

Attachment 22

CityPlace Fiscal Impact Analysis

MEMORANDUM

To: Art May, Related Santa Clara

From: Teifion Rice-Evans, Michael Nimon, and Jenny Lin

Subject: City Place Fiscal Impact Analysis

Date: May 24, 2016

The Economics of Land Use



This memorandum presents a fiscal impact analysis of the proposed City Place Development Project located in the City of Santa Clara. The proposal includes a new mixed-use city center with 9.2 million square feet of commercial uses, including office, retail commercial, and hospitality, as well as 1,360 residential units located on a City-owned site adjacent to Levi Stadium. The Project will be subject to a long-term ground lease between the City and the developer, Related Santa Clara.

The analysis indicates whether the Project can be expected to have a positive or negative overall effect on the City's General Fund at buildout. It compares additional costs incurred by the City with additional public revenues generated by the Project. Cost estimates in this analysis (as well as the property tax in-lieu of vehicle license fee revenue) are estimated by EPS based on standard fiscal methodology, department-specific input, and in-house assumptions. Other tax revenues are estimated by EPS based on the methodology applied by Seifel Consulting Inc. in previously developed revenue projects for the Project. Comparison of revenues and costs is summarized in order to calculate the overall impact in this analysis.

It should be noted that fiscal results (annual surpluses or deficits) are simply indicators of fiscal performance; they do not mean that the City will automatically have surplus revenues or deficits because a budget must be balanced each year. Persistent shortfalls shown in a fiscal analysis may indicate the need to reduce service levels or obtain additional revenues; persistent surpluses will provide resources to reduce liabilities such as deferred maintenance or improve service levels.

The impacts of the proposed Project are considered at two snapshots: completion of the City Center portion of the project (phases 1 through 3) and at full buildout (additional completion of phases 4 through 8). This analysis also provides sensitivity fiscal results for alternative development programs tested in phases 1 through 3 as further described below. The analysis is based on a number of sources, including the City's Fiscal Year 2015-16 Adopted Operating Budget, information on the development program, data provided by City staff, other data sources, Seifel Consulting,

Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
Oakland, CA 94612
510 841 9190 tel
510 740 2080 fax

Oakland
Sacramento
Denver
Los Angeles

www.epsys.com

and EPS's prior work experience in similar jurisdictions. The estimates in this analysis depend on factors such as development timing and absorption, market performance, economic conditions, and budget practices. All results are expressed in constant dollar terms consistent with the 2015-2016 City Budget.

Key Findings

- **The Project will result in a substantial positive net fiscal impact on the City's General Fund for each time period snapshot evaluated.** The fiscal surplus (General Fund revenues minus expenditures) is estimated at \$13.1 million annually after completion of the first three phases and at \$16.9 million annually at buildout. This impact is based on annual additional General Fund revenues of about \$20.7 million and annual expenditures of about \$3.8 million associated with the Project at completion. The net additional funds will be available to support other City services (see **Table 1**).
- **Sales tax and transient occupancy tax will comprise the largest revenues to the City's General Fund.** Much of the Project's sales tax is expected to be driven by new retail and food and beverage sales that will substantially increase the City's sales and draw visitors/tourists to the area. Transient occupancy tax will be driven by 700 new hotel rooms.¹ Both of these revenue sources are substantially generated during completion of the first three phases. While the Project will likely generate other revenue sources beyond those considered in this analysis (e.g., licenses and business taxes, fines and forfeitures), exclusion of these revenues from the analysis represents a conservative approach.
- **Police cost will make up the largest expenditures to the City's General Fund.** The Project's share of police cost is estimated at \$2.4 million annually at project completion. While EPS estimates fire protection costs at \$950,000 per year, Fire Station #10 has adequate staff to cover the full CityPlace development. If additional requirements due to the landfill require additional hazardous materials staff and equipment, Related will reimburse the City for any direct hazardous materials mitigation costs. Therefore, the City will not have any additional general fund requirements related to the fire department. The police and fire department service levels are assumed to be in place by the end of the first three phases, creating excess capacity to accommodate development of the later phases with no additional cost. The required levels of service for police and fire were based on direct input from the Police and Fire Departments.
- **To the extent the full Project buildout does not materialize, the "worst case" scenario tested for Phases 1 through 3 would still generate positive fiscal impacts to the City.** Although fiscal benefits under the "worst case" would be smaller for the City than those under the proposed development program, revenues would still exceed costs in each of the three phases, as shown in **Table 2**. This scenario is based on the minimum development program required to be delivered under the Project's term sheet requirements.
- **The Project will also generate substantial special tax revenue from the formation of the Communities Facilities District (CFD) as a part of the Levi's Stadium project.** While the CFD revenue does not contribute directly to the General Fund, it is estimated to

¹ EPS adjusted the TOT/CFD revenue estimate completed by Seifel Consulting Inc. to remove the CFD portion as CFD is not expected to be a General Fund revenue source, but will rather fund Levi Stadium.

generate a total of \$1.2 million to annually finance portions of the publically-owned infrastructure for the Levi's Stadium. The CFD includes hotel properties in the vicinity of Levi's Stadium and places a special tax on hotel room charges of 2 percent as part of the transient occupancy tax (TOT).

- ***In addition to the ongoing revenues, one-time sales tax revenues will be generated for the City from construction purchases.*** Through the purchase of building materials within the City, total buildout construction will generate approximately \$1.7 million in one-time sales tax revenues to the General Fund. These revenues are based on a City capture rate of 7.5 percent of all projected construction purchases.²

Table 1 Annual Fiscal Impacts to City of Santa Clara General Fund – Proposed Project (Rounded)

Item	Phase 1-3	Phase 4-8	Total
Estimated GF Revenue ¹	\$16,119,000	\$4,625,000	\$20,744,000
Estimated GF Expenditures ²	<u>\$3,058,000</u>	<u>\$752,000</u>	<u>\$3,810,000</u>
Total Net Fiscal Impact	\$13,061,000	\$3,873,000	\$16,934,000

¹ Estimated General Fund Revenue based on Table 2a of Seifel Consulting's City Place Santa Clara Fiscal/Economic Benefit Analysis, August 2015; excludes CFD and one-time sales tax construction revenues; see Table 5.

² See Table 9.

Sources: Related Santa Clara; Seifel Consulting, Inc.; Economic & Planning Systems, Inc.

Table 2 Annual Fiscal Impacts to City of Santa Clara General Fund – "Worst Case" (Rounded)

Item	Phase 1	Phase 2-3	Phases 1-3 Total
Minimum Development			
Estimated GF Revenue ¹	\$3,183,000	\$4,369,000	\$7,552,000
Estimated GF Expenditures ²	<u>\$397,000</u>	<u>\$687,000</u>	<u>\$1,084,000</u>
Total Net Fiscal Impact	\$2,786,000	\$3,682,000	\$6,468,000
Best Effort Development			
Estimated GF Revenue ¹	\$4,100,000	\$7,928,000	\$12,028,000
Estimated GF Expenditures ²	<u>\$716,000</u>	<u>\$1,038,000</u>	<u>\$1,754,000</u>
Total Net Fiscal Impact	\$3,384,000	\$6,890,000	\$10,274,000

¹ Estimated General Fund Revenue based on Seifel Consulting's City Place Santa Clara Fiscal/Economic Benefit Analysis, August 2015 methodology applied to the revised development program by EPS; excludes CFD and one-time sales tax construction revenues; see Table 5.

² See Tables A-2 and B-2

Sources: Related Santa Clara; Seifel Consulting, Inc.; Economic & Planning Systems, Inc.

² Seifel Consulting, Inc.

Project Description

The Project's site is located at 5155 Stars & Stripes Drive in Santa Clara. The City of Santa Clara is in Santa Clara County and has about 121,000 residents and 122,000 jobs, as shown in **Table 3**. The City is home to Santa Clara University and Levi's Stadium. It has also attracted a number of Silicon Valley high-technology companies, including Intel headquarters, Texas Instruments, and Sun Microsystems.

The proposal includes development on the City owned 239-acre site currently used as a municipal golf course, BMX track, and parking lots and previously used as a landfill (excluding the Tasman parking lot areas). The development program includes 5.7 million square feet of office and 1.5 million square feet of retail uses, 1,360 residential units, and 700 hotel rooms. The Project is also envisioned to include public open space and parks. At buildout, the Project is expected to support about 25,000 employees and 3,000 new residents. A summary of the key Project parameters is shown in **Table 4** with employment density assumptions shown in **Table 5**.

