

# **Appendix 7**

## **Fiscal Analysis Tables**

**Appendix 7 Table 1**  
**Summary of Development Scenarios**  
**City of Cupertino 9212 Report**

Development Type	Current Built/ Approved <sup>a</sup>	Without Initiative		With Initiative		Increase/ (Decrease) With Initiative
		Adopted General Plan	Adopted General Plan With 2015 Sand Hill Proposal	General Plan With Initiative Assuming Vallco As Viable Mall	General Plan With Initiative Assuming Vallco With 2016 Occupancy	
Development Buildout <sup>b</sup>						
Residential						
Vallco	0	389	800	0	0	
Other Residential	21,412	22,905	22,494	23,148	23,148	
Housing (units)	21,412	23,294	23,294	23,148	23,148	(146)
Non-Residential						
Office (sq.ft.)	8,916,179	11,470,005	11,470,005	9,470,005	9,470,005	(2,000,000)
Commercial/Retail (sq.ft.)	3,632,065	4,430,982	4,430,982	4,430,982	4,430,982	
Vallco (Allowable)	1,200,000	1,200,000	650,000	1,200,000	1,200,000	0
Vallco (Assumed Occupancy)	797,000	1,104,000	598,000	1,104,000	314,000	N/A
Other Retail/Commercial	2,432,065	3,230,982	3,780,982	3,230,982	3,230,982	0
Hotel (rooms)	1,116	1,429	1,429	1,429	1,429	0
Net Increase in Potential Development <sup>c</sup>						
Residential						
Market Rate (units)		1,768	1,748	1,649	1,649	
Affordable (units) <sup>d</sup>		114	134	87	87	
Total Housing (units)		1,882	1,882	1,736	1,736	
Residential Total (sq.ft.) <sup>e</sup>		2,258,400	2,258,400	2,083,200	2,083,200	
Non-Residential						
Office (sq.ft.)		2,553,826	2,553,826	553,826	553,826	
Retail/Commercial (sq.ft.)		798,917	798,917	798,917	798,917	
Vallco (Allowable)		0	(550,000)	0	0	
Vallco (Assumed Occupancy)		307,000	(199,000)	307,000	(483,000)	
Other Retail/Commercial		798,917	1,348,917	798,917	798,917	
Hotel						
(room)		313	313	313	313	
(sq.ft.)		156,500	156,500	156,500	156,500	
Total Non-Residential (sq.ft.)		3,509,243	3,509,243	1,509,243	1,509,243	

- a. Figures for "Current Built/Approved" are from the "Current Built" column of General Plan Table LU-1, which represents existing development and all development approved as of 12/10/14. Table LU-1 is included in the Adopted General Plan and the Initiative.
- b. Figures for "Development Buildout" are from the "Buildout" column in Table LU-1.
- c. Net increase is calculated for each scenario compared against the "Current/Built Approved" figures.
- d. Assumes 5% affordable for citywide projects and 10% affordable for Vallco.

**Appendix 7 Table 2**  
**Annual Sales Tax Generated from Retail Space**  
**In Constant FY 2015/16 Dollars**  
**City of Cupertino 9212 Report**

