</u>				
Licensed Child Care Center Spaces Per 1,000 BRs	3.0	7.7	11.4	22.1
Licensed FCCH Spaces Per 1,000 Bedrooms	2.1	3.0	8.9	14.0
<u>Mitigation Cost Estimates</u>				
Cost per Child Care Center Space	\$84,850			
Cost per FCCH Space	\$15,500			
Cost per After School Center Space	\$43,100			
Cost Per Bedroom (Level of Service * Mitigation Costs / 1,000 Bedrooms)	\$284	\$700	\$631	\$1,615
<u>Maximum Fee Level</u>				
Number of Bedrooms, Average New Residential Unit	2.80			
Square Feet per Average New Residential Unit	2,300			
Administrative Fee	2%			
Maximum Fee Level Per Square Foot	\$2.01			

B. Maximum Fee for Non-Residential, Equilibrium Level of Service

In order to translate the LOS analysis to a maximum fee level on a per square foot basis, we utilize average employment densities, which vary by the type of workplace. The employment densities below are consistent with other Santa Cruz County impact fee studies, including the 2014 Jobs Housing Nexus Analysis, the 2021 Parks and Recreation Development Impact Fee Study, and the earlier Child Care Impact Fee Nexus Analysis. To confirm that these estimates are still reasonable, KMA reviewed employment density data for several recent and proposed development projects throughout Santa Cruz County.

- Retail/Restaurant – 350 square feet per employee.
- Office – 300 square feet per employee.
- Hotel – 1,000 square feet per employee.
- Manufacturing / Industrial – 750 square feet per employee.

It is important to note that these densities are averages and we would expect differences within each category as well as changes over time due to the economic conditions.

Using the mitigation costs and the employee density assumptions, the LOS established by the demand analysis is translated from per 1,000 employees, to the cost per employee, to the maximum fee per square foot by building type. An additional 2% is added to the maximum fee to cover the administrative costs of the fee program. The analysis is shown on Table 13 and summarized below.

Non-Residential Development	Infant (Under 2)	Preschool (2-4/5)	Total
<u>Level of Service</u>			
Licensed Child Care Center Spaces Per 1,000 Emp	2.0	5.2	7.2
Licensed FCCH Spaces Per 1,000 Employees	1.4	2.0	3.5
<u>Mitigation Cost Estimates</u>			
Cost per Child Care Center Space	\$84,850		
Cost per FCCH Space	\$15,500		
Cost per After School Center Space	\$43,100		
Cost Per Employee (Level of Service * Mitigation Costs / 1,000 Employees)	\$193	\$476	\$669
Square Feet			
<u>Maximum Fee Level Per Square Foot</u>	Per Employee	Max Fee Incl. 2% Admin	
Retail/Restaurant	350	\$1.95	
Office	300	\$2.27	
Hotel	1,000	\$0.68	
Industrial	750	\$0.91	

These are the maximum fee levels per square foot based on the Equilibrium LOS for non-residential buildings. These costs, also referred to as total nexus costs, represent the legal ceiling for potential fees; they are not necessarily recommended fee levels. The County may set fees at any level below these nexus costs.

C. Maximum Fee Levels, Existing Level of Service

The maximum fee levels for the existing LOS were also calculated, using the same assumptions as above. The findings are presented in Table 14.

Table 13
Equilibrium Level of Service: Maximum Fee Level
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

I. Equilibrium Level of Service, Residential

	Infants (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
Licensed Child Care Center Spaces Per 1,000 Bedrooms	3.0	7.7	11.4	22.1
Licensed FCCH Spaces Per 1,000 Bedrooms	2.1	3.0	8.9	14.0

II. Equilibrium Level of Service, Non-Residential

	Infants (Under 2)	Preschool (2-4/5)	School Age (4/5-12)	Total
Licensed Child Care Center Spaces Per 1,000 Employees	2.0	5.2	0.0	7.2
Licensed FCCH Spaces Per 1,000 Employees	1.4	2.0	0.0	3.5

