

## FINAL REPORT

# FISCAL AND ECONOMIC IMPACT ANALYSIS OF MAJOR LEAGUE SOCCER STADIUM PROPOSAL

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EPS #17125

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# I. INTRODUCTION AND SUMMARY OF FINDINGS

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The City of San Jose is currently reviewing a request by the Oakland Athletics to develop a Major League Soccer Stadium for the San Jose Earthquakes as part of a new mixed-use development at the Airport West site. The Airport West site is located along the west side of Coleman Avenue between Brokaw Road and Newhall Street, adjacent to the San Jose International Airport. In conjunction with the development at the Airport West site, the Oakland Athletics are requesting the re-entitlement of the iStar property to allow residential development. The iStar site is located to the west of the intersection of Monterey Highway and Highway 85, adjacent to the existing Hitachi campus, in the Edenvale Redevelopment Area and is currently entitled for office/industrial and retail uses.<sup>1</sup>

The Oakland Athletics have partnered with a developer. The development partnership expects the additional value generated by re-entitling the iStar property to residential uses will provide a significant portion of the funding required to build the new stadium. As a result, the Oakland Athletics have tied the development of the new Soccer Stadium to obtaining re-entitlement of the iStar site.

Among other issues, the City is concerned about the impacts of the re-entitlement of the iStar property and the proposed mixed-use development at the Airport West site on the City's General Fund, the Redevelopment Agency's tax increment receipts, and the local school districts' ability to accommodate additional students. The City is also interested in the economic impacts of the different development programs associated with both sites (iStar and Airport West) under the "with stadium" and "without stadium" scenarios.

It is anticipated that the Stadium will be owned by the City and leased to the Oakland Athletics. While this arrangement will not generate property tax revenue to the City's General Fund, the lessee will be required to pay possessory interest tax to the City. Different jurisdictions use different methods for calculating the possessory interest tax payments and the approach to be used in this case is an outstanding issue that will impact the results of the fiscal analysis. This analysis assesses the value of the stadium at 80 percent of the Stadium's estimated construction cost and then calculates the City's share of the 1 percent possessory interest tax.

Economic & Planning Systems, Inc. (EPS) was commissioned to evaluate the fiscal and economic impacts of development of the Airport West site and the iStar site, at buildout, under three alternative scenarios.

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<sup>1</sup> Before 2004, the iStar site was 100 percent entitled for industrial development. In 2004, iStar applied for and received a rezoning of the site to add 450,000 square feet of retail capacity. This was accomplished by adding industrial capacity to New Edenvale.

## DEVELOPMENT SCENARIOS

The fiscal and economic impact analyses are driven by the site development assumptions associated with the three scenarios: Scenario A: “Without Stadium”, Scenario B: “With Stadium and With Full Transfer of iStar Entitlements”, and Scenario C: “With Stadium and With Partial Transfer of iStar Entitlements”. Scenario A presumes that the iStar site is developed as currently entitled. Scenario B assumes the iStar site is developed with residential uses, but also that the currently entitled office/industrial and retail square footage is reallocated to another site in the Edenvale Redevelopment Area. Hexagon Transportation Consultants is studying the likelihood of transferring iStar’s retail entitlements to another site, and their findings are pending. To establish a sensitivity range, Scenario C assumes that none of the retail is transferred to another site. The development assumptions under each of the scenarios are summarized in **Table 1** and described below.

### SCENARIO A

Scenario A is the base-case “without stadium” scenario. Under Scenario A, the stadium is not developed at the Airport West site. The City has indicated that they would expect the non-stadium land use development proposed to be the same as that proposed to accompany the stadium under Scenarios B and C. Specifically, this would include 1.514 million square feet of office/industrial development, 75,000 square feet of retail development, and 300 hotel rooms (in either one or two hotels).

Under Scenario A, the iStar site would be developed as currently entitled, which includes 1.0 million square feet of office/industrial development, and 450,000 square feet of retail. Because the iStar site would be developed as currently entitled, there is no shift in entitlements to other locations in the Edenvale Redevelopment Area.

### SCENARIO B

Scenario B includes the development of the stadium at the Airport West site in addition to 1.514 million square feet of office/industrial development, 75,000 square feet of retail development, and 300 hotel rooms (in either one or two hotels).

Under this scenario, the iStar site is proposed to be re-entitled to residential use. The proposal includes the development of 1,300 residential units, including 180 single-family cluster units, 940 townhome units, and 180 apartment units. It is assumed that the apartment units comprise the affordable housing component of the project. The single-family cluster units are expected to support an average household size of 3.4 people, the townhome units are expected to support 2.7 people per household, and the apartment units are expected to support 2.5 people per unit.

**Table 1**  
**Project Description Summary**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Scenario/ Land Use	Airport West	iStar	Elsewhere in Edenvale	Total
<u>Scenario: A</u>				
Office/Light Industrial (square feet)	1,514,000	1,000,000	0	2,514,000
Retail (square feet)	75,000	450,000	0	525,000
Hotel (rooms)	300	0	0	300
Residential (units)	0	0	0	0
Stadium	No	na	na	No
<u>Scenario B</u>				
Office/Light Industrial (square feet)	1,514,000	0	1,000,000	2,514,000
Retail (square feet)	75,000	0	450,000	525,000
Hotel (rooms)	300	0	0	300
Residential (units)	0	1,300	0	1,300
Stadium	Yes	na	na	Yes
<u>Scenario C</u>				
Office/Light Industrial (square feet)	1,514,000	0	1,000,000	2,514,000
Retail (square feet)	75,000	0	0	75,000
Hotel (rooms)	300	0	0	300
Residential (units)	0	1,300	0	1,300
Stadium	Yes	na	na	Yes

Sources: City of San Jose; Oakland Athletics/ Hunter Storm; Economic & Planning Systems, Inc.

The currently entitled office/industrial and retail square footage that would be displaced by the residential program would, instead, be developed elsewhere in the Edenvale Redevelopment Area. City staff would need to identify specific locations where these entitlements could be provided whether through increased development densities or changed land use designations.