		Without Initiative		With Initiative	
	Current Built/ Approved	Adopted General Plan	Adopted General Plan With 2015 Sand Hill Proposal	General Plan With Initiative Assuming Vallco As Viable Mall	General Plan With Initiative Assuming Vallco With 2016 Occupancy
<b>Vallco</b>					
Retail Space at Buildout	1,200,000 sq.ft.	1,200,000 sq.ft.	650,000 sq.ft.	1,200,000 sq.ft.	1,200,000 sq.ft.
Occupancy Rate	66%	92%	92%	92%	26%
Occupied Retail Space	797,000 sq.ft.	1,104,000 sq.ft.	598,000 sq.ft.	1,104,000 sq.ft.	312,000 sq.ft.
Taxable Retail Sales per sq.ft. <sup>a</sup>	\$124	\$149	\$300	\$124	\$74
Estimated Taxable Sales	99,055,000	\$164,496,000	\$179,400,000	\$137,210,439	\$23,088,000
Increase (Decrease) in Taxable Sales		\$65,441,000	\$80,345,000	\$38,155,439	(\$75,967,000)
<b>Other Retail/Commercial</b>					
New Retail Space		798,917 sq.ft.	1,348,917 sq.ft.	798,917 sq.ft.	798,917 sq.ft.
Occupancy Rate		92%	92%	92%	92%
Occupied Retail Space		735,004 sq.ft.	1,241,004 sq.ft.	735,004 sq.ft.	735,004 sq.ft.
Taxable Retail Sales per sq.ft. <sup>a</sup>		\$149	\$149	\$149	\$149
Taxable Retail Sales		\$109,500,000	\$184,900,000	\$109,500,000	\$109,500,000
<b>Total Increase in Taxable Retail Sales</b>		<b>\$174,941,000</b>	<b>\$265,245,000</b>	<b>\$147,655,439</b>	<b>\$33,533,000</b>
<b>Projected Sales Tax Revenues<sup>b</sup></b>		<b>\$1,750,000</b>	<b>\$2,650,000</b>	<b>\$1,480,000</b>	<b>\$340,000</b>

Note: Dollar figures rounded to the nearest thousand. Numbers may not add up precisely due to rounding.

a. Historical data on taxable retail sales was reviewed for Vallco and other establishments throughout the City. The estimates used in the analysis are based on actual performance from 2014, adjusted as necessary to appropriately reflect each retail area and scenario. Taxable sales at Vallco in 2014 were used alongside occupancy data of the mall to estimate the average retail sales per square foot of occupied space. This data was adjusted downward by 40% for the General Plan with Initiative Assuming Vallco with 2016 Occupancy because a substantial portion of currently occupied space is for entertainment and fitness uses. The same type of analysis was done for the areas located outside of Vallco, based on 2.4 million sq.ft. and 92% occupancy. Reported sales are adjusted to 2015 dollars. See Appendix 7 Table 6.

b. Projected sales tax revenues assumes City receives 1% of taxable sales, according to sales tax data.

Source: City of Cupertino, MuniServices, Strategic Economics, Seifel Consulting Inc.

**Appendix 7 Table 3**  
**Annual Sales Tax Revenues from Business-to-Business (B-to-B) Transactions**  
**In Constant FY 2015/16 Dollars**  
**City of Cupertino 9212 Report**

	Without Initiative		With Initiative	
	Adopted General Plan	Adopted General Plan With 2015 Sand Hill Proposal	General Plan With Initiative Assuming Vallco As Viable Mall	General Plan With Initiative Assuming Vallco With 2016 Occupancy
<b>Office</b>				
Increase in Office Space	2,553,826	2,553,826	553,826	553,826
Taxable B-to-B Sales per sq.ft. <sup>a</sup>	\$40	\$40	\$40	\$40
Estimated Taxable B-to-B Transactions	\$102,200,000	\$102,200,000	\$22,200,000	\$22,200,000
<b>Projected Sales Tax Revenues<sup>b</sup></b>	<b>\$1,020,000</b>	<b>\$1,020,000</b>	<b>\$220,000</b>	<b>\$220,000</b>

Note: Dollar figures rounded to the nearest thousand. Numbers may not add up precisely due to rounding.

a. Based on recently reported B-to-B sales for businesses (exclusive of Apple) most likely to occupy office space and the current leasable office square footage (excluding Apple) in Cupertino, taxable B-to-B sales ranges \$37 to \$53 per square foot for the past three fiscal years.

b. Projected sales tax revenues assumes City receives 1% of taxable sales.

Source: City of Cupertino, MuniServices, Seifel Consulting Inc.