III. Mitigation Cost Estimates¹

Cost per Child Care Center Space	\$84,850			
Cost per FCCH Space	\$15,500			
Cost per After School Center Space	\$43,100			
Cost Per Bedroom	\$284	\$700	\$631	\$1,615
Cost Per Employee	\$193	\$476	\$0	\$669

IV. Maximum Fee Level, Residential

Number of Bedrooms, Average New Residential Unit ²	2.80
Square Feet per Average New Residential Unit ²	2,300
Administrative Fee	2%
Estimated Nexus Cost, including Administrative Fee, PSF	\$2.01

V. Maximum Fee Level, Non-Residential

	Square Feet Per Employee³	Max Fee Per Square Foot	Max Fee PSF Including 2% Admin
Retail/Restaurant	350	\$1.91	\$1.95
Office	300	\$2.23	\$2.27
Hotel	1,000	\$0.67	\$0.68
Industrial	750	\$0.89	\$0.91

1. See Tables 9 through 12.

2. Estimate for new units in unincorporated Santa Cruz County. Represents a weighted blend of multi-family and single-family units. See Appendix Table 1 for more information.

3. Consistent with other Santa Cruz County impact fee studies, including Jobs Housing Nexus Analysis, Parks and Recreation Development Impact Fee Study, and earlier Child Care Impact Fee Nexus Analysis. KMA reviewed employment density data for several recent and proposed development projects throughout Santa Cruz County, which confirmed that these estimates are still reasonable.

Table 14
Maximum Fee Level Assuming Existing Level of Service
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

I. Existing Level of Service, Residents (Table 2)

Licensed Child Care Center Spaces Per 1,000 Bedrooms	1.1	10.3	4.6	16.1
Licensed FCCH Spaces Per 1,000 Bedrooms	1.9	3.7	3.6	9.2

II. Existing Level of Service, Non-Residential (Table 2)

Licensed Child Care Center Spaces Per 1,000 Employees	0.7	6.6	-	7.3
Licensed FCCH Spaces Per 1,000 Employees	1.2	2.4	-	3.6

III. Mitigation Costs¹

Cost per Child Care Center Space	\$84,850			
Cost per FCCH Space	\$15,500			
Cost per After School Center Space	\$43,100			
Cost Per Bedroom	\$124	\$932	\$256	\$1,312
Cost Per Employee	\$79	\$594	\$0	\$673

IV. Maximum Fee Level, Residential Development

Number of Bedrooms, Avg New Residential Unit ²	2.80
Square Feet per Average New Residential Unit ²	2,300
Estimated Nexus Cost per Square Foot	\$1.60
Nexus Cost Including 2% Administrative Fee	\$1.63

V. Maximum Fee Level, Non-Residential Development

	Square Feet Per Employee³	Max Fee Per Square Foot	Max Fee PSF Including 2% Admin
Retail/Restaurant	350	\$1.92	\$1.96
Office	300	\$2.24	\$2.29
Hotel	1,000	\$0.67	\$0.69
Industrial	750	\$0.90	\$0.92

1. See Tables 9 through 12.

2. Estimate for new units in unincorporated Santa Cruz County. Represents a weighted blend of multi-family and single-family units. See Appendix Table 1 for more information.

3. Consistent with other Santa Cruz County impact fee studies, including Jobs Housing Nexus Analysis, Parks and Recreation Development Impact Fee Study, and earlier Child Care Impact Fee Nexus Analysis. KMA reviewed employment density data for several recent and proposed development projects throughout Santa Cruz County, which confirmed that these estimates are still reasonable.

VIII. ADDITIONAL MITIGATION FEE ACT REQUIREMENTS

This Section presents the findings of additional requirements of the Mitigation Fee Act, including a Capital Improvement Plan, a review of the original nexus study, and a review of the fees collected under the current program.

A. Capital Improvement Plan

The Mitigation Fee Act requires that “large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.” The County of San Cruz qualifies as a large jurisdiction, as its population is greater than 250,000 people. The County prepared a Capital Improvement Plan for the “Family Home and Commercial Child Care Forgivable Loan Program,” included as Attachment A at the end of this section.