Although this analysis assumes that the proposed program will be delivered by the Developer, two sensitivities for the "worst case" scenario in Phases 1 through 3 are provided under minimum development and under best efforts development. The development program for these two sensitivities is shown in **Table 6** with the full fiscal set for each scenario included in **Appendix A** and **B**, respectively. These development programs are based on the minimum development program required to be delivered under the Project's term sheet and other planning documents.

Fiscal Impact Analysis

This section describes key assumptions used in estimating the impact of the proposed Project on the City of Santa Clara's General Fund. The summary of revenues is shown in **Table 7**, while the summary of expenditures is shown in **Table 9**.

Revenues

Possessory interest/property taxes, sales taxes, and transient occupancy taxes were estimated by Seifel Consulting, Inc (see **Appendix C**). While Seifel Consulting, Inc., also estimates a number of revenues to other entities, such as schools and community colleges, these revenues are not expected to impact Santa Clara's General Fund and are therefore excluded from this analysis. **Table 7** also shows the annual revenues generated from the CFD and the one-time sales tax revenue due to construction.

In addition to revenues described above, EPS also estimates the property tax in lieu of VLF revenue associated with the Project. In 2004, the State of California adjusted the method for sharing vehicle license fees (VLF) with local jurisdictions. Recent state budget changes replaced the VLF with property tax, which grows proportionately to increases in the assessed values of the City. The Project will add about 17.5 percent to the current assessed value in the City of Santa Clara (assuming no other assessed value growth for simplification purposes) and will generate the same increased percentage in in-lieu VLF revenues (see **Table 8**).

Expenditures

This section describes EPS's methodology and key assumptions for calculating various General Fund expenditure items. Certain expenditures, such as General Government, Community Services, and others, consist of both fixed and variable costs. While fixed costs are independent of new development, variable costs are assumed to increase based on new growth in the City. Only variable costs are used to project the General Fund expenditures in this analysis. The approach by expenditure item is outlined in **Table 10**. Several items are not forecasted because they are not expected to be affected by the Project.

For each cost expenditure, EPS used the most appropriate forecasting methodology available.

- **Per Daytime Population.** The relative impacts of employment and population are compared and used to estimate total daytime population. An employee is only likely to access services during non-work hours and while in the City and therefore has a lower impact than the residential population. For departments affected by daytime population, EPS assumes that the cost to provide services to one worker is equivalent to half of the cost of providing the same service to one resident.
- **Per Capita.** For departments primarily affected by resident population, EPS assumes that the cost to provide services to an additional resident is equivalent to the cost of providing the same service to an existing resident.
- **Not Impacted.** Some budget items are not estimated because certain City revenues and expenditures are either not affected by new development associated with this Project (such as Parks, as they will be maintained by the developer) or will be covered through other funding sources.
- **Other.** A case study approach is used to calculate budget items for which none of the above approaches is deemed sufficiently specific, such as police and fire costs.

General Government

The City's General Government includes the following functions:

- City Council
- City Manager
- City Clerk
- City Attorney
- Information Technology
- Human Resources
- Finance

Based on EPS's research in similar jurisdictions, new development of the Project's scale typically impacts administrative and legislative government costs by a fraction of these departments' operating budgets. As a result, EPS assumes that 25 percent of the cost of general government services are variable and will be affected by new development. The portion of general government costs assumed to be affected by new development is estimated at \$41 per daytime population (see **Table 11**).

Library

The library department provides library services in the City and consists of administration, youth and extension services, adult services, collection services, and support services. EPS assumes that the cost structure for the library department is 50 percent variable (excludes fixed costs and costs recovered through fees), which yields a per capita estimate of \$37 based on the existing citywide average (see **Table 11**).

Community Development

The Department provides planning, building inspection, and housing and community services functions. Because of the fee recovery nature of various departmental activities and a cost of other functions not directly related to new population and employment growth, the majority of the cost is assumed to be fixed. This analysis assumes a 25 percent variable cost component, which yields a per daytime population estimate of \$11 (see **Table 11**).

Public Works

This category includes costs associated with maintaining streets, engineering, and building maintenance. Additional staff and equipment will be necessary to provide street maintenance services associated with increased population and employment. The street maintenance cost is assumed to be 90 percent variable, while engineering cost is assumed to be 25 percent variable, as shown in **Table 12**. These assumptions result in an average variable maintenance citywide net cost of \$56 per daytime population. About half of the street mileage is assumed to be public and this ratio is applied to the public street mileage of the Project based on the associated daytime population equivalency. It is important to note that Related will be responsible for the extraordinary maintenance costs of the new public streets due to any settlement of the landfill.

Parks and Recreation

Parks and Recreation department provides parks and playgrounds maintenance, recreation programs, special recreation programs, and manages the City's cemetery with only the first two funded through the General Fund. The department maintains 273 acres of parks in the City. City Place's proposed public parks will be privately maintained by the developer and will therefore result in no park maintenance cost increase to the City. This analysis assumes that addition of new residents will trigger a cost increase in recreation programs proportional to the existing citywide average. As shown in **Table 13**, recreation program net cost is estimated at \$31.50 per capita.

Police Services

Santa Clara police department provides field operations, investigations, and administrative services to the City of Santa Clara. The development will attract new residents and employees who may require additional law enforcement. The developer will be deploying a private security operation within the development which may decrease the police service level required. However to be conservative, the Police Department recommended eight additional officers be budgeted for the Project. Given the average cost of \$296,000 per sworn officer in the City (including the cost of administrative services and non-sworn personnel), this will result in

the annual Police Department cost increase of \$2.4 million (see **Table 14**). This cost is assumed to be frontloaded during completion of the first three phases with adequate capacity to accommodate development of the later phases.³

Fire Service

The Santa Clara Fire Department provides fire protection and emergency medical services (EMS). As previously stated, Fire Station #10 has adequate staff to cover the full CityPlace development, but in the case of additional requirements for hazardous materials staff and equipment caused by the landfill, Related will reimburse the City for any direct mitigation costs. While Related is proposing a full recovery of the fire service cost to the City, EPS estimates the value of this cost. However, the fire service cost is excluded from this analysis as it will not be borne by the City's General Fund.

The annual Fire Operations Protection and EMS divisions are assumed to be fully variable, while the Fire Protection Administration division is assumed to be 25 percent variable. Additionally, Fire Prevention/Hazardous materials and Training functions are assumed to be 75 percent variable. These assumptions yield an average cost of \$216,000 per sworn firefighter. The Department estimates a need of 4.5 new firefighters associated with the Project (1 to 2 firefighters staffed 24/7). While the existing fire station has capacity for the new development, these new firefighters were requested for the project's potential hazardous materials concern due to the presence of the landfill. The additional staff results in an annual cost increase of \$974,000, as shown in **Table 15**. This cost is assumed to be frontloaded during completion of the first three phases with adequate capacity to accommodate development of the later phases.

Other Expenditures

The City's General Fund incurs other expenditures associated with Debt Service. This expenditure is not likely to be affected by new growth associated with the Project; therefore, its impact is not calculated.

Net Fiscal Impact on General Fund at Buildout

Based on the assumptions and analysis described above, the annual net fiscal impact associated with the proposed development is estimated at approximately \$13.1 million after completion of the first 3 phases and at \$16.9 million at buildout, as summarized in **Table 1**. At buildout, the Project is estimated to generate about \$20.7 million in General Fund revenues compared to \$3.8 million in General Fund costs. Actual fiscal impacts may vary due to the actual timing of Project buildout and changes in economic and budgetary conditions.

³ The City's police cost is unlikely to vary significantly based on whether events are held at Levi's Stadium. Commercial tenants in the Project are expected to have private security levels responsive to anticipated demand, while the San Francisco 49ers reimburse the Department for additional stadium police staffing required on event days.

Table 3
Santa Clara Citywide Assumptions
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Amount	Sources
Housing Units	45,828	DOF ¹
Occupied Households	117,777	DOF
Population	120,973	DOF
Jobs	121,950	ABAG ²
Daytime Population ³	181,948	DOF/ABAG

¹ California Department of Finance, 2015.

² Association of Bay Area Governments, 2015.