**Appendix 7 Table 4**  
**Growth in Annual General Fund Property Tax Revenue**  
**In Constant FY 2015/16 Dollars**  
**City of Cupertino 9212 Report**

Development Type	Incremental Assessed Value per Unit/Sq.Ft./Room <sup>a</sup>	Without Initiative		With Initiative	
		Adopted General Plan	Adopted General Plan With 2015 Sand Hill Proposal	General Plan With Initiative Assuming Vallco As Viable Mall	General Plan With Initiative Assuming Vallco With 2016 Occupancy
Estimated Incremental Assessed Value					
Residential					
Market Rate Units <sup>b</sup>	\$560,000 /unit	\$990,100,000	\$978,900,000	\$923,400,000	\$923,400,000
Affordable Units <sup>c</sup>	\$273,000 /unit	\$31,100,000	\$36,600,000	\$23,800,000	\$23,800,000
Net Growth in Assessed Value		\$1,021,200,000	\$1,015,500,000	\$947,200,000	\$947,200,000
Non-Residential					
Office <sup>d</sup>	\$520 /sq.ft.	\$1,328,000,000	\$1,328,000,000	\$288,000,000	\$288,000,000
Commercial/Retail Vallco <sup>e</sup>	N/A /sq.ft.	N/A	N/A	N/A	N/A
Other Retail/Commercial <sup>d</sup>	\$480 /sq.ft.	\$383,500,000	\$647,500,000	\$383,500,000	\$383,500,000
Hotel <sup>d</sup>	\$ 300,000 /room	\$93,900,000	\$93,900,000	\$93,900,000	\$93,900,000
Net Growth in Assessed Value		\$1,805,400,000	\$2,069,400,000	\$765,400,000	\$765,400,000
Total Incremental Assessed Value		\$2,826,600,000	\$3,084,900,000	\$1,712,600,000	\$1,712,600,000
Estimated Incremental Property Tax Revenues to the City					
Annual Property Tax Revenues	City's Share: 5.60%	\$1,580,000	\$1,730,000	\$960,000	\$960,000

Note: Dollar figures rounded to the nearest hundred thousand for projected assessed values and to the nearest thousand for property tax revenues. Numbers may not add up precisely due to rounding.

- a. Incremental assessed value represents the increase in property value added by new development, calculated by subtracting existing land value from total development value. Non-residential values include estimated value for personal property / tenant improvements (\$100 per sq. ft. of office, \$50 per sq. ft. of commercial/retail, and \$30,000 per hotel room).
- b. Assumes mid-range development at \$650 per sq. ft. value, unit size of 1,200 sq. ft., 25 units per acre, and land value of \$5.5 million per acre based on "City of Cupertino, Residential Below Market Rate Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- c. Affordable unit value is assumed to be \$259,000 for very low income units and \$287,000 for low income units in "City of Cupertino, Residential Below Market Rate Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- d. Incremental assessed value calculated based on prototype #2 (commercial/retail), prototype #4 (office), prototype #6 (hotel) from "City of Cupertino, Non-Residential Jobs-Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- e. This analysis does not reflect growth in assessed value at commercial/retail space at Vallco. Incremental assessed value would most likely increase under Adopted General Plan With 2015 Sand Hill Proposal due to redevelopment of the property and decrease under General Plan With Initiative Assuming Vallco With 2016 Occupancy due to reassessment.

Source: City of Cupertino, Keyser Marston Associates, Inc, Seifel Consulting Inc.

**Appendix 7 Table 5**  
**Net Increase in Annual Transient Occupancy Tax (TOT) Revenues**  
**In Constant FY 2015/16 Dollars**  
**City of Cupertino 9212 Report**

		Without Initiative		With Initiative	
		Adopted General Plan	Adopted General Plan With 2015 Sand Hill Proposal	General Plan With Initiative Assuming Vallco As Viable Mall	General Plan With Initiative Assuming Vallco With 2016 Occupancy
Number of Rooms		313	313	313	313
Occupancy Rate	80%				
Number of Occupied Rooms		250	250	250	250
Estimated Room Charge	\$215				
Estimated Annual Hotel Room Revenues		\$19,700,000	\$19,700,000	\$19,700,000	\$19,700,000
City's TOT Rate	12%				
<b>Projected Annual TOT Revenues</b>		<b>\$2,360,000</b>	<b>\$2,360,000</b>	<b>\$2,360,000</b>	<b>\$2,360,000</b>

a. Based on typical hotel occupancy and room rates in Cupertino based on TOT data. Projected TOT revenues assumes City receives 12% of taxable sales.

Source: City of Cupertino, Seifel Consulting Inc.