Equitable and Transparent: Pricing School Facilities for Joint Use
Ruth Miller

*Schools are at the Heart of Health in our Communities*
PLUS Leadership Regional Learning Initiative Fellows Report 2012-2013
Equitable and Transparent: Pricing School Facilities for Joint Use


Summary
San Francisco Unified School District (SFUSD), like many districts, allows use of its classrooms, gymnasiums, and other indoor facilities to external groups, but similar to other districts, SFUSD has struggled to apply use fees consistently, fairly and equitably. Building from the recommendations of the 2010 report, San Francisco’s Public School Facilities as Public Assets: A Shared Understanding and Policy Recommendations for the Community Use of Schools, and the working group, this report proposes an updated, revised pricing methodology and fee schedule in accordance with California’s Civic Center to increase transparency, consistency, and align to SFUSD’s education goals.

Lessons from Other Districts
For this project, we looked at facility use fee schedules for more than a dozen other California school districts, including Los Angeles USD, Oakland USD, Folsom-Cordova USD, Paramount USD, San Diego USD, San Jose USD, Vacaville USD, Sacramento City USD, Santa Monica-Malibu USD, Murrieta Valley USD, and Elk Grove USD. As detailed in a September 11, 2011 memo, we found the following:
• Wide variation in the ways in which use fees are calculated and applied
• Some districts set minimum rental hours
• Some districts charge an application fee
• Some districts charge separate custodial and/or security fees
• Some districts’ rates differ by time of day, day of week, and/or time of year
• Many districts’ rates differ by room size/type
• All districts define multiple user type tiers that are charged different rates. The number of tiers varies. For example, LAUSD has two tiers while Santa Monica-Malibu has six tiers

California’s Civic Center Act
California’s Civic Center Act (CCA, Education Code § 38130–38139) sets the framework for how school districts can charge fees for the use of their facilities and grounds by external groups. The CCA establishes California’s public schools as “civic centers” and requires school boards to establish rules and regulations to encourage the use of school facilities for purposes listed in the Act. The CCA identifies two main fee categories:
• Direct costs: The governing board of any public school shall make facilities available to “nonprofit organizations, and clubs or associations organized to promote youth and school activities” at a price not to exceed the direct costs associated with that use. “Direct costs” are defined as “those costs of supplies, utilities, janitorial services, services of any other district employees, and salaries paid school district employees necessitated by the organization's use of the school facilities and grounds of the district.” (Education Code § 38134[g][1])

• Fair Rental Value: For-profit users, churches, and any groups conducting fundraisers may be charged “fair rental value,” defined as “the direct costs to the district, plus the amortized costs of the school facilities or grounds used for the duration of the activity authorized.” (Education Code 38134[g][2])

NOTE: Senate Bill 1404, passed in 2012, instructs the State Superintendent of Public Instruction to develop and adopt “regulations to be used by a school district in determining the proportionate share and the specific allowable costs that a school district may include as direct costs for the use of its school facilities or grounds” by December 31, 2013. At that point, SFUSD will need to revisit its fee structure to ensure compliance.

Proposed Fee Schedule for SFUSD

To increase consistency and transparency, the proposed fee schedule introduces clear categories for permit applicants, and charges a reduced facility fee for more public-serving groups. SFUSD already recognizes that some permits produce educational or civic outcomes while others create profit for an individual or group. To support the public good, SFUSD currently waives or lowers some or all of the permit fees in some instances. The user types are described in Table 1.

Table 1 User Types

| SFUSD-affiliated | Event led by an SFUSD-affiliated agency, department, or staff, such as a school play, meeting of district principals, or parent-teacher organization (PTO)-hosted event. |
| SFUSD-students  | Focused services for SFUSD students: event in which more than 75% of participants are students, or the event is intended to benefit students, such as workshops and festivals. |
| Non-Profit or Civic | Event sponsored by a 501(c)3 non-profit or public agency, but not aimed at SFUSD students, such as meeting about improving a local park. |
| For-Profit and Private | Event sponsored by a private or commercial organizations, such as GRE preparation courses or a Christmas tree sale, even if the event is free for participants to attend. |

The decision process to determine an event’s user group is demonstrated in Figure 1.
SFUSD-affiliated group?

yes

SFUSD-affiliates

no

Student serving event?

yes

SFUSD-students

no

Is the host group a non-profit organization?

yes

Non-Profit

no

Private

Figure 1 User group decision tree
Fee Components

According to SFUSD staff, a facility rental produces five possible costs to SFUSD. The proposed fee schedule includes all five, as shown in Figure 2 and described in detail below.