³ Daytime population is calculated by adding total residential population and half of total employment. It represents a measure of public service demand in which employees are given one-half the weight of residents because of more modest service demands.

Sources: ABAG Projections 2015; Department of Finance, 2015; Economic & Planning Systems, Inc.

Table 4

City Place Santa Clara Project Program and Daytime Population Estimates
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phase 1-3						Phase 4-8				Total Daytime Population ²
	Total Sq.Ft. ¹	Units/Rooms	No.	Projected Population		Daytime Population ²	Total Sq.Ft. ¹	Projected Population		Daytime Population ²	
		Avg. Sq.Ft.		Employees	Residents			Employees	Residents		
Parcel 1											
Office	-	-	-	-	-	-	1,200,000	4,444	-	2,222	2,222
Parcel 2											
Office	-	-	-	-	-	-	2,160,000	8,000	-	4,000	4,000
Parcel 3											
Office	-	-	-	-	-	-	720,000	2,667	-	1,333	1,333
Parcel 4											
Office	320,000	-	-	1,185	-	593	1,066,400	3,950	-	1,975	2,567
Commercial/Retail	1,385,500	-	-	3,079	-	1,539	29,500	66	-	33	1,572
Residential	1,160,000	1,000	1,160	36	2,598	2,617	-	-	-	-	2,617
Hotel	298,000	993	300	355	-	177	-	-	-	-	177
Parcel 5											
Office	258,000	-	-	956	-	478	-	-	-	-	478
Commercial/Retail	87,000	-	-	193	-	97	-	-	-	-	97
Residential	200,000	1,000	200	6	448	451	-	-	-	-	451
Hotel	280,000	700	400	333	-	167	-	-	-	-	167
Total	3,988,500			6,144	3,046	6,118	5,175,900	19,126	-	9,563	15,681

Public streets within project include: **Phase 1-3:** 2.23 miles **Phase 4-8:** 1.33 miles **Total:** 3.56 Miles

¹ Provided by Related Santa Clara.

² Daytime population is calculated by adding total residential population and half of total employment. It represents a measure of public service demand in which employees are given one-half the weight of residents because of more modest service demands.

Sources: Related Santa Clara; Economic & Planning Systems, Inc

Table 5

City Place Santa Clara Project Daytime Population Assumptions

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Development Type	Sq.Ft./Emp. ¹	Pop./Unit ²
Office	270	-
Commercial/Retail	450	-
Residential	32	2.24
Hotel	840	-

¹Assumptions for employee projections are based on Seifel Consulting's Fiscal and Economic Benefit Analysis.

²Population per unit is based on the City's standard on population per unit for apartments (2.24) as shown in the City of Santa Clara Residential Development-Parkland Dedication, Credits & Fees In-Lieu (Adoption of Ordinance No. 1928, adding Chapter 17.35 to the City Code, October 14, 2014).

Sources: Seifel Consulting; Economic & Planning Systems, Inc.

Table 6

City Place Santa Clara Project Program and Daytime Population Estimates (Phases 1 - 3)

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phase 1						Phase 2-3				Total Daytime Population ²
	Total Sq.Ft. ¹	Units/Rooms Avg. Sq.Ft.	No.	Projected Population		Daytime Population ²	Total Sq.Ft. ¹	Projected Population		Daytime Population ²	
				Employees	Residents			Employees	Residents		
Minimum Development											
Parcel 4											
Office				-	-	-	200,000	741	-	370	370
Commercial/Retail				-	-	-	750,000	1,667	-	833	833
Parcel 5											
Office	140,000	-	-	519	-	259	-	-	-	-	259
Commercial/Retail	50,000	-	-	111	-	56	-	-	-	-	56
Residential	200,000	1,000	200	6	448	451	-	-	-	-	451
Hotel	210,000	700	300	250	-	125	-	-	-	-	125
Total	600,000			886	448	891	950,000	2,407	-	1,204	2,095
Best Effort Development											
Parcel 4											
Office				-	-	-	200,000	741	-	370	370
Commercial/Retail ³				-	-	-	1,385,000	3,078	-	1,539	1,539
Parcel 5											
Office	258,000	-	-	956	-	478	-	-	-	-	478
Commercial/Retail ⁴	87,000	-	-	193	-	97	-	-	-	-	97
Residential	200,000	1,000	200	6	448	451	-	-	-	-	451
Hotel ⁴	255,000	700	364	304	-	152	-	-	-	-	152
Total	800,000			1,459	448	1,177	1,585,000	3,819	-	1,909	3,087

¹ Based on the term sheet and/or EIR program requirements.² Daytime population is calculated by adding total residential population and half of total employment. It represents a measure of public service demand in which employees are given one-half the weight of residents because of more modest service demands.³ Based on the EIR program versus the best effort clause.⁴ Reflects the minimum program of 775,000 square feet with an additional 25,000 square foot component added to retail. This results in a conservative estimate relative to adding it to hotel uses.

Sources: Related Santa Clara; Economic & Planning Systems, Inc

Table 7

City Place Santa Clara Annual General Fund Revenue Estimate (rounded)
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phase 1-3	Phase 4-8	Total	Source
Possessory Interest/Property Tax	\$2,501,000	\$3,371,000	\$5,872,000	Seifel Consulting ¹
Sales Tax	\$7,011,000	\$138,000	\$7,149,000	Seifel Consulting ¹
Transient Occupancy Tax ²	\$5,779,000	-	\$5,779,000	Seifel Consulting ¹
Property Tax In Lieu of VLF ³	\$828,000	\$1,116,000	\$1,944,000	EPS
Total	\$16,119,000	\$4,625,000	\$20,744,000	
Additional Revenues				
CFD ⁴	\$1,217,000	\$0	\$1,217,000	Seifel Consulting ¹
One-Time Sales Tax ⁵	\$743,000	\$957,000	\$1,700,000	Seifel Consulting ¹

¹ Estimated General Fund Revenue based on Table 2a of Seifel Consulting's City Place Santa Clara Fiscal/Economic Benefit Analysis, August 2015 .

² Calculated based on Seifel Consulting's TOT/CFD total with the CFD portion taken out. This portion, estimated at additional \$1.2 million, will be available to fund Levi Stadium-related improvements.

³ Calculated by EPS based on Seifel Consulting's market assumptions and allocated between phases based on pro rata market value shares.

⁴ On May 11, 2010 Council approved moving forward with the formation of a Community Facilities District (CFD) as part of the Levi's Stadium project.. This special tax is pledged to finance portions of the publicly owned infrastructure for the stadium project.

⁵ Generated from construction purchases within the City.

Sources: Related Santa Clara, Seifel Consulting, Inc., and Economic & Planning Systems, Inc.

Table 8
Property Tax In Lieu of VLF
City Place Santa Clara General Fund Expenditure Impact Study

Item	Annual Total at Buildout
Net Value Increase ¹	\$5,773,216,000
Existing Citywide Property Tax in Lieu of VLF	\$11,083,728
Citywide Assessed Value ²	\$32,920,000,000
Project Net Assessed Value Increase	17.54%
Net New Property Tax In Lieu of VLF	\$1,943,765

¹ Based on market assumptions provided by Seifel Consulting Inc.