This analysis assumes that the displaced office/industrial entitlements are made up by increasing development densities on other sites in Edenvale. The office/industrial development associated with these areas is assumed to differ from the office/industrial currently entitled at the iStar site in that it is constructed at higher floor area ratios (FARs) and represents more of an office/R&D flex space than more typical lower density industrial space. This difference has implications for the employment density, which is assumed to be 400 square feet per employee (compared with 600 square feet per employee used at the Airport West site under all three scenarios and at the iStar site under Scenario C). It also will affect the achievable lease rates, which will have implications for the assessed valuation of the space. The new retail entitlements granted at locations elsewhere in Edenvale are assumed to result in the equivalent of the lost retail development capacity at the iStar site.

## SCENARIO C

Scenario C differs from Scenario B only in that the off-setting development elsewhere in Edenvale excludes the 450,000-square foot retail component; in other words, it is assumed that there is no viable, alternative retail site and that the retail development entitlement at the iStar site is not replaced. The 1.0 million square feet of office/industrial is still presumed to be developed somewhere within the redevelopment area.

## STUDY CAVEATS

EPS was asked to estimate the impacts on the City's General Fund and Redevelopment Agency revenues of site development as well as the overall economic impacts of the non-stadium site development. SportsEconomics was contracted separately to evaluate the economic impacts of ongoing stadium operations.

The fiscal impact analysis evaluates fiscal impacts at buildout and the economic impact analysis considers the ongoing impacts once the sites are built out as well as the one-time construction impacts. Because this is a static, buildout analysis, real estate market factors including development phasing and absorption rates are not evaluated and variations in fiscal and economic impacts through time by scenario are not analyzed. The EPS study is based on the current City budget, prior EPS fiscal studies, the SportsEconomics study, and other readily available information. As a result, this report does not directly address the following issues:

- The market viability of the proposed land uses at both sites under the three different scenarios.
- Differences in the pace of development at the two sites under the three different scenarios.
- The balances of General Fund revenues and costs in the years before buildout.
- The current service provider capacity to accommodate new development service needs and additional development-specific service needs.

These issues could be addressed through a real estate market assessment and the development of a dynamic (time series) fiscal impact model, including interviews with individual City departments.

## KEY FINDINGS

The key findings of the study are described below. **Tables 2 and 3** summarize the results of the fiscal impact analyses and **Table 4** shows the results of the economic impact analysis.

- 1. At buildout of the Airport West and iStar sites, there will be significant positive impacts on the City's General Fund and Redevelopment Agency funding under the "with stadium" scenarios.**

The net annual fiscal surplus accruing to the City's General Fund at buildout is expected to range from \$1.9 million to \$2.9 million under the "with stadium" scenarios. In addition, the Redevelopment Agency is expected to receive between \$10.2 million and \$11.2 million annually at buildout to fund redevelopment and affordable housing projects. Significant positive impacts also occur under the "without stadium" scenario.

- 2. If a viable location is found for the displaced retail capacity at the iStar site, the "with stadium" scenarios and the "without stadium" scenario generate similar buildout fiscal surpluses of \$2.9 million annually and \$3.0 million annually, respectively.**

The \$2.9 million annual surplus under Scenario B depends on the sales tax revenues from the displaced retail from the iStar site, the payment by stadium operators of the full costs of public services provision associated with stadium events, and stadium possessory interest tax payments based on an assessed value at 80 percent of the expected stadium construction cost. The static nature of this analysis does not allow for a comparison of the differences between the "with stadium" and "without stadium" scenarios associated with potentially differing market absorption rates for the development programs proposed under these scenarios.

**Table 2**  
**Annual Fiscal Impact Summary at Project Buildout (2008 Dollar Terms) by Scenario**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Category	Scenario A Without Stadium	Scenario B With Stadium	Scenario C With Stadium/ No Edenvale Retail
<b>City General Fund</b>			
Revenues	\$3,922,000	\$5,161,000	\$3,948,000
Expenditures	<u>\$916,000</u>	<u>\$2,273,000</u>	<u>\$2,070,000</u>
Net Annual Fiscal Balance	\$3,006,000	\$2,888,000	\$1,878,000
<b>City Redevelopment Agency</b>			
Net Tax Increment to Redevelopment Agency	\$3,568,000	\$8,527,000	\$7,732,000
Housing Set-Aside Revenues	\$1,134,000	\$2,710,000	\$2,457,000
<b>Total Revenue to City [1]</b>	<b>\$7,708,000</b>	<b>\$14,125,000</b>	<b>\$12,067,000</b>

[1] Estimate does not include non-General Fund revenues. For example, at the time of construction, approximately \$240,000 to \$340,000 in construction taxes would be generated. Similarly, this analysis looks at the portion of the Transient Occupancy Tax that goes to the General Fund (4%) but not the other 6% which is allocated to arts and cultural programming and the Convention and Visitors Bureau (approximately \$850,000 annually).

Sources: City of San Jose; Economic & Planning Systems, Inc.

**Table 3**  
**Annual Fiscal Impact Expanded Summary at Project Buildout (2008 Dollar Terms) by Scenario**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Category	Scenario A Without Stadium	Scenario B With Stadium	Scenario C With Stadium/ no Edenvale Retail
<b>City General Fund Revenues</b>			
Property Tax	\$967,374	\$967,374	\$967,374
Property Tax In-Lieu of VLF	\$536,373	\$854,674	\$803,052
Possessory Interest Tax	\$0	\$100,000	\$100,000
Sales Tax	\$1,390,499	\$1,722,145	\$662,139
Transient Occupancy Tax [1]	\$567,210	\$567,210	\$567,210
Franchise Fee	\$90,556	\$202,060	\$182,079
Utility Users Tax	\$183,611	\$409,694	\$369,182
Business Tax	\$185,963	\$211,980	\$170,948
Fines, Forfeitures, and Penalties	\$0	\$44,191	\$44,191
Motor Vehicle License Fee	\$0	\$19,230	\$19,230
Gas Tax Transfer	\$0	\$62,403	\$62,403
Construction and Conveyance Tax Transfer	<u>\$21,940</u>	<u>\$42,198</u>	<u>\$40,087</u>
<b>Total General Fund Revenue</b>	<b>\$3,921,587</b>	<b>\$5,160,961</b>	<b>\$3,947,809</b>
<b>City General Fund Expenditures</b>			
<u>General Government</u>			
General Government	\$44,015	\$72,199	\$62,488
Finance	\$8,479	\$13,908	\$12,037
Economic Development	<u>\$4,041</u>	<u>\$6,628</u>	<u>\$5,737</u>
Total General Government	\$56,534	\$92,735	\$80,262
<u>Public Safety</u>			
Fire	\$253,886	\$623,997	\$567,979
Police	<u>\$486,945</u>	<u>\$1,196,805</u>	<u>\$1,089,365</u>
Total Public Safety	<u>\$740,832</u>	<u>\$1,820,802</u>	<u>\$1,657,344</u>
<u>Capital Maintenance</u>			
General Service	\$33,738	\$75,280	\$67,836
Public Works	\$24,688	\$55,086	\$49,639
Transportation	<u>\$36,955</u>	<u>\$46,711</u>	<u>\$37,472</u>
Total Capital Maintenance	\$95,381	\$177,078	\$154,948
<u>Community Services</u>			
Library	\$0	\$35,815	\$35,815
Park, Recreation & Neighborhood Services	\$0	\$95,700	\$95,700
Planning, Building & Code Enforcement	<u>\$22,785</u>	<u>\$50,841</u>	<u>\$45,814</u>
Total Community Services	<u>\$22,785</u>	<u>\$182,356</u>	<u>\$177,328</u>
<b>Total General Fund Expenditures</b>	<b>\$915,532</b>	<b>\$2,272,971</b>	<b>\$2,069,882</b>
<b>City General Fund - Net Annual Fiscal Balanc</b>	<b>\$3,006,055</b>	<b>\$2,887,990</b>	<b>\$1,877,927</b>
<b>City Redevelopment Agency</b>			
Net Tax Increment to Redevelopment Agency	\$3,567,991	\$8,526,616	\$7,731,944
Housing Set-Aside Revenues	\$1,133,955	\$2,709,873	\$2,457,316