The County uses Child Care Developer Fee revenues to issue forgivable low-interest loans, based on a competitive application process, to family-home and commercial child care providers. Awarded funds must be used in accordance with Santa Cruz County Code, Chapter 15.04 – Child Care Fees and Exactions, for projects that will increase or maintain the supply of licensed child care slots available within Santa Cruz County. Projects may involve loans to develop new child care facilities or to improve existing child care facilities such that the operator is able to either serve more children, or to mitigate licensure issues that could result in the loss of child care slots if not addressed. Loans are forgiven when awardees provide evidence through an annual reporting of quarterly attendance, that they have served the number of children identified in their approved loan applications. After providing services as evidenced for the designated period, awardees are no longer required to pay either the loan’s principle or interest.

B. Original Nexus Study

The Mitigation Fee Act requires that “if a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee.” The nexus study supporting the existing fee was conducted by Keyser Marston Associates for the County of Santa Cruz in 2018. The methodology of the nexus analysis is fundamentally the same as the methodology for the Equilibrium Level of Service analysis. The assumptions have been updated to reflect more recent data sources, including demographics, cost estimates, child care demand preferences for the type of child care and the location of child care, and existing supply figures.

C. Evaluation of Collected Fee Revenues

The Mitigation Fee Act also requires that “if a nexus study supports the increase of an existing fee, the local agency shall...evaluate the amount of fees collected under the original fee.” KMA reviewed fee collection data provided by the County and prepared the following summary.

	2018-2019		2019-2020		2020-2021		2021-2022		2022-2023	
Beginning Balance	\$	159,568	\$	186,370	\$	112,699	\$	117,045	\$	153,130
Fees Collected	\$	25,300	\$	50,909	\$	20,228	\$	34,825	\$	86,016
Interest Earned	\$	3,432	\$	3,510	\$	767	\$	607	\$	3,497
Fees Expended	\$	-	\$	(135,751)	\$	(16,649)	\$	-	\$	-
Ending Balance	\$	188,300	\$	105,038	\$	117,045	\$	152,477	\$	242,643
Adjustments	\$	(1,930)	\$	7,661	\$	-	\$	653	\$	(304)
Adjusted Ending Balance	\$	186,370	\$	112,699	\$	117,045	\$	153,130	\$	242,339

Source: Child Care Developer Fee Annual Reports, 2018 – 2023, County of Santa Cruz.

From 2018 through 2023, the Child Care Developer Fee collected \$217,278 and expended \$152,400. On average, the County collects \$43,500 per year from the fee.

IX. FEE PROGRAM IMPLEMENTATION AND ADMINISTRATION

The Mitigation Fee Act includes a series of reporting requirements designed to ensure that development impact fee revenues are properly accounted for, used appropriately, and when funds are ultimately not used, that they are reimbursed. In addition, jurisdictions adopting fee programs should determine their preferred approach to updating the fee schedule and whether they intend to allow for exemptions, credits, and reimbursements (under any additional circumstances). The following fee program implementation and administration parameters are our standard recommendations. The County's existing program may already include some or all of these recommendations.

1. Adoption

The Mitigation Fee Act requires local agencies to adopt nexus studies at a public hearing and to give at least 30 days' notice prior to the adoption of any nexus study.

2. Fee Accounting

The County should deposit child care facility impact fee revenues into a separate restricted fee account to be used only for eligible child care capital facility improvements.

3. Annual Reporting

The Mitigation Fee Act stipulates that each local agency that requires payment of a fee make specific information available to the public annually within 180 days of the last day of the fiscal year. This information includes the following:

- A description of the type of fee in the account
- The amount of the fee
- The beginning and ending balance of the fund
- The amount of fees collected and interest earned
- Identification of the improvements constructed
- The total cost of the improvements constructed
- The fees expended to construct the improvement
- The percentage of total costs funded by the fee
- The approximate date by which the construction of the public improvement will commence if the County determines that there is sufficient funds to complete an incomplete public improvement
- A description of each interfund transfer or loan made from the account

4. Five-Year Reporting

Starting in the fifth fiscal year following the first deposit into the child care impact fee account, and every five years thereafter, the Mitigation Fee Act requires the County to make the following findings with respect to funds that have not been spent:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged;
- Identify all sources and amounts of funding anticipated to complete target eligible improvements;
- Designate the approximate dates on which the additional funds sufficient for completing the target eligible improvements are expected to be deposited into the account.