² County of Santa Clara Assessor's Annual Report FY 2015-2016.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table 9

General Fund Expenditures Fiscal Impact Summary (rounded)

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phases 1-3	Phases 4-8	Buildout Total
General Government	\$252,000	\$395,000	\$647,000
Library	\$113,000	\$0	\$113,000
Planning and Inspection	\$65,000	\$101,000	\$166,000
Public Works	\$164,000	\$256,000	\$420,000
Parks	\$0	\$0	\$0
Recreation	\$96,000	\$0	\$96,000
Police	<u>\$2,368,000</u>	<u>\$0</u>	<u>\$2,368,000</u>
Total Expenditures	\$3,058,000	\$752,000	\$3,810,000
Fire ¹	\$974,000	\$0	\$974,000

¹ Fire Station #10 has adequate staff to cover the full CityPlace development; Related will fund any direct hazardous materials requirements due to the landfill.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table 10

City of Santa Clara General Fund 2015/16 Expenditure Summary and Estimating Factors
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Methodology
General Government ¹	\$30,033,973	Average Cost per Daytime Population
Library	\$8,949,069	Average Cost per Capita
Planning and Inspection	\$7,702,311	Average Cost per Daytime Population
<u>Public Works</u>		
Streets	\$10,111,537	
Engineering	\$7,068,277	
Building Maintenance	\$1,923,582	
Subtotal	\$19,103,396	Average Cost per Daytime Population
<u>Parks and Recreation</u>		
Parks	\$8,956,348	No Cost Impact/Private funded
Recreational Programs	\$6,083,490	Average Cost per Capita
Subtotal	\$15,039,838	
<u>Police</u>		
Field Operations	\$28,941,060	
Investigations	\$19,358,361	
Administrative Services	\$14,174,295	
Subtotal	\$62,473,716	Case Study (per Sworn Officer)
<u>Fire</u>		
Protection	\$33,596,567	
Prevention/Hazardous Materials	\$3,201,917	
Training	\$1,767,169	
Emergency Medical Services	\$619,798	
Subtotal	\$39,185,451	Case Study (per Firefighter) / No Cost Impact/Private funded
Total Expenditures	\$182,487,754	

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table 11**General Government, Library, and Planning Inspection Cost Factors
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036**

Item	Total Cost	% Variable	Variable Cost	Cost Multiplier
General Government ¹	\$30,033,973	25%	\$7,508,493	\$41.27 per Daytime Population
Library	\$8,949,069	50%	\$4,474,535	\$36.99 per Capita
Planning and Inspection	\$7,702,311	25%	\$1,925,578	\$10.58 per Daytime Population

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table 12
Public Works Department General Fund Expenditures
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenues	Net Cost	% Variable	Variable Cost
Streets	\$10,112,000	\$0	\$10,112,000	90%	\$9,100,800
Engineering	\$7,068,000	\$2,968,726	\$4,099,274	25%	\$1,024,819
<u>Building Maintenance</u>	<u>\$1,924,000</u>	<u>\$0</u>	<u>\$1,924,000</u>	0%	<u>\$0</u>
Total	\$19,104,000	\$2,968,726	\$16,135,274		\$10,125,619
Daytime Population					181,948
Variable Cost per Daytime Population					\$56
Adjustment for Public/Private Street Combination ²					48%
Public Works Variable Cost Factor					\$27

¹ Public streets are measured at 3.56 miles, approximately 48 percent of the total street mileage. This factor is used to determine the additional public street maintenance costs.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table 13
Parks and Recreation Department Service and Cost Estimate
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenue	Net Cost	Cost Allocation Methodology
Parks and Playgrounds	\$8,956,348	\$0	\$8,956,348	No public cost Privately maintained
Recreation	\$6,083,490	\$2,272,300	\$3,811,190	\$31.50 per Capita
Total	\$15,039,838	\$2,272,300	\$12,767,538	

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table 14
Police Department Service and Annual Cost Estimates
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Field Operations	\$28,941,060	90%	\$26,046,954
Investigations	\$19,358,361	75%	\$14,518,771
Administrative Services	<u>\$14,174,295</u>	25%	<u>\$3,543,574</u>
Total	\$62,473,716		\$44,109,299
Number of Sworn Officers ¹			149
Average Variable Cost per Sworn Officer			\$296,036
New Police Officers ²			8
New Annual Police Department Expenditure			\$2,368,284

¹ From City's Police Department website.

² Police department recommendation per Project Clearance Committee Minutes, November 10, 2015.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table 15

Fire Department Service and Cost Estimate

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Fire Protection (Administrative)	\$2,653,503	25%	\$663,376
Fire Protection (Emergency Response)	\$30,943,064	100%	\$30,943,064
Fire Prevention/ Hazardous Materials	\$3,201,917	75%	\$2,401,438
Training	\$1,767,169	50%	\$883,585
Emergency Medical Service	<u>\$619,798</u>	100%	<u>\$619,798</u>
Total	\$39,185,451		\$35,511,260
Number of Sworn Firefighters ¹			164
Average Variable Cost per Sworn Firefighter			\$216,532
New Firefighters ²			4.5
New Annual Fire Department Expenditure			\$974,394

¹ From City's Budget Page 14-4. Includes fire chief, deputy fire chiefs, battalion chiefs, fire marshal, assistant fire marshal, deputy fire marshal, fire captain, driver engineer, and firefighters I/II.

² Per recommendation from Fire Deputy John Madden to Related Santa Clara with added allocation to provide 1.5 hazardous material firefighters at all times.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

APPENDIX A:

Minimum Development Worst Case



Table A-1

City Place Santa Clara Annual General Fund Revenue Estimate (rounded)
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phase 1	Phase 2-3	Total	Source
Possessory Interest/Property Tax	\$362,000	\$654,000	\$1,016,000	Seifel Consulting/EPS ¹
Sales Tax	\$314,000	\$3,499,000	\$3,813,000	Seifel Consulting/EPS ¹
Transient Occupancy Tax ²	\$2,387,000	\$0	\$2,387,000	Seifel Consulting/EPS ¹
Property Tax In Lieu of VLF	<u>\$120,000</u>	<u>\$216,000</u>	<u>\$336,000</u>	EPS
Total	\$3,183,000	\$4,369,000	\$7,552,000	

¹ Estimated General Fund Revenue based on Seifel Consulting's City Place Santa Clara Fiscal/Economic Benefit Analysis, August 2015 methodology applied to the revised development program by EPS.

² Calculated based on Seifel Consulting's TOT/CFD total with the CFD portion taken out.

Sources: Related Santa Clara, Seifel Consulting, Inc., and Economic & Planning Systems, Inc.

Table A-2

General Fund Expenditures Fiscal Impact Summary (rounded)

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phases 1	Phases 2-3	Phases 1-3 Total
General Government	\$37,000	\$50,000	\$87,000
Library	\$17,000	\$0	\$17,000
Planning and Inspection	\$9,000	\$13,000	\$22,000
Public Works	\$24,000	\$32,000	\$56,000
Parks	\$0	\$0	\$0
Recreation	\$14,000	\$0	\$14,000
Police	<u>\$296,000</u>	<u>\$592,000</u>	<u>\$888,000</u>
Total Expenditures	\$397,000	\$687,000	\$1,084,000

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table A-3

City of Santa Clara General Fund 2015/16 Expenditure Summary and Estimating Factors
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Methodology
General Government ¹	\$30,033,973	Average Cost per Daytime Population
Library	\$8,949,069	Average Cost per Capita
Planning and Inspection	\$7,702,311	Average Cost per Daytime Population
<u>Public Works</u>		
Streets	\$10,111,537	
Engineering	\$7,068,277	
Building Maintenance	\$1,923,582	
Subtotal	\$19,103,396	Average Cost per Daytime Population
<u>Parks and Recreation</u>		
Parks	\$8,956,348	No Cost Impact/Privatey funded
Recreational Programs	\$6,083,490	Average Cost per Capita
Subtotal	\$15,039,838	
<u>Police</u>		
Field Operations	\$28,941,060	
Investigations	\$19,358,361	
Administrative Services	\$14,174,295	
Subtotal	\$62,473,716	Case Study (per Sworn Officer)
<u>Fire</u>		
Protection	\$33,596,567	
Prevention/Hazardous Materials	\$3,201,917	
Training	\$1,767,169	
Emergency Medical Services	\$619,798	
Subtotal	\$39,185,451	No Cost Impact/Privatey funded
Total Expenditures	\$182,487,754	

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table A-4

General Government, Library, and Planning Inspection Cost Factors

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost	Cost Multiplier
General Government ¹	\$30,033,973	25%	\$7,508,493	\$41.27 per Daytime Population
Library	\$8,949,069	50%	\$4,474,535	\$36.99 per Capita
Planning and Inspection	\$7,702,311	25%	\$1,925,578	\$10.58 per Daytime Population

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table A-5
Public Works Department General Fund Expenditures
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenues	Net Cost	% Variable	Variable Cost
Streets	\$10,112,000	\$0	\$10,112,000	90%	\$9,100,800
Engineering	\$7,068,000	\$2,968,726	\$4,099,274	25%	\$1,024,819
<u>Building Maintenance</u>	<u>\$1,924,000</u>	<u>\$0</u>	<u>\$1,924,000</u>	0%	<u>\$0</u>
Total	\$19,104,000	\$2,968,726	\$16,135,274		\$10,125,619
Daytime Population					181,948
Variable Cost per Daytime Population					\$56
Adjustment for Public/Private Street Combination ²					48%
Public Works Variable Cost Factor					\$27