[1] Includes General Fund share of TOT only, although additional TOT revenues (approximately \$850,000 annually) benefitting fine arts and cult programs, the Convention and Visitors Bureau, and the conventions and cultural facilities operations are also generated.

[2] Represents the portion of C&C tax that offsets Parks O&M costs.

Sources: City of San Jose; Economic & Planning Systems, Inc.

**Table 4**  
**Economic Impact Summary**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Item	Scenario A without Stadium	Scenario B with Stadium	Scenario C with Stadium/ no Edenvale Retail
<b>Annual Operations Impact [1]</b>			
<u>Output</u>			
Direct	\$1,493,924,326	\$1,759,985,808	\$1,645,442,310
Indirect	\$523,867,462	\$620,213,555	\$591,467,456
Induced	<u>\$332,440,076</u>	<u>\$391,230,640</u>	<u>\$363,747,841</u>
<b>Output Subtotal</b>	<b>\$2,350,231,864</b>	<b>\$2,771,430,004</b>	<b>\$2,600,657,606</b>
<u>Employment</u>			
Direct Jobs	5,361	6,111	4,928
Indirect Jobs	2,082	2,456	2,307
Induced Jobs	<u>2,069</u>	<u>2,435</u>	<u>2,264</u>
<b>Employment Subtotal</b>	<b>9,512</b>	<b>11,002</b>	<b>9,499</b>
<b>One-Time Construction Impact [2]</b>			
<u>Employment</u>			
Direct Jobs	8,952	14,542	13,662
Indirect and Induced Jobs	<u>3,854</u>	<u>6,261</u>	<u>5,882</u>
<b>Construction Employment Subtotal</b>	<b>12,806</b>	<b>20,802</b>	<b>19,544</b>

[1] Annual operations impact does not include impact of stadium operations.

[2] One-time construction impact includes the construction of the stadium.

Source: IMPLAN 2.0, 2004; Economic & Planning Systems, Inc.

- 3. The inability to relocate the retail capacity at the iStar site to another site in Edenvale would significantly reduce the fiscal surplus to the City's General Fund of the "with stadium" scenarios.**

Scenario C assumes that the displaced retail at the iStar site is not developed elsewhere in Edenvale. Under this scenario, the City's General Fund annual revenues at buildout are reduced by about \$1.1 million, primarily associated with this loss of retail development.

- 4. Because property taxes in the Edenvale Redevelopment Area accrue to the City's Redevelopment Agency in the form of Tax Increment, residential development at the iStar site generates a fiscal deficit to the City's General Fund. However, the overall fiscal impact on the General Fund of the "with stadium" scenarios is still significantly positive.**

New residential development at the iStar site is expected to result in an annual fiscal deficit of about \$340,000 each year, primarily because property taxes accrue to the Redevelopment Agency and not the City. Some of this deficit is offset by the additional revenues accruing to the City's General Fund from the expected possessory interest tax payments and sales tax revenues associated with stadium development and operation. The remaining deficit is more than offset by the significant fiscal surpluses generated by the office/industrial, retail, and hotel development.

- 5. Tax increment revenues are expected to be more than twice as high under the "with stadium" scenarios.**

Significant housing set-aside revenues as well as Redevelopment Agency net tax increment revenues will be generated under all scenarios. Under the "without stadium" scenario, housing set asides are estimated at \$1.1 million and net tax increment to the Redevelopment Agency is estimated at \$3.6 million. Under both variations of the "with stadium" scenarios, housing set aside revenues are above \$2.4 million and net tax increment revenues are above \$7.7 million. The higher tax increment revenues under Scenarios B and C are partially due to the higher development value associated with residential development at the iStar site, but they are also due to the additional development capacity generated elsewhere in Edenvale.

- 6. The ongoing economic impacts of the proposed development under all scenarios (but not including the economic impact of the stadium operations) are significantly positive, ranging from \$1.49 billion to \$1.76 billion annually in direct economic output.**

The ongoing economic impacts are largest under Scenario B with direct economic impacts of \$1.76 billion and direct jobs of about 6,100. The indirect and induced

economic impacts are also highest under this scenario. Construction activity (including construction of the stadium) generates temporary economic activity and is expected to support about 9,000 direct person-years of employment under the “without stadium” scenario and between 13,700 and 14,500 person-years of employment under the “with stadium” scenarios.

7. **Student generation at the iStar site under the “with stadium” scenarios is likely to require the affected school districts to add new classrooms or adjust the district boundaries.**

Development of housing on the iStar site is expected to generate 240 elementary-aged students, 60 intermediate-aged students, and 120 high school-aged students. Given the limited capacity within the Oak Grove Elementary School District and the East Side Union High School District, new classrooms and/or district boundary adjustments will likely be required.

## KEY ASSUMPTIONS

The results of this analysis are sensitive to each of the following assumptions.