If the required findings are not made, the County is required to refund the moneys in the account.

5. Credits, Reimbursement, and Exemptions

Under certain and limited circumstances, as determined by the County, the Impact Fee Resolution could allow developers subject to the fee to obtain credits, reimbursements, or exemptions. In cases of redevelopment, the demolition of space should provide a fee credit. In other words, the gross fee obligation should be calculated based on the scale of the proposed new development, with a fee credit to be applied for existing square footage to be removed (or retained) using the applicable fee for the existing square footage (land uses). Residential units that are being replaced due to a natural disaster are also exempt from the impact fees.

All other fee credits and/or reimbursements should not be allowed by right but rather should be subject to review by County staff and the Board of Supervisors to ensure that such credits or reimbursements are warranted and appropriate. Potential examples where fee credits and reimbursements might be considered include: (1) cases where a Development Agreement specifically envisions extraordinary, direct investments in child care facilities of equal to or greater value to the County than the child care facility impact fees; and (2) exemptions where the County elects not to impose fees for certain categories of development.

6. Securing Supplemental Funding

The maximum, supportable development impact fees are set to cover the child care facilities investments that will maintain countywide capital facilities levels as new growth occurs. To the extent that the adopted fees are less than the maximums and/or the County's goals envision an overall increase in child care facility standards, supplemental funding will be required to fund new facilities. In addition, to the extent that exemptions are provided for particular types of development, supplemental funding will be required to make up for this lost funding.

7. *Inflation Adjustment*

The funding capacity of the fee will erode over time due to inflation. To mitigate this impact, the fee should be adjusted annually using a reputable source, such as the Engineering News Record. The selected inflation index should be identified in the fee ordinance.

8. *Reporting*

Gov. Code §§ 65940.1(a) requires that all jurisdictions make available on their website the following:

- A current schedule of fees, exactions, and affordability requirements;
- All zoning ordinances and development standards;
- The current and five previous annual fee reports or annual financial reports; and
- An archive of impact fee nexus studies conducted on or after January 1, 2018.

9. *Periodic Review*

Because of the dynamic nature of growth and capital equipment requirements, the County should monitor inventory activity, the need for improvements, and the adequacy of the fee revenues and other available funding. To the extent particular issues are identified, adjustments to the fee program may be required. We recommend that the fee levels be reviewed every five years. The Mitigation Fee Act now requires that nexus studies be updated at least every eight years.

Appendix Table 1
Average New Residential Unit
Child Care Facility Development Impact Fee Study
County of Santa Cruz, CA

A. SINGLE FAMILY UNITS

	# of Units	Average # of BRs	Median Unit Size
Homes Built and Sold Since 2020	116	3.1	2,718

B. MULTI-FAMILY UNITS

Name	Location	Year Built	# of Units	Average # of BRs	Average Unit Size
I. Recently Built Units, Unincorporated County					
Live Oak Crossing	Live Oak	2020	13	1.2	568
130 Grove	Boulder Creek	2019	4	1.0	1,000
II. Units Under Development, Unincorporated Santa Cruz County					
432 Capitola Rd	Santa Cruz		7	2.6	1,244
Pleasure Point Plaza	3911 Portola		33	1.6	
Paul Minnie	2606 Paul Minnie		15	1.1	474
Weighted Average, Multi-family Units			72	1.5	697

C. AVERAGE NEW RESIDENTIAL UNIT

	Weighting¹	Average # of BRs	Average Unit Size
A. Single Family Units	81%	3.1	2,718
B. Multi-family Units	19%	1.5	697
Average New Residential Unit, SC County		2.8	2,300

1. Based on current mix of housing in the County, per the Housing Element. Multifamily includes mobile homes.

Source: Corelogic, County of Santa Cruz Housing Element, County of Santa Cruz Building Permit Data, CoStar Group.