¹ Public streets are measured at 3.56 miles, approximately 48 percent of the total street mileage. This factor is used to determine the additional public street maintenance costs.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table A-6
Parks and Recreation Department Service and Cost Estimate
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenue	Net Cost	Cost Allocation Methodology
Parks and Playgrounds	\$8,956,348	\$0	\$8,956,348	No public cost Privately maintained
Recreation	\$6,083,490	\$2,272,300	\$3,811,190	\$31.50 per Capita
Total	\$15,039,838	\$2,272,300	\$12,767,538	

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table A-7

Police Department Service and Annual Cost Estimates

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Field Operations	\$28,941,060	90%	\$26,046,954
Investigations	\$19,358,361	75%	\$14,518,771
Administrative Services	<u>\$14,174,295</u>	25%	<u>\$3,543,574</u>
Total	\$62,473,716		\$44,109,299
Number of Sworn Officers ¹			149
Average Variable Cost per Sworn Officer			\$296,036
Phase 1			
New Police Officers ²			1.00
New Annual Police Department Expenditure			\$296,036
Phase 2			
New Police Officers ²			2.00
New Annual Police Department Expenditure			\$592,071

¹ From City's Police Department website.² Based on the proposed project analysis estimate of 8 police officers recommended in the Project Clearance Committee Minutes, November 10, 2015 applied to Phases 1 through 3 adjusted for daytime population decrease.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table A-8

Fire Department Service and Cost Estimate

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Fire Protection (Administrative)	\$2,653,503	25%	\$663,376
Fire Protection (Emergency Response)	\$30,943,064	100%	\$30,943,064
Fire Prevention/ Hazardous Materials	\$3,201,917	75%	\$2,401,438
Training	\$1,767,169	50%	\$883,585
Emergency Medical Service	<u>\$619,798</u>	100%	<u>\$619,798</u>
Total	\$39,185,451		\$35,511,260
Number of Sworn Firefighters ¹			164
Average Variable Cost per Sworn Firefighter			\$216,532
New Firefighters ²			4.5
New Annual Fire Department Expenditure			\$974,394

¹ From City's Budget Page 14-4. Includes fire chief, deputy fire chiefs, battalion chiefs, fire marshal, assistant fire marshal, deputy fire marshal, fire captain, driver engineer, and firefighters I/II.

² Per recommendation from Fire Deputy John Madden to Related Santa Clara with added allocation to provide 1.5 hazardous material firefighters at all times.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

APPENDIX B:

Best Efforts Development Worst Case



Table B-1

City Place Santa Clara Annual General Fund Revenue Estimate (rounded)
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phase 1	Phase 2-3	Total	Source
Possessory Interest/Property Tax	\$491,000	\$1,100,000	\$1,591,000	Seifel Consulting/EPS ¹
Sales Tax	\$547,000	\$6,464,000	\$7,011,000	Seifel Consulting/EPS ¹
Transient Occupancy Tax ²	\$2,899,000	\$0	\$2,899,000	Seifel Consulting/EPS ¹
Property Tax In Lieu of VLF	\$163,000	\$364,000	\$527,000	EPS
Total	\$4,100,000	\$7,928,000	\$12,028,000	

¹ Estimated General Fund Revenue based on Seifel Consulting's City Place Santa Clara Fiscal/Economic Benefit Analysis, August 2015 methodology applied to the revised development program by EPS.

² Calculated based on Seifel Consulting's TOT/CFD total with the CFD portion taken out.

Sources: Related Santa Clara, Seifel Consulting, Inc., and Economic & Planning Systems, Inc.

Table B-2

General Fund Expenditures Fiscal Impact Summary (rounded)

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Phases 1	Phases 2-3	Phases 1-3 Total
General Government	\$49,000	\$79,000	\$128,000
Library	\$17,000	\$0	\$17,000
Planning and Inspection	\$12,000	\$20,000	\$32,000
Public Works	\$32,000	\$51,000	\$83,000
Parks	\$0	\$0	\$0
Recreation	\$14,000	\$0	\$14,000
Police	<u>\$592,000</u>	<u>\$888,000</u>	<u>\$1,480,000</u>
Total Expenditures	\$716,000	\$1,038,000	\$1,754,000

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table B-3

City of Santa Clara General Fund 2015/16 Expenditure Summary and Estimating Factors
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Methodology
General Government ¹	\$30,033,973	Average Cost per Daytime Population
Library	\$8,949,069	Average Cost per Capita
Planning and Inspection	\$7,702,311	Average Cost per Daytime Population
<u>Public Works</u>		
Streets	\$10,111,537	
Engineering	\$7,068,277	
Building Maintenance	\$1,923,582	
Subtotal	\$19,103,396	Average Cost per Daytime Population
<u>Parks and Recreation</u>		
Parks	\$8,956,348	No Cost Impact/Privatey funded
Recreational Programs	\$6,083,490	Average Cost per Capita
Subtotal	\$15,039,838	
<u>Police</u>		
Field Operations	\$28,941,060	
Investigations	\$19,358,361	
Administrative Services	\$14,174,295	
Subtotal	\$62,473,716	Case Study (per Sworn Officer)
<u>Fire</u>		
Protection	\$33,596,567	
Prevention/Hazardous Materials	\$3,201,917	
Training	\$1,767,169	
Emergency Medical Services	\$619,798	
Subtotal	\$39,185,451	No Cost Impact/Privatey funded
Total Expenditures	\$182,487,754	

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table B-4**General Government, Library, and Planning Inspection Cost Factors****City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036**

Item	Total Cost	% Variable	Variable Cost	Cost Multiplier
General Government ¹	\$30,033,973	25%	\$7,508,493	\$41.27 per Daytime Population
Library	\$8,949,069	50%	\$4,474,535	\$36.99 per Capita
Planning and Inspection	\$7,702,311	25%	\$1,925,578	\$10.58 per Daytime Population

¹ Includes Departments of City Council, City Manager, City Clerk, City Attorney, IT, Human Resources, and Finance.

Sources: City of Santa Clara Adopted Budget and Resource Allocation Plan FY 2015/16; Economic & Planning Systems, Inc.

Table B-5
Public Works Department General Fund Expenditures
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenues	Net Cost	% Variable	Variable Cost
Streets	\$10,112,000	\$0	\$10,112,000	90%	\$9,100,800
Engineering	\$7,068,000	\$2,968,726	\$4,099,274	25%	\$1,024,819
<u>Building Maintenance</u>	<u>\$1,924,000</u>	<u>\$0</u>	<u>\$1,924,000</u>	0%	<u>\$0</u>
Total	\$19,104,000	\$2,968,726	\$16,135,274		\$10,125,619
Daytime Population					181,948
Variable Cost per Daytime Population					\$56
Adjustment for Public/Private Street Combination ²					48%
Public Works Variable Cost Factor					\$27

¹ Public streets are measured at 3.56 miles, approximately 48 percent of the total street mileage. This factor is used to determine the additional public street maintenance costs.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table B-6
Parks and Recreation Department Service and Cost Estimate
City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	Direct Revenue	Net Cost	Cost Allocation Methodology
Parks and Playgrounds	\$8,956,348	\$0	\$8,956,348	No public cost Privately maintained
Recreation	\$6,083,490	\$2,272,300	\$3,811,190	\$31.50 per Capita
Total	\$15,039,838	\$2,272,300	\$12,767,538	

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table B-7

Police Department Service and Annual Cost Estimates

City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Field Operations	\$28,941,060	90%	\$26,046,954
Investigations	\$19,358,361	75%	\$14,518,771
Administrative Services	<u>\$14,174,295</u>	25%	<u>\$3,543,574</u>
Total	\$62,473,716		\$44,109,299
Number of Sworn Officers ¹			149
Average Variable Cost per Sworn Officer			\$296,036
Phase 1			
New Police Officers ²			2.00
New Annual Police Department Expenditure			\$592,071
Phase 2			
New Police Officers ²			3.00
New Annual Police Department Expenditure			\$888,107

¹ From City's Police Department website.