- **Pace of Development and Absorption.** This analysis estimates the economic and fiscal impacts of development under the three scenarios at full buildout. It does not consider the impacts of market demand or macro-economic cycles on the pace of absorption. This level of detail could be provided through the development of a dynamic fiscal impact analysis model, if needed.
- **Development Values.** Development values in this model are based on information provided by the developer as well as prior work EPS has performed in the City of San Jose.
- **Reallocation of iStar Development Capacity.** This analysis assumes that there is land available within the Edenvale Redevelopment Area to accommodate the transferred entitlements from the iStar site. There may be more potential to transfer the office/industrial entitlement than the retail entitlement, which is why this analysis considers Scenario C, in addition to Scenario B. Whether or not the retail can be shifted to one or more other sites in Edenvale has significant sales and use tax revenue implications.
- **Airport West Development.** This analysis assumes the same commercial development program capacity at the Airport West site regardless of whether or not the stadium is developed. This analysis also assumes that there is the same level of market demand for the commercial space (retail and hotel especially) regardless of whether or not the stadium is developed.

- **Stadium-Related Public Service Costs.** This analysis assumes the Athletics make direct payments of stadium-related public service costs to the City's General Fund. As a result, stadium-related revenue from possessory interest tax and sales and use taxes represents a net addition to the City's General Fund.
- **Public Service Costs.** Public service costs in this analysis are based on current budget and staffing ratios, which are assumed to be satisfactory. They are not based on departmental interviews or full consideration of existing capacity. Methodologies for fiscal impact analysis are either per capita or per employee costs and draw upon prior EPS fiscal analyses conducted for development projects in the City of San Jose.
- **Tax Increment Revenues.** This analysis assumes that after the housing set aside and other obligatory pass-throughs, approximately 56 percent of tax increment revenue generated by the new development stays with the City's Redevelopment Agency. This percentage is based on a review of the Agency's budget but has not been confirmed with Agency staff.
- **Expenditures inside Stadium.** This analysis assumes 100 percent of the \$13.2 million of expenditures inside the stadium (tickets, concessions, and merchandise) are taxable retail sales, based on SportsEconomics' report.
- **Possessory Interest Tax.** Different county assessors take different approaches to estimating the value of the possessory interest of a sports franchise in a ground-leased stadium. The approaches range from valuation based on the stadium's construction costs plus the ground lease value to significantly lower valuations based on an income approach. This analysis assesses the value of the stadium at 80 percent of the Stadium's estimated construction cost and then calculates the City's share of the 1 percent possessory interest tax.<sup>2</sup> EPS has not vetted the methodology used in this analysis with the Santa Clara County Assessor.

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<sup>2</sup> It is understood that the project's proponents will be seeking an assessment based on the income valuation approach. Typically, this approach results in a valuation below the estimated construction value. For purposes of this analysis, EPS has applied a 20 percent discount to the estimated construction value of \$100 million.

## **ORGANIZATION OF REPORT**

**Chapter I** describes the three development scenarios (based on buildout conditions) analyzed in this study and provides a summary of the study's key findings. **Chapter II** provides the fiscal impact analysis, including the methodology, assumptions, and results of the analysis. **Chapter III** presents the economic impact analysis, including the methodology, assumptions, and results of the analysis. **Chapter IV** briefly reviews the SportsEconomics study and discusses the methodological differences between the SportsEconomics approach and EPS's approach. **Chapter V** considers the student generation potential associated with new residential development at the iStar site and opportunities for accommodating these students.

## II. FISCAL IMPACT ANALYSIS

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This chapter describes the methodology and key assumptions used in estimating the fiscal impacts of each of the three scenarios described in the previous chapter: Scenario A, Scenario B, and Scenario C. The analysis is based on a number of sources including the City of San Jose's 2007-2008 Adopted Budget; City, County, and State data sources; and EPS' prior experience in the City of San Jose.

The analysis describes annual expenditure and revenue impacts to the City's General Fund. All revenue and expenditure forecasts are in constant 2008 dollars and are summarized on **Table 2** and shown in full detail on **Table A-15**. This analysis also describes annual impacts on funding to the Redevelopment Agency, as the iStar site is located in the Edenvale Redevelopment Area. For the purpose of evaluating the potential fiscal impact of each of the project's scenarios, this analysis considers impacts at buildout and does not consider project phasing and program absorption. Key assumptions and calculations are shown in **Appendix A**.

### GENERAL FUND REVENUES

This section describes the methodology and assumptions used for each General Fund revenue item. **Tables 2 and 3** provide summaries of revenues expected to accrue to the City's General Fund as a result of the three development scenarios. **Table A-7** displays the City's current General Fund revenues as estimated in the 2007-2008 Adopted Budget as well as impact estimating factors. More detailed calculations are presented in **Tables A-8 through A-14**. A general description of the method used for this analysis is provided for each revenue item. Some items are not forecasted because they are not expected to be affected by the new development.

### PROPERTY TAX

The iStar site is located in the Edenvale Redevelopment Area. Under both of the "with stadium" alternatives, new development at the iStar site and elsewhere in Edenvale will generate Tax Increment to the Redevelopment Agency but not property tax to the General Fund. The City's General Fund will receive property tax revenues from the retail and office/industrial development at the Airport West site. The General Fund receives 12.5 percent of the 1 percent property tax rate.<sup>3</sup> The new stadium at the Airport West site is expected to be owned by the City and leased by the operator. As such, the stadium will not generate property tax but it will generate a possessory interest tax. The property tax calculation is shown on **Table A-8**. **Table A-9** summarizes the net operating income calculations which were used to estimate the assessed valuations of each of the commercial uses.

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<sup>3</sup> The 12.5 percent share of the 1.0 percent tax rate is specific to the Airport West site tax parcel and was provided by the Santa Clara County Assessor's Office.

## POSSESSORY INTEREST TAX

As noted above, the stadium at the Airport West site is expected to generate possessory interest tax in place of property tax. Eighty percent of the estimated construction cost of \$100 million is used as a proxy for the stadium's assessed value. Possessory interest tax is calculated as 1 percent of the assessed value as shown on **Table A-10**. The General Fund receives 12.5 percent of the 1 percent possessory interest tax rate.