![Diagram of Fee Components]

Total Fee

Figure 2 Component Fees

Application Fee
The current application fee is $50, with some waivers for some community serving applicants. Under the proposed schedule, non-profit and for-profit groups pay $50, and the fee is waived for all SFUSD-affiliates and SFUSD-students.

Facilities Fee
The Facilities Fee portion of the Total Use Fee follows the instruction of the Civic Center Act. The Direct Cost is the annualized facilities operating and administrative costs for the entire SFUSD ($0.00110 per square foot per hour). The Fair Rental Value is the amortized value of the buildings and land are used in addition to the annualized facilities operating and administrative costs ($0.00856 per square foot per hour). These calculations are based on budget data from SFUSD School District budget and plugged into the Joint Use Cost Calculator Tool created by UC Berkeley’s Center for Cities & Schools. For detail on these calculations, including assumptions on useable hours and spaces, see tabs “01 Data and Policy”, “02 Fac Cost Calculations” and “03 Room Rates” in the file “Revenue Analysis 3-26-13.xlsx”.

Table 2 shows the direct costs and fair market values of some typical SFUSD facilities per hour using the proposed rates.
Table 2 Example hourly direct costs and fair market values

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Square Footage</th>
<th>Direct Cost</th>
<th>Fair Rental Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>classroom</td>
<td>1,000</td>
<td>$1.10</td>
<td>$8.56</td>
</tr>
<tr>
<td>elementary school gym</td>
<td>5,000</td>
<td>$5.48</td>
<td>$42.78</td>
</tr>
<tr>
<td>middle school auditorium</td>
<td>7,500</td>
<td>$8.22</td>
<td>$64.17</td>
</tr>
<tr>
<td>high school auditorium</td>
<td>10,000</td>
<td>$10.96</td>
<td>$85.55</td>
</tr>
</tbody>
</table>

The proposed fee schedule allows SFUSD affiliates, students, and non-profits to pay a subsidized portion of the direct costs (100, 50, and 25%, respectively) and requires for-profit organizations to pay the estimated fair rental value.

**Custodial Fee**
SFUSD staff suggested calculating custodial time as follows: each room requires 30 minutes of custodial time, and all permit-applicants are billed at a rate of $40 an hour on weekdays and $50 an hour on weekends. Events held after school pay only for the time they need, but events on weekends and holidays must cover a four-hour minimum.

**Security Fee**
Events with more than 100 participants or held on a weekend or holiday may require security, but most events are waived of this requirement. Applicants can hire SFUSD security at a weekday rate of $35 per hour or a weekend rate of $45 per hour, or agree to work with an approved third party. Most events do not require this fee.

**Personnel Fee**
Events that require kitchen personnel will be charged at a weekday rate of $40 per hour and weekend rate of $50 per hour. Like custodial, on weekends and holidays these services will be covered with a four-hour minimum. Most events do not require this fee.

**Bulk Discount**
The proposed fee schedule introduces two opportunities for discounts on the facilities portion of the fee.

- Rentals longer than three hours at a time: 15%
- Rentals of more than four rooms: 5%
- Rentals of more than seven rooms: 15%

At most, the facilities fee can be reduced through bulk discounts by 30%.

**Example Fees**
Table 3 identifies four SFUSD facilities permits issued during fall 2012. For each event, the four possible new fees for each proposed user category is shown, as well as the fee actually paid. The applicable user category is shaded. None of these sampled events required security or personnel, so these components are excluded from the fee totals.
### Table 3 Example Fees

<table>
<thead>
<tr>
<th>Permit Description</th>
<th>Affiliated</th>
<th>Students</th>
<th>Non-Profit</th>
<th>For-Profit</th>
<th>Actual Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association of Asian American Administrators: one elementary school auditorium for 1.5 hours on a weekday</td>
<td>20.00</td>
<td>24.11</td>
<td>76.17</td>
<td>134.17</td>
<td>0</td>
</tr>
<tr>
<td>Little Opera: one elementary school classroom, 1.5 hours a day, for 45 weekdays</td>
<td>900</td>
<td>936.99</td>
<td>1,005.49</td>
<td>1,527.49</td>
<td>1,390</td>
</tr>
<tr>
<td>Growth Learning Opportunities: one elementary school studio room, for 4.5 hours on a Sunday</td>
<td>200</td>
<td>204.93</td>
<td>257.40</td>
<td>365.43</td>
<td>327</td>
</tr>
<tr>
<td>Evaluation Systems Group: 30 classrooms for two hours on a Friday evening and 11 hours on a Saturday</td>
<td>1,350</td>
<td>1,563.72</td>
<td>1,720.59</td>
<td>4,736.50</td>
<td>1,641</td>
</tr>
</tbody>
</table>