² Based on the proposed project analysis estimate of 8 police officers recommended in the Project Clearance Committee Minutes, November 10, 2015 applied to Phases 1 through 3 adjusted for daytime population decrease.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

Table B-8**Fire Department Service and Cost Estimate****City Place Santa Clara General Fund Expenditure Impact Study; EPS #161036**

Item	Total Cost	% Variable	Variable Cost
Adopted Budget 2015/2016			
Fire Protection (Administrative)	\$2,653,503	25%	\$663,376
Fire Protection (Emergency Response)	\$30,943,064	100%	\$30,943,064
Fire Prevention/ Hazardous Materials	\$3,201,917	75%	\$2,401,438
Training	\$1,767,169	50%	\$883,585
Emergency Medical Service	<u>\$619,798</u>	100%	<u>\$619,798</u>
Total	\$39,185,451		\$35,511,260
Number of Sworn Firefighters ¹			164
Average Variable Cost per Sworn Firefighter			\$216,532
New Firefighters ²			4.5
New Annual Fire Department Expenditure			\$974,394

¹ From City's Budget Page 14-4. Includes fire chief, deputy fire chiefs, battalion chiefs, fire marshal, assistant fire marshal, deputy fire marshal, fire captain, driver engineer, and firefighters I/II.

² Per recommendation from Fire Deputy John Madden to Related Santa Clara with added allocation to provide 1.5 hazardous material firefighters at all times.

Sources: City of Santa Clara; Economic & Planning Systems, Inc.

APPENDIX C:

Seifel Consulting City Place Santa Clara Fiscal and Economic Benefit Analysis



APPENDIX C

City Place Santa Clara Fiscal and Economic Benefit Analysis (In Constant 2015 Dollars)

The following summarizes the fiscal and economic benefits at full buildout of City Place (Phases 1-8). For a comparison of the revenues generated by the City Center project area (Phases 1-3), please see Table 2a, which summarizes fiscal benefits to the City.

A. City of Santa Clara Fiscal Revenues

City Place would generate annual fiscal revenue to the City of Santa Clara in the form of property taxes, sales taxes, Transient Occupancy Taxes and Community Facilities District (TOT and CFD) taxes. One-time construction-related sales taxes would also generate revenue to the City.

1. Annual City General Fund Revenues

City Place is projected to generate more than \$20 million per year (in constant 2015\$) at full project completion to the City of Santa Clara's General Fund from property tax, sales tax, Transient Occupancy Tax and Community Facilities District Tax.

a. Property Tax

Upon completion, the assessed value of the new residential, office, retail and hotel development at City Place is projected to be nearly \$5.8 billion.¹ The development is projected to generate at buildout about \$5.9 million in annual property taxes, based on the General Fund's average citywide share of property tax revenues, which is equal to 10.17% of the 1% base property taxes.

b. Sales Tax

The City of Santa Clara collects about 1% of sales and use tax from businesses generating taxable sales within the City limits. The 1.36 million square feet of leasable retail space is anticipated to generate about \$715 million in taxable sales per year.² Thus, the development would generate approximately \$7.1 million in sales tax revenues for the City General Fund.

¹ Assessed value for each land use estimated based on Related Santa Clara pro forma; however, Seifel adjusted amounts found in pro forma by 10% (downward), based on experience with the market.

² Sales generation for each commercial/retail space estimated based on Related Santa Clara's May 2015 assumptions; however, Seifel adjusted sales generation from Parcel 4 (Phase 1---3 portion only) by 10% (downward) based on experience with the market.

c. **Transient Occupancy Tax and Community Facilities District**

The City of Santa Clara has a current Transient Occupancy Tax (TOT) rate and a Community Facilities District (CFD) Tax rate (each applied to lodging revenues) of 9.5% and 2.0%, respectively.³ When the proposed 700 hotel rooms reach stabilized occupancy, they are projected to generate about \$60.8 million in room revenues, based on stabilized average daily rates of \$320/night (Parcel 4) and \$270/night (Parcel 5), at 78% and 85% average occupancy, respectively. This would generate approximately \$7.0 million in TOT and CFD revenues upon full buildout.

2. One-Time Construction-Related Sales Tax Revenues to the City

The purchase of building materials within the City generates additional sales tax revenue. Construction of City Place is projected to generate approximately \$1.7 million in one-time sales tax revenues for the General Fund (based on a City capture rate of 7.5% of all construction purchases).

B. Projected Employment from City Place

Job generation at City Place would result from construction as well as the permanent positions needed to fulfill the land uses of office, retail, residential and hotel.

1. Construction Jobs and Payroll

Construction job generation is projected to be just over 10,600 job years during construction at City Place. This is equivalent to approximately 10,600 full-time construction jobs lasting one year (10,600 job-years). Each parcel would generate construction related jobs as follows:⁴

- Parcels 4 and 5 (Phases 1-3): More than 4,000 and 600 construction job-years, respectively
- Parcels 1-4 (Phases 4-8): From almost 1,100 to more than 2,000 construction job-years for each phase

Total direct payroll for the 10,618 job-years is projected to be over \$1.0 billion, and total payroll with benefits is projected at more than \$1.8 billion, assuming average wages of \$47.50 per hour and \$79.50 per hour with benefits.

³ A CFD is a special district that can issue debt for the planning, design, acquisition, construction, and/or operation of public facilities, as well as provide public services. On May 11, 2010, the City Council approved moving forward with the formation of a CFD as part of the Levi's Stadium project. This CFD includes hotel properties in the vicinity of Levi's Stadium.

⁴ Office space proposed for the northwest side of Parcel 4 is scheduled for Phase 4; the remainder of Parcel 4 is scheduled for Phases 2 and 3.

2. Permanent Jobs and Payroll

Permanent job generation is projected at more than 25,000 jobs, with over 21,000 permanent jobs from office space, and more than 4,000 jobs from the retail, residential and hotel components. Assuming average distributions of typical occupations that would be housed in the office, retail, hotel and residential components, each parcel would generate permanent jobs upon buildout as follows:⁵

- Parcels 4 and 5 (Phases 1-3): More than 4,600 and almost 1,500 permanent jobs, respectively
- Parcels 1-4 (Phases 4-8): Between more than 2,600 and 8,000 permanent jobs per phase

Total annual direct payroll from permanent jobs is projected to be approximately \$2.1 billion, and total annual payroll with benefits is projected at about \$3.0 billion.

⁵ Office space proposed for the northwest side of Parcel 4 is scheduled for Phase 4; the remainder of Parcel 4 is scheduled for Phases 2 and 3.

Table 1
Development Program
City Place Santa Clara Fiscal/Economic Benefit Analysis

Parcel/Land Use	Bldg. Gross SF			Unit/Rooms
	Phases 1-3	Phases 4-8	Total	
Parcel 1				
Office	0 SF	1,200,000 SF	1,200,000 SF	
Parcel 2				
Office	0 SF	2,160,000 SF	2,160,000 SF	
Parcel 3				
Office	0 SF	720,000 SF	720,000 SF	
Parcel 4^a				
Office	320,000 SF	1,066,400 SF	1,386,400 SF	
Commercial/Retail	1,385,500 SF	29,500 SF	1,415,000 SF	
Residential	1,160,000 SF	0 SF	1,160,000 SF	1,160 Units
Hotel	298,000 SF	0 SF	298,000 SF	300 Rooms
Parcel 5				
Office	258,000 SF	0 SF	258,000 SF	
Commercial/Retail	87,000 SF	0 SF	87,000 SF	
Residential	200,000 SF	0 SF	200,000 SF	200 Units
Hotel	280,000 SF	0 SF	280,000 SF	400 Rooms
Total	3,988,500 SF	5,175,900 SF	9,164,400 SF	

a. Office space proposed for the northwest side of Parcel 4 is scheduled for Phase 4; the remainder of Parcel 4 is scheduled for Phases 2 and 3.

Source: Related Santa Clara.