## SALES TAX

The Airport West site is expected to generate sales tax in several ways: through sales generated by the new retail development, through employee spending in the City of San Jose, through business to business sales, and through in-Stadium spending by event attendees (under the "with stadium" scenarios). Under Scenario A, the iStar site will generate sales tax through the new retail development, through employee spending in the City of San Jose, and through business to business sales. Under the "with stadium" scenarios, the iStar site will generate sales tax through purchases made by new residents.

The project will include approximately 75,000 square feet of retail space at the Airport West site and approximately 450,000 square feet of retail space at the iStar site under Scenario A. Scenario B includes 75,000 square feet of retail space at the Airport West site and 450,000 square feet of space to be developed outside of the iStar site but still within the Edenvale Redevelopment Agency. Scenario C includes 75,000 square feet of retail at Airport West and nothing more in Edenvale.

While the types of tenants have not been identified under any of the scenarios, the new retail development is expected to generate about \$350 per square foot in sales with 370 percent assumed to be net new sales of taxable items. This adjustment accounts for some inevitable shifting of current resident and employee expenditures from existing retail establishments in the City of San Jose that may occur when the new retail is developed as well as for the expenditures of project employees at this retail site that have already been accounted for. The proportion of retail sales that are net new sales will depend on the eventual retail tenanting. The City receives sales tax equal to 1 percent of these net new taxable retail sales. **Table A-11** illustrates the sales tax forecast from new retail at buildout of the Project.

Sales tax generated from new employee spending is based on annual taxable expenditures within the City of San Jose of approximately \$3,300 per employee. Approximately 50 percent of employees in the City of San Jose live outside of the City. Accordingly, of the estimated annual spending, just 50 percent is assumed to be captured by the City of San Jose.

It is expected that each new household (under the “with stadium” scenarios) will spend, on average, 26 percent of its income on taxable goods, depending on income level.<sup>4</sup> The new City of San Jose households are assumed to spend 50 percent of their retail expenditures in the City.<sup>5</sup> **Table A-11** illustrates sales tax forecasts from new residents at buildout of the Project.

Sales tax generated by business to business sales is assumed to be \$22 per employee and is calculated on **Table A-11**.

In-stadium spending is another source of sales tax for the City of San Jose and is calculated on **Table A-11**. SportsEconomics’ Soccer Stadium Analysis estimates that visitor spending inside the stadium will amount to approximately \$13.2 million per year. Like SportsEconomics, EPS assumes that 100 percent of these sales are taxable.

## TRANSIENT OCCUPANCY TAX

The 300 hotel rooms planned for the Airport West site will generate transient occupancy tax as shown on **Table A-12**. The tax is based on the nightly room rate, which is anticipated to be approximately \$185, and the occupancy rate, which is assumed to be 70 percent. Although the current average occupancy rates in the City are much lower, 70 percent is widely accepted as the minimum occupancy required if the operation is to be profitable. This analysis assumes that the hotel(s) at the Airport West site would not be built until occupancy rates of 70 percent are feasible. The Transient Occupancy Tax (TOT) rate is currently 10 percent, 6 percent of which is placed in the Transient Occupancy Tax Fund and 4 percent of which is deposited in the General Fund. This calculation looks at the 4 percent General Fund deposit only. The remaining 6 percent, which is allocated to grants and rental subsidies for fine arts and cultural programs, and subsidies for the San Jose Convention and Visitors Bureau and the conventions and cultural facilities operation, is estimated at approximately \$850,000 annually, as shown at the bottom of **Table A-12**.

## UTILITY USERS’ TAX

In the City of San Jose, the utility users’ tax is calculated as 5 percent of utility bills for all telephone, gas, and electric service (cable television is not subject to the tax). However, this analysis applies the average revenue approach by taking the total utility tax revenue projected to be collected in FY2007/08 and dividing by the City’s current daytime service

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<sup>4</sup> Based on Consumer Expenditure Survey published by the U.S. Department of Labor, 2002. Lower income households generally spend a higher proportion of their incomes on retail expenditures.

<sup>5</sup> Conservative EPS estimate based on current taxable sales by San Jose retail establishments, the existing range of San Jose retail establishments, the median income of San Jose households, and other evaluations conducted in the City of San Jose.

population. The resulting average utility tax per daytime service population is then applied to the new daytime service populations estimated for each of the development scenarios at project buildout. The results of this calculation are shown on **Table A-7**.

## BUSINESS TAX

The business tax is calculated per employee and based on total business taxes expected to be collected in FY2007/08 divided by the number of employees in the City of San Jose. It is estimate that each employee will generate approximately \$35 per year as shown on **Table A-7**.

## FRANCHISE FEES

The City collects franchise fees for cable television service in the amount of 5 percent of gross receipts annually; fees for gas and electric are the equivalent of 2 percent of gross receipts annually. Additionally, franchise fees are collected for water at a rate of 2 percent of gross annual receipts. However, this analysis applies the average revenue approach by taking the total revenue from franchise fees projected to be collected in FY2007/08 and dividing by the City's current daytime service population. The resulting average franchise fees per daytime service population is then applied to the new daytime service populations estimated for each of the development scenarios. The annual franchise fees forecast at project buildout is illustrated in **Table A-7**.

## MOTOR VEHICLE LICENSE FEES AND IN-LIEU FEES

Based on FY2007/08 Motor Vehicle License Fee (VLF) revenues, an estimate of \$6.60 per capita is assumed for VLF revenues. In addition, property tax in-lieu of VLF, or VLF backfill, is based on the starting or base backfill and the proportionate growth of assessed value in the City associated with the project. More specifically, the property tax in-lieu of VLF calculation is based on the increase over San Jose's 2008 base assessed value that is expected to result from each development scenario. These calculations and results are presented in **Table A-13**.

## FINES, FORFEITURES, AND PENALTIES

The 2007-2008 Adopted City Budget indicates that the City will receive approximately \$14.7 million, or roughly \$15 per capita, in revenue from fines, forfeitures and penalties. It is expected that the City will continue to collect fines and fees at this per capita rate. Total estimated revenue from fines, forfeitures, and penalties is shown in **Table A-7**.

## GAS TAX TRANSFER

The City's budget indicates that it will receive the equivalent of approximately \$18 per capita in Gas Tax Transfers into the General Fund during Fiscal Year 2007/08. This per capita average is applied to the new populations projected under each of the development scenarios as shown on **Table A-7**. These funds must be used for road and transit improvements and will help to offset road maintenance costs.