As intended, public-serving permits are high enough to recoup custodial costs, but are significantly cheaper than for-profit events. Application and facility fees comprise this difference in cost. For the four new proposed permit prices above (shaded), the share comprised by each component fee is shown in Figure 2. Again, security and personnel were not applicable in most cases, including these.

<table>
<thead>
<tr>
<th>Permit</th>
<th>Application</th>
<th>Facilities</th>
<th>Custodial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Students</td>
<td>0</td>
<td>4</td>
<td>96</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>9</td>
<td>1</td>
<td>90</td>
</tr>
<tr>
<td>For-Profit</td>
<td>0.5</td>
<td>67</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Figure 3 Percentage of proposed fees by component

These costs were determined with the Excel file “Fee Calculator 3-26-13.xlsx”, as shown in a screenshot in Figure 4. This file is submitted as a resource, allowing staff to easily experiment with different reservation requests and see the proposed cost.
Analysis of SFUSD Revenue Impacts Under Proposed Fees

To understand how the proposed fee schedule could impact SFUSD permit revenues, a sample of permits from Fall 2012 was randomly selected. Tab “04 Calculator” in the Excel file “Revenue Analysis 3-26-13.xlsx” breaks down the calculation for the 22 sample permits.

Analyzing the permits found that had the permits been granted through the proposed fee schedule:

- SFUSD collects 37% less revenue overall
- For-profit groups pay 30% more
- Non-profit groups pay 56% less
- SFUSD-student serving groups pay 51% less
• SFUSD-affiliated groups pay 6% less
• Half the permits become more expensive, and half become less expensive

It is important to keep in mind that the fee schedule proposed here only changes the way facilities fees are calculated – the cost per square foot per hour. Custodial and security fees have always been charged, but not always at a clear hourly rate. Because every application, facilities, and custodial fees are applied consistently, the analysis only looked at those three fee components.

Overall, groups serving the public good will pay less to rent SFUSD facilities than under the current fee schedule, and for-profit groups would pay more. All groups stand to gain transparency into the calculation of their fees.

As shown in Figure 5, the majority (69%) of income in the new schedule is directed to custodial service. When security is included, it comprises an even larger share of the fee. This meets the purpose of having a more transparent fee schedule: capturing direct costs.

The analysis showed a wide range of fees currently being paid. For example, Evaluation Systems Group (permit 1300233), a for-profit group, rented 30 classrooms for a Saturday and paid $1,642, which barely covered the custodial fee. Another for-profit group teaching SAT courses (permit 1300107) paid a similar amount ($1,776) to rent a single classroom for about the same amount of time. Under the new schedule, the first group would pay significantly more ($4,147) and the second group would pay significantly less ($386).

In a more extreme case, Sunset Chinese Baptist Church rented three classrooms for 40 Sundays (permit 1300102). They paid $17,040 to host “Activity Space for Youth and Adult Classes”. Under the proposed schedule, this permit would only cost $3,859, which is much closer to the rates other groups paid for comparable events. This case was so extreme it was removed from the final calculation.

Figure 5 Distribution of new fees by component
**Next Steps**

With a transparent and simple fee structure, the next step toward improved greater customer service would be to implement an online permit system. The Excel-based Fee Calculator spreadsheet has a prototype of what this interface could look like. Applicants could select their desired rooms from a list of options, see available facilities, and receive instant quotes or reservations.

SFUSD should consider the following next steps.

- Confirm the square footage of each room type. The figures used in the calculation are estimates.
- Explore a similar approach for the costs of outdoor facilities.
- Investigate a parallel fee schedule for summer facilities, possibly with greater discounts for larger bulk reservations.
- Develop a schedule to update and revise the costs incorporated in the direct cost and fair market value calculation.

Note that the California Department of Education is developing clarifying language for the Civic Center Act, to be released at the end of 2013. Though the specific costs that can be included in direct costs or fair market value may need to be revised, but the underlying principle of time and space-related cost and categorical subsidies will remain practical.