Table 2a
Summary of Fiscal Benefits to City
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel	Annual Fiscal Revenue to City General Fund				One-Time Construction Sales Taxes to City
	Property Tax	Sales Tax	TOT/CFD	Total	
Phases 1-3					
Parcel 4 ^a	\$1,994,000	\$6,464,000	\$3,143,000	\$11,601,000	\$600,000
Parcel 5	<u>\$507,000</u>	<u>\$547,000</u>	<u>\$3,853,000</u>	<u>\$4,907,000</u>	<u>\$143,000</u>
Subtotal	\$2,501,000	\$7,011,000	\$6,996,000	\$16,508,000	\$743,000
Phases 4-8					
Parcel 1	\$781,000	\$0	\$0	\$781,000	\$220,000
Parcel 2	\$1,406,000	\$0	\$0	\$1,406,000	\$416,000
Parcel 3	\$469,000	\$0	\$0	\$469,000	\$128,000
Parcel 4 ^a	<u>\$715,000</u>	<u>\$138,000</u>	<u>\$0</u>	<u>\$853,000</u>	<u>\$193,000</u>
Subtotal	\$3,371,000	\$138,000	\$0	\$3,509,000	\$957,000
Total	\$5,872,000	\$7,149,000	\$6,996,000	\$20,017,000	\$1,700,000

a. Office space proposed for the northwest side of Parcel 4 is scheduled for Phase 4; the remainder of Parcel 4 is scheduled for Phases 2 and 3.

Note: See following tables for supporting analysis, prepared based on information provided by Related Santa Clara and members of the development team, on relevant data concerning current City of Santa Clara fiscal revenues, and other government sources.

Source: City of Santa Clara, Related Santa Clara, Seifel Consulting Inc.

Table 3a
Annual Property Tax Generation at Build-out
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel	Assessed Value ^a	SF/Unit/Rooms ^a	Total AV	Annual Property Tax Revenue ^b		
				City Share 10.17%	County Share 18.62%	SCUSD Share 38.36%
Phases 1-3						
Parcel 4						
Office	\$630 per SF	320,000 SF	\$201,600,000	\$205,000	\$375,000	\$773,000
Commercial/Retail	\$690 per SF	1,385,500 SF	\$955,995,000	\$972,000	\$1,780,000	\$3,667,000
Residential	\$550,000 per Unit	1,160 Units	\$638,000,000	\$649,000	\$1,188,000	\$2,447,000
Hotel	\$550,000 per Room	300 Rooms	<u>\$165,000,000</u>	<u>\$168,000</u>	<u>\$307,000</u>	<u>\$633,000</u>
Subtotal			\$1,960,595,000	\$1,994,000	\$3,650,000	\$7,520,000
Parcel 5						
Office	\$630 per SF	258,000 SF	\$162,540,000	\$165,000	\$303,000	\$624,000
Commercial/Retail	\$690 per SF	87,000 SF	\$60,030,000	\$61,000	\$112,000	\$230,000
Residential	\$520,000 per Unit	200 Units	\$104,000,000	\$106,000	\$194,000	\$399,000
Hotel	\$430,000 per Room	400 Rooms	<u>\$172,000,000</u>	<u>\$175,000</u>	<u>\$320,000</u>	<u>\$660,000</u>
Subtotal			\$498,570,000	\$507,000	\$929,000	\$1,913,000
Phases 4-8						
Parcel 1						
Office	\$640 per SF	1,200,000 SF	\$768,000,000	\$781,000	\$1,430,000	\$2,946,000
Parcel 2						
Office	\$640 per SF	2,160,000 SF	\$1,382,400,000	\$1,406,000	\$2,574,000	\$5,303,000
Parcel 3						
Office	\$640 per SF	720,000 SF	\$460,800,000	\$469,000	\$858,000	\$1,768,000
Parcel 4						
Office	\$640 per SF	1,066,400 SF	\$682,496,000	\$694,000	\$1,271,000	\$2,618,000
Commercial/Retail	\$690 per SF	29,500 SF	<u>\$20,355,000</u>	<u>\$21,000</u>	<u>\$38,000</u>	<u>\$78,000</u>
Subtotal			\$702,851,000	\$715,000	\$1,309,000	\$2,696,000
Total			\$5,773,216,000	\$5,872,000	\$10,750,000	\$22,146,000

a. Based on information provided by Related Santa Clara.

b. Reflects 1% basic property tax revenues, assumed to be distributed to taxing entities based on the following property tax shares:

Santa Clara County	18.62%
City of Santa Clara	10.17%
Santa Clara Unified School District	38.36%
West Valley-Mission Community College	11.09%
County Office of Education	3.97%
Other Special Districts	2.50%
<u>ERAF</u>	<u>15.29%</u>
Total	100.00%

Source: Santa Clara County, City of Santa Clara, Related Santa Clara, Seifel Consulting Inc.

Table 3b
Annual Retail Sales Tax Generation at Build-out
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Land Use Generating Retail Sales	Proposed Development (SF)	Leasable (SF)	Vacancy Rate (%) ^a	Sales per SF ^a	Taxable % of Sales ^b	Taxable Sales per SF	Taxable Sales	Sales Tax Revenue ^c					
								City ^c	County ^d	VTA ^e			
										1976 1/2 Cent	2000 Measure A 1/2 Cent	2012 O&M	VTA Subtotal
								1.00%	0.125%	0.50%	0.50%	0.125%	1.125%
Phases 1-3													
Parcel 4 Commercial/Retail	1,385,500	1,247,000	10.0%	\$640	90%	\$576	\$646,445,000	\$6,464,000	\$808,000	\$3,232,000	\$3,232,000	\$808,000	\$7,272,000
Parcel 5 Commercial/Retail	87,000	87,000	3.0%	\$720	90%	\$648	\$54,685,000	\$547,000	\$68,000	\$273,000	\$273,000	\$68,000	\$614,000
Subtotal	1,472,500	1,334,000					\$701,130,000	\$7,011,000	\$876,000	\$3,505,000	\$3,505,000	\$876,000	\$7,886,000
Phases 4-8													
Parcel 4 Commercial/Retail	29,500	26,600	10.0%	\$660	90%	\$576	\$13,789,000	\$138,000	\$17,000	\$69,000	\$69,000	\$17,000	\$155,000
Total	1,502,000	1,360,600					\$714,919,000	\$7,149,000	\$893,000	\$3,574,000	\$3,574,000	\$893,000	\$8,041,000

a. Based on information provided by Related Santa Clara.

b. As retail types are not yet confirmed, taxable percent of sales is estimated assuming a mix of retail types.

c. Assumes 1% effective sales tax rate for the City of Santa Clara.

d. Sales tax rates to the County, per California State Board of Equalization, District Taxes, Rates and Effective/End Dates, effective July 2015.

e. Sales tax rates to the Santa Clara Valley Transportation Authority, per California State Board of Equalization, District Taxes, Rates and Effective/End Dates, effective July 2015.

Source: Related Santa Clara, City of Santa Clara, California State Board of Equalization, Seifel Consulting Inc.

Table 3c
Annual Transient Occupancy Tax (TOT) and Community Facilities District (CFD) Revenues
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Land Use Generating TOT	Proposed Development (Rooms)	Average Daily Rate ^a	Average Occupancy ^a	Annual Hotel Revenue ^b	TOT/CFD Rate and Allocation ^c	TOT/CFD Revenue
Phases 1-3						
Parcel 4 Hotel	300	\$320	78%	\$27,331,000	11.50%	\$3,143,000
Parcel 5 Hotel	400	\$270	85%	\$33,507,000	11.50%	\$3,853,000
Total	700			\$60,838,000		\$6,996,000

a. Based on information provided by Related Santa Clara, reflects stabilized average daily rate and occupancy rate.

b. Reflects room revenue only. Does not include food and beverage.

c. Includes the City's TOT (9.5%) and Community Facilities District Tax (2.0%).

Source: Related Santa Clara, City of Santa Clara, Seifel Consulting Inc.

Table 4a
Construction-Related Sales Tax Revenues to City
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel	Hard Construction Costs	Building Material Costs ^a	Purchase of Materials from City Retailers ^b	Sales Tax to City from Construction ^c
Phases 1-3				
Parcel 4	\$1,599,900,000	\$799,950,000	\$59,996,000	\$600,000
Parcel 5	\$379,998,000	\$189,999,000	\$14,250,000	\$143,000
Phases 4-8				
Parcel 1	\$585,953,000	\$292,976,500	\$21,973,000	\$220,000
Parcel 2	\$1,109,415,000	\$554,707,500	\$41,603,000	\$416,000
Parcel 3	\$341,039,000	\$170,519,500	\$12,789,000	\$128,000
Parcel 4	\$515,225,000	\$257,612,500	\$19,321,000	\$193,000
Total	\$4,531,530,000	\$2,265,765,000	\$169,932,000	\$1,700,000

a. Assumes that 50% of total hard costs are attributable to building materials, per Related California estimates.

b. Assumes that 7.5% of project's materials would be purchased in City of Santa Clara, per Related Santa Clara estimates.

c. Assumes 1% affective sales tax rate for the City of Santa Clara.