## CONSTRUCTION AND CONVEYANCE TAX TRANSFER

The City of San Jose collects construction and conveyance tax, of which 64 percent is allocated to the Parks, Recreation and Neighborhood Services (PRNS) Department. Of this amount, 15 percent may be used for park maintenance activities (or roughly 9.6 percent of the total tax revenue). Therefore, EPS assumes that 9.6 percent of the construction and conveyance tax generated from the new development under each of the scenarios would be transferred to the General Fund to help pay for the overall park O&M costs. This calculation is shown on **Table A-14**.

The conveyance tax is estimated based on the assumption that there would be 10 percent annual turnover in housing and 5 percent in commercial properties. The City receives \$3.30 per \$1,000 value of properties that are resold in conveyance tax.

By buildout no additional construction taxes will accrue to the City. As a result, this buildout analysis does not show any annual recurring construction-related revenue. The City, however, will accrue construction tax revenues throughout project development. These one-time construction tax revenues are estimated to range from \$240,000 (Scenario C) to \$340,000 (Scenario A), as shown on **Table A-14**.

## GENERAL FUND EXPENDITURES

This section describes the methodology and assumptions used for the General Fund expenditure items. **Tables 2 and 3** provide summaries of expenditures expected to result from each of the three development scenarios. **Table A-3** provides a summary of the City's current General Fund expenditures as estimated in the 2007-2008 Adopted Budget as well as impact estimating factors. A general description of the method used for this analysis is provided for each item.

## GENERAL GOVERNMENT SERVICES

According to the City's 2007/2008 Adopted Budget, the City spends approximately \$10 per daytime service population to provide general government services, which include the services of the city attorney, auditor, clerk, manager, mayor, and council, as well as

emergency services, employee services, and information technology. This analysis assumes that 15 percent of General Government costs are variable and likely to increase with the addition of new population (see **Table A-3**).

## FINANCE AND ECONOMIC DEVELOPMENT

Core services provided by this department include financial management of the City's resources, financial reporting and disbursements. It is assumed that 15 percent of costs for the finance and economic development departments will be affected by new development under each scenario and that the remaining 85 percent are fixed costs that will not be affected. Therefore an estimating factor of 15 percent of current per-capita expenditures (for a discounted rate of \$2 per capita for finance and \$1 per capita for economic development) is used to forecast future spending in both departments (see **Table A-3**).

## POLICE PROTECTION SERVICES

Under each of the development scenarios, public safety officers will need to be added to serve the increase in daytime service population. It is assumed that the current service level of 1.17 sworn police officers per 1,000 daytime service population would be maintained and applied to each of the scenarios. The San Jose Police Department estimates an annual average cost of \$141,000 per officer.<sup>6</sup> An additional 10 percent is included to cover administrative costs, for total police protection costs per officer of approximately \$155,000, as shown in **Table A-4**.

## FIRE PROTECTION SERVICES

The increased daytime service population generated by each of the development scenarios will require additional firefighters to provide fire protection services. It is assumed that the City's current service level of roughly 0.64 firefighters per 1,000 daytime service population will be applied to each scenario. The Fire Department has provided an annual cost estimate of \$135,000 per firefighter.<sup>7</sup> An additional 10 percent is included to cover administrative costs, for total fire protection costs per firefighter of approximately \$148,500, as shown in **Table A-5**.

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<sup>6</sup> The Police Department provided an annual cost estimate of \$125,000 per officer in 2006 dollars. EPS inflated the 2006 estimate to 2008 dollars.

<sup>7</sup> The Fire Department provided an annual cost estimate of \$120,000 per firefighter in 2006 dollars. EPS inflated the 2006 estimate to 2008 dollars.

## GENERAL SERVICE

This department provides various types of maintenance services that assist general city operations such as facility management, fleet and equipment services, and parks and civic grounds management. Costs are assumed to be 75 percent variable, resulting in department costs of approximately \$13 per daytime service population. Estimated annual costs are shown in **Table A-3**.

## PUBLIC WORKS

The Public Works Department plans and designs public facilities, but does not provide any operation or maintenance services. In cases where private developers design and construct a facility that will then be dedicated for public use, the department staff is responsible for reviewing the design and performing building inspection. Public works costs are assumed to be 100 percent variable, resulting in expenditures of approximately \$9 per daytime service population. Estimated annual costs are shown in **Table A-3**.

## TRANSPORTATION

This department is responsible for various road maintenance related services, sewer maintenance, parking services, transportation planning, and strategic support. The cost of providing transportation services is estimated to be approximately \$15,000 per road mile. The number of road miles per site are based on the assumption that approximately 10 percent of each site is comprised of public roads. Each roadway is assumed to be 50 feet wide. Actual road miles were provided by Hunter Storm for the iStar site under Scenarios B and C. The number of road miles estimated for the development elsewhere in Edenvale under Scenario C is halved compared with the number of road miles estimated for the elsewhere in Edenvale under Scenario B to account for the lack of retail development. Estimated annual transportation costs are shown in **Table A-3**.

## COMMUNITY SERVICES

The Community Services category includes library services; parks, recreation, and neighborhood services; planning, building, and code enforcement; and other community services. Environmental services are not estimated because any incremental costs resulting from the development of one of the scenarios are assumed to be covered through user fees. Library services are assumed to have per capita operations and maintenance costs of approximately \$5. Park costs are assumed to be approximately \$15,000 per acre of park. Total required park acreage is assumed to be 6.38 at the iStar site, based on information provided by the Parks Department. A portion of the parks provided on-site are likely to be maintained by an HOA; however, to be conservative, the costs of maintaining the full acreage is estimate in this analysis. The planning, building, and code enforcement costs are assumed to be 15 percent variable and are

expected to cost approximately \$5 per daytime service population. Community Services cost estimates are shown in **Table A-3**, except library services costs, which are estimated on **Table A-6**.

## NON-DEPARTMENTAL COSTS

This category includes various citywide expenses, transfers, capital contributions, and reserves. Non-departmental costs are not estimated as part of this analysis.

## REDEVELOPMENT AGENCY REVENUES

As detailed in **Tables 2 and 3**, because the iStar site is located within the Edenvale Redevelopment Area, the majority of property tax generated by development in the area will go to the San Jose Redevelopment Agency, rather than the City's General Fund. It is assumed that 17 percent of property tax revenue will pass through to other agencies in the form of obligated payments, with the remaining property tax revenues accruing to the RDA. These revenues will accrue to both the RDA's housing set-aside fund (20 percent) and its redevelopment fund (remainder). **Table A-8** illustrates this calculation in more detail.