Attachment A—County of Santa Cruz 2024-2029 Capital Improvement Project
FAMILY-HOME AND COMMERCIAL CHILD CARE FORGIVABLE LOAN PROGRAM

Supervisory District(s): 1 – 5

County Strategic Plan Element(s): 1.B; 5.A; 5.C; 5.D

Project Type: County Managed Forgivable Loan Project

Funding Status: Fully Funded through Developer Fees ([Code Chapter 15.04](#))

Planned Project Status: Ongoing management of approved multi-year loans

Location: County-wide

Planned Focus Area: Projects that directly increase or maintain the supply of licensed child care in Santa Cruz County, particularly those who provide child care that is affordable to low-income families.

Timing: Loan designation periods are determined once sufficient exaction fee related funding becomes available, typically through a 5-year cycle.

Estimated Cost: \$380,000 (estimates funding 4 child care centers averaging \$20,000 each, and 20 family child care homes averaging \$15,000 each.)

Project Background & Description: The County makes child care impact fee revenue available as a forgivable, low-interest loan, based on a competitive application process, to family-home and commercial child care providers. Awarded funds must be used in accordance with Santa Cruz County Code, [Chapter 15.04](#) – Child Care Fees and Exactions, for projects that will increase or maintain the supply of licensed child care slots available within Santa Cruz County. Projects may involve loans to develop new child care facilities or to improve existing child care facilities such that the operator is able to either serve more children, or to mitigate licensure issues that could result in the loss of child care slots if not addressed.

Since 2019, the County has funded two (2) child care centers at a total amount of \$11,000 for both centers, at loan amounts ranging from \$2,000 to \$9,000 each. Additionally, the County since 2019 has funded sixteen (16) family child care homes at a total amount of \$158,050 across all 16 family child care homes, at loan amounts ranging from \$2,600 to \$17,400 each. Loans are forgiven when awardees provide evidence through an annual reporting of quarterly attendance, that they have served the number of children identified in their approved loan applications. After providing services as evidenced for the designated period, awardees are no longer required to pay either the loan's principle or interest. Future awards are anticipated to increase in cost due to projected increases in costs for construction and equipment.

Prior Cycle Funds:	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fee Types & Amounts	Residential Use: <ul style="list-style-type: none"> • Single family dwelling: \$.52/SF • Multi-family dwelling \$.17/SF Non-Residential Use: <ul style="list-style-type: none"> • Office \$1.34/ SF • Hotel \$.41/ SF • Retail/Restaurant \$1.15/ SF • Manufacturing/Lt. Industrial \$.54/ SF 	Residential Use: <ul style="list-style-type: none"> • Single family dwelling: \$.73/ SF • Multi-family dwelling \$.23/ SF Non-Residential Use: <ul style="list-style-type: none"> • Office \$1.87/ SF • Hotel \$.57/ SF • Retail/Restaurant \$1.60/ SF • Manufacturing/Lt. Industrial \$.45/ SF 	Residential Use: <ul style="list-style-type: none"> • Single family dwelling: \$.85/ SF • Multi-family dwelling \$.28/ SF Non-Residential Use: <ul style="list-style-type: none"> • Office \$2.20/ SF • Hotel \$.67/ SF • Retail/Restaurant \$1.89/ SF • Manufacturing/Lt. Industrial \$.88/ SF 	Residential Use: <ul style="list-style-type: none"> • Single family dwelling: \$.85/ SF • Multi-family dwelling \$.28/ SF Non-Residential Use: <ul style="list-style-type: none"> • Office \$2.20/ SF • Hotel \$.67/ SF • Retail/Restaurant \$1.89/ SF • Manufacturing/Lt. Industrial \$.88/ SF
Beginning/End Balances	July 1, 2019: \$186,370 June 30, 2020: \$122,699	July 1, 2020: \$112,699 June 30, 2021: \$117,045	July 1, 2021: \$117,045 June 30, 2022: \$153,130	July 1, 2022: \$153,130 June 30, 2023: \$236,157
Total Fees & Interest	Fees collected: \$50,909 Interest earned: \$3,510	Fees collected: \$20,228 Interest earned: \$767	Fees collected: \$34,825 Interest earned: \$607	Fees collected: \$79,530 Interest earned: \$3,497
Fees Awarded for Projects	\$152,400	\$16,650	\$0	\$0