Source: Related Santa Clara, Rudolph and Sletten, Inc., City of Santa Clara, Seifel Consulting Inc.

Table 6
Summary of Economic Benefits
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel	Construction Jobs			Permanent Jobs		
	Job Generation (Job-Years ^a)	Estimated Direct Payroll ^b	Estimated Payroll with Benefits ^b	Permanent Jobs (Direct Employment)	Estimated Direct Payroll ^b	Estimated Payroll with Benefits ^b
Phases 1-3						
Parcel 4	4,057	\$400,500,000	\$670,300,000	4,655	\$235,100,000	\$335,700,000
Parcel 5	609	\$60,100,000	\$100,600,000	1,490	\$108,500,000	\$155,000,000
Phases 4-8						
Parcel 1	1,451	\$143,200,000	\$239,800,000	4,445	\$409,400,000	\$584,800,000
Parcel 2	2,055	\$202,900,000	\$339,600,000	8,000	\$736,800,000	\$1,052,600,000
Parcel 3	1,086	\$107,200,000	\$179,400,000	2,665	\$245,400,000	\$350,600,000
Parcel 4	1,360	\$134,300,000	\$224,700,000	4,015	\$363,800,000	\$519,700,000
Total	10,618	\$1,048,300,000	\$1,754,500,000	25,270	\$2,101,300,000	\$3,001,700,000

Note: Dollar figures rounded to the nearest thousand. Numbers may not add up precisely due to rounding. Projected permanent jobs rounded to reflect the estimates in the draft EIR.

a. Estimates provided by Related Santa Clara and Rudolph and Sletten, Inc. One job-year is equal to full-time construction job lasting one year.

b. Rudolph and Sletten, Inc. assumes the average wage is \$47.50/hour (\$79.50/hour with union benefits, including paid vacation and holidays). For permanent jobs, 30% of total compensation costs are assumed to be benefit costs based on 2013 Bureau of Labor Statistics. Additional payroll costs associated with benefits may not necessarily benefit the local community.

Source: Association of Bay Area Governments, 2012 American Community Survey, Bureau of Labor Statistics, Related Santa Clara, Rudolph and Sletten, Inc., Seifel Consulting Inc.

Table 7a
Construction-Related Direct Employment
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Total
Phases 1-3 Job Generation (Construction Job-Years)^a																	
Parcel 4	-	83	363	1,873	1,604	134	-	-	-	-	-	-	-	-	-	-	4,057
Parcel 5	4	22	465	118	-	-	-	-	-	-	-	-	-	-	-	-	609
Phases 4-8 Job Generation (Construction Job-Years)^a																	
Parcel 1	-	-	-	-	-	-	-	-	50	530	700	171	-	-	-	-	1,451
Parcel 2	-	-	-	-	-	-	-	-	-	-	11	419	527	509	500	89	2,055
Parcel 3	-	-	-	-	-	-	7	399	550	130	-	-	-	-	-	-	1,086
Parcel 4	-	-	-	-	7	433	749	171	-	-	-	-	-	-	-	-	1,360
Total	4	105	828	1,991	1,611	567	756	570	600	660	711	590	527	509	500	89	10,618
Estimated Construction Related Payroll (in Million Dollars)																	
Direct Payroll^b	\$0.4	\$10.4	\$81.7	\$196.6	\$159.0	\$56.0	\$74.6	\$56.3	\$59.2	\$65.2	\$70.2	\$58.2	\$52.0	\$50.3	\$49.4	\$8.8	\$1,048.3
Payroll with Benefits^b	\$0.7	\$17.3	\$136.8	\$329.0	\$266.2	\$93.7	\$124.9	\$94.2	\$99.1	\$109.1	\$117.5	\$97.5	\$87.1	\$84.1	\$82.6	\$14.7	\$1,754.5

a. Estimates provided by Related Santa Clara and Rudolph and Sletten, Inc. One job-year is equal to full-time construction job lasting one year.

b. Rudolph and Sletten, Inc. assumes the average wage is \$47.50/hour (\$79.50/hour with union benefits, including paid vacation and holidays).

Source: Related Santa Clara, Rudolph and Sletten, Inc., Seifel Consulting Inc.

Table 7b
Permanent Direct Employment at Project Build-out by Parcel
City Place Santa Clara Fiscal/Economic Benefit Analysis
(All Figures in Constant 2015 Dollars Unless Noted)

Parcel/Land Use	Projected Employment			Estimated Payroll		
	Projected Development (SF/Unit)	Square Feet (or Unit) per Employee ^a	Direct Employment	Annual Wage per Employee ^b	Total Payroll ^c	
					Direct Payroll (in Million Dollars)	Payroll with Benefits (in Million Dollars)
Phases 1-3						
Parcel 4						
Office ^d	320,000 SF	270	1,185	\$92,100	\$109.1	\$155.9
Commercial/Retail ^e	1,385,500 SF	450	3,080	\$35,800	\$110.3	\$157.5
Residential ^f	1,160 Units	32	35	\$44,300	\$1.6	\$2.2
Hotel ^g	298,000 SF	840	<u>355</u>	\$39,700	<u>\$14.1</u>	<u>\$20.1</u>
Subtotal			4,655		\$235.1	\$335.7
Parcel 5						
Office ^d	258,000 SF	270	955	\$92,100	\$88.0	\$125.7
Commercial/Retail ^e	87,000 SF	450	195	\$35,800	\$7.0	\$10.0
Residential ^f	200 Units	32	5	\$44,300	\$0.2	\$0.3
Hotel ^g	280,000 SF	840	<u>335</u>	\$39,700	<u>\$13.3</u>	<u>\$19.0</u>
Subtotal			1,490		\$108.5	\$155.0
Phases 4-8						
Parcel 1						
Office ^d	1,200,000 SF	270	4,445	\$92,100	\$409.4	\$584.8
Parcel 2						
Office ^d	2,160,000 SF	270	8,000	\$92,100	\$736.8	\$1,052.6
Parcel 3						
Office ^d	720,000 SF	270	2,665	\$92,100	\$245.4	\$350.6
Parcel 4						
Office ^d	1,066,400 SF	270	3,950	\$92,100	\$363.8	\$519.7
Commercial/Retail ^e	29,500 SF	450	<u>65</u>	\$35,800	<u>\$2.3</u>	<u>\$3.3</u>
Subtotal			4,015		\$366.1	\$523.0
Total			25,270		\$2,101.3	\$3,001.7

Note: Projected direct employment rounded to reflect the estimates in the draft EIR.

- a. Employment generation per Association of Bay Area Governments (ABAG) Input/Output Model: Economic Multipliers for the San Francisco Bay Region, March 1995, City of Santa Clara General Plan, and Related Santa Clara. May vary by parcel and land use.
- b. Estimated based on average wage levels of relevant standard occupational classifications in 2012 American Community Survey (ACS) data for Santa Clara County (S2402), adjusted for 2015.
- c. 30% of total compensation costs are assumed to be payroll benefit costs based on 2015 Bureau of Labor Statistics (BLS) data.
- d. Annual wage per employee is an average of 2012 ACS estimates (adjusted for 2015) for management, business, and financial occupations; computer, engineering, and science occupations; and sales and office occupations in Santa Clara County.
- e. Annual wage per employee is an average of 2012 ACS estimates (adjusted for 2015) for food preparation and service-related occupations; building and grounds cleaning and maintenance occupations; personal care and service occupations; and sales and related occupations in Santa Clara County.
- f. Annual wage per employee is an average of 2012 ACS estimates (adjusted for 2015) for: building and grounds cleaning and maintenance occupations; office and administrative support occupations; and installation, maintenance, and repair occupations in Santa Clara County.
- g. Annual wage per employee is an average of 2012 ACS estimates (adjusted for 2015) for: food preparation and service-related occupations; building and grounds cleaning and maintenance occupations; office and administrative support occupations; and installation, maintenance, and repair occupations in Santa Clara County.

Source: Related Santa Clara, ABAG, ACS, BLS, ICF International, Seifel Consulting, Inc.