### III. ECONOMIC IMPACTS

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This economic impact analysis evaluates the value added, total output, and employment impacts of the non-stadium development in addition to the impacts of the stadium construction.<sup>8</sup> To calculate the economic impacts of each of the three development scenarios, EPS has used an input/output (I/O) modeling framework, which measures the direct, indirect, and induced impacts of a particular economic activity or program within the study area. In the case of this analysis, the study area is Santa Clara County. The I/O software has been developed by IMPLAN, which includes industry data collected by the U.S. Bureau of Economic Analysis (BEA). An I/O model traces the linkages between various sectors of the economy to determine the economic effect of a given change in the demand for goods and services.

Economic impacts and multipliers are based on the concept that new demand for goods and services create a ripple effect throughout the economy, as supplying firms hire workers and purchase other inputs necessary for production. The resulting wage payments and purchases from other businesses will, in turn, stimulate successive rounds of spending in other “downstream” industries, known as the multiplier effect.

The economic impacts of the three development scenarios are based on the number of direct, ongoing jobs that each scenario is likely to be able to support. Applying standard square foot per employee ratios, it is estimated that the development project sites will support approximately 5,400 direct jobs under Scenario A, 6,100 direct jobs under Scenario B, and 4,900 direct jobs under Scenario C at buildout. The economic impact analysis assumes that all commercial space is fully occupied (less a frictional vacancy rate) upon buildout.

Using IMPLAN’s multipliers, this analysis uses direct employment to estimate the level of annual output in each affected industry within Santa Clara County. It then measures the effects of \$1 million of output (i.e., total sales or revenue from all activities) on value added, and total output. The calculations in this analysis focus on the office/industrial, retail, and hotel sectors and do not consider the ongoing stadium operations. Economic impacts include:

- **Direct impacts.** These effects represent the immediate impacts of new demand for goods and services within the industry being evaluated. The analysis assumes that the direct employment and the direct spending associated with the relevant industries represent a net increase in the region and not a shift of activity currently occurring elsewhere in the study area.
- **Indirect impacts in the industry sectors supplying goods and services to the office/industrial, retail, and hotel sectors.** These effects represent the impacts caused by the iteration of supplier industries purchasing from other supplier

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<sup>8</sup> This analysis does not estimate the economic impact of ongoing stadium operations, including output and employment impacts.

industries as a result of the new demand for goods and services. Such purchases will occur both within and outside the study area. However, the multipliers and indirect effects estimated by the analysis only account for those transactions within the study area.

- **Induced impacts from increases in household income and spending on housing and local goods and services.** These effects are the result of the expenditures of new household income from the direct and indirect effects described above.
- **Direct, indirect, and induced employment impacts from the construction activity associated the development project.** These effects measure the number of full-time and part-time jobs generated for every \$1 million of construction spending that occurs. The results are measured in person-years of employment. For example, if a construction project generates 100 person-years of employment, the project would support one person working for 100 years or 100 people working for one year. By their nature, construction impacts are temporary given that construction projects have a definitive ending date.

For the purposes of this analysis, the multiplier effect has been used to measure the influence that each of the sectors evaluated have on the employment, value added, and total output of the broader economy.<sup>9</sup>

## EMPLOYMENT EFFECTS

### ANNUAL OPERATIONS JOBS

**Table 5** lists the direct, indirect and induced employment multipliers for Santa Clara County across the office/industrial, retail, and hotel sectors. As shown, the direct employment multipliers in the County range from a low of 3.50 for office/industrial to a high of 12.81 for retail. Thus, an additional \$1 million in sales from retail firms in Santa Clara County is estimated to result in about 13 new full-time and part-time jobs in the County. The direct employment multiplier for the retail and hotel sectors in Santa Clara County is high relative to other sectors, an indication that this sector is relatively more labor intensive than other sectors. As a result, there is a relatively significant job stimulatory effect from economic activities associated with retail and hotels, particularly since these jobs tend to pay lower wages.

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<sup>9</sup> Note that 2004 is the base year from which total impacts are assessed because the IMPLAN's most recent data is from 2004. For purposes of this analysis, construction values, which are estimated in 2008 dollars, are deflated to 2004 dollars in order to calculate the number of jobs generated. Output and value added impacts are initially generated in 2004 dollars. EPS inflated the results from 2004 dollars to 2008 dollars, using the CPI index.

**Table 5**  
**Employment Impact**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Multiplier	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>Office/Light Industrial</b>													
Direct	3.50	2,271	1,500	0	3,771	2,271	0	2,250	4,521	2,271	0	2,250	4,521
Indirect	1.74	1,131	747	0	1,879	1,131	0	1,121	2,252	1,131	0	1,121	2,252
Induced	1.71	1,108	732	0	1,840	1,108	0	1,098	2,206	1,108	0	1,098	2,206
<b>Retail</b>													
Direct	12.81	197	1,183	0	1,380	197	0	1,183	1,380	197	0	0	197
Indirect	1.61	25	149	0	173	25	0	149	173	25	0	0	25
Induced	1.85	29	171	0	200	29	0	171	200	29	0	0	29
<b>Hotel</b>													
Direct	11.56	210	0	0	210	210	0	0	210	210	0	0	210
Indirect	1.65	30	0	0	30	30	0	0	30	30	0	0	30
Induced	1.64	30	0	0	30	30	0	0	30	30	0	0	30

Source: IMPLAN 2.0, 2004; Economic & Planning Systems, Inc.

**Table 6**  
**Value Added Impact**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Multiplier	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>Office/Light Industrial</b>													
Direct	0.44	\$355,404,193	\$234,745,174	\$0	\$590,149,367	\$355,404,193	\$0	\$352,117,761	\$707,521,954	\$355,404,193	\$0	\$352,117,761	\$707,521,954
Indirect	0.18	\$145,811,814	\$96,308,992	\$0	\$242,120,806	\$145,811,814	\$0	\$144,463,488	\$290,275,302	\$145,811,814	\$0	\$144,463,488	\$290,275,302
Induced	0.13	\$107,116,519	\$70,750,673	\$0	\$177,867,192	\$107,116,519	\$0	\$106,126,010	\$213,242,529	\$107,116,519	\$0	\$106,126,010	\$213,242,529
<b>Retail</b>													
Direct	0.64	\$12,234,668	\$73,408,007	\$0	\$85,642,675	\$12,234,668	\$0	\$73,408,007	\$85,642,675	\$12,234,668	\$0	\$0	\$12,234,668
Indirect	0.16	\$3,121,463	\$18,728,778	\$0	\$21,850,241	\$3,121,463	\$0	\$18,728,778	\$21,850,241	\$3,121,463	\$0	\$0	\$3,121,463
Induced	0.15	\$2,917,587	\$17,505,522	\$0	\$20,423,110	\$2,917,587	\$0	\$17,505,522	\$20,423,110	\$2,917,587	\$0	\$0	\$2,917,587
<b>Hotel</b>													
Direct	0.65	\$14,594,810	\$0	\$0	\$14,594,810	\$14,594,810	\$0	\$0	\$14,594,810	\$14,594,810	\$0	\$0	\$14,594,810
Indirect	0.15	\$3,375,393	\$0	\$0	\$3,375,393	\$3,375,393	\$0	\$0	\$3,375,393	\$3,375,393	\$0	\$0	\$3,375,393
Induced	0.12	\$2,802,038	\$0	\$0	\$2,802,038	\$2,802,038	\$0	\$0	\$2,802,038	\$2,802,038	\$0	\$0	\$2,802,038

All values expressed in 2008 dollars.

Source: IMPLAN 2.0, 2004; Economic & Planning Systems, Inc.

## ONE-TIME CONSTRUCTION JOBS

The economic effects of the construction activity associated with the three development scenarios are significant but temporary. Construction activity is based on the direct construction costs of the improvements under each scenario. Scenario A is estimated to support approximately 9,000 person-years of on-site employment and approximately 3,900 indirect and induced person-years of employment. Scenario B is estimated to support approximately 14,500 person-years of on-site employment and approximately 6,300 indirect and induced person-years of employment, and Scenario C is estimated to support approximately 13,700 person-years of on-site employment and approximately 5,900 indirect and induced person-years of employment. The average annual wage of an employee in the construction industry is assumed to be approximately \$43,500.<sup>10</sup> The results of the construction impact calculations are shown on **Table 8**.

## ALLOCATION OF INDIRECT AND INDUCED IMPACTS

By definition, all of the direct jobs associated with the project development will be located on-site, in the City of San Jose. But in addition, there will be indirect and induced jobs that will be spread throughout the County, as well as areas outside of the County.<sup>11</sup> The distribution will be affected by land availability, local economic development efforts, and macro-economic conditions and can only be predicted in general terms, and over long periods of time (rather than year-to-year).

## OUTPUT EFFECTS

Output, which estimates the total change in gross sales by all industries in the study area, is estimated at buildout at \$1.5 billion annually under Scenario A, \$1.8 billion annually under Scenario B, and \$1.6 billion annually under Scenario C. Of the direct spending that occurs in the economy, a portion is spent by the on-site businesses to purchase the intermediate inputs needed for their operations. The remainder of the direct output is the value that is added by the industries to the intermediate inputs during the production process. **Table 7** lists the direct, indirect and induced output multipliers for Santa Clara County across the office/industrial, retail, and hotel sectors and shows the output distribution in Santa Clara County within the relevant sectors resulting from the development.

Annual indirect effects are estimated to range between \$523.9 million (under Scenario A) and \$620.2 million (under Scenario B), while annual induced effects are estimated to range between \$332.4 million (under Scenario A) and \$391.2 million (under Scenario B).

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<sup>10</sup> Bureau of Labor Statistics, Santa Clara County, Construction Industry, inflated from \$2005 to \$2008 by CPI.

<sup>11</sup> There will be indirect and induced jobs created beyond Santa Clara County as well, but the I/O model analyses and results are limited to Santa Clara County boundaries.

**Table 7**  
**Output Impact**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Multiplier	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>Office/Light Industrial</b>													
Direct	1.00	\$805,634,168	\$532,122,964	\$0	\$1,337,757,132	\$805,634,168	\$0	\$798,184,446	\$1,603,818,614	\$805,634,168	\$0	\$798,184,446	\$1,603,818,614
Indirect	0.36	\$291,735,971	\$192,692,187	\$0	\$484,428,157	\$291,735,971	\$0	\$289,038,280	\$580,774,250	\$291,735,971	\$0	\$289,038,280	\$580,774,250
Induced	0.22	\$178,017,828	\$117,581,128	\$0	\$295,598,956	\$178,017,828	\$0	\$176,371,692	\$354,389,520	\$178,017,828	\$0	\$176,371,692	\$354,389,520
<b>Retail</b>													
Direct	1.00	\$19,090,583	\$114,543,498	\$0	\$133,634,081	\$19,090,583	\$0	\$114,543,498	\$133,634,081	\$19,090,583	\$0	\$0	\$19,090,583
Indirect	0.25	\$4,791,017	\$28,746,100	\$0	\$33,537,116	\$4,791,017	\$0	\$28,746,100	\$33,537,116	\$4,791,017	\$0	\$0	\$4,791,017
Induced	0.24	\$4,580,467	\$27,482,800	\$0	\$32,063,266	\$4,580,467	\$0	\$27,482,800	\$32,063,266	\$4,580,467	\$0	\$0	\$4,580,467
<b>Hotel</b>													
Direct	1.00	\$22,533,113	\$0	\$0	\$22,533,113	\$22,533,113	\$0	\$0	\$22,533,113	\$22,533,113	\$0	\$0	\$22,533,113
Indirect	0.26	\$5,902,188	\$0	\$0	\$5,902,188	\$5,902,188	\$0	\$0	\$5,902,188	\$5,902,188	\$0	\$0	\$5,902,188
Induced	0.21	\$4,777,854	\$0	\$0	\$4,777,854	\$4,777,854	\$0	\$0	\$4,777,854	\$4,777,854	\$0	\$0	\$4,777,854

All values expressed in 2008 dollars.

Source: IMPLAN 2.0, 2004; Economic & Planning Systems, Inc.

**Table 8**  
**Economic Impact of Construction Activity**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail				
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	
Stadium	\$100,000,000		\$0	\$0	\$100,000,000			\$100,000,000	\$100,000,000		\$0	\$0	\$100,000,000
Office/Light Industrial	\$450 per s.f.	\$681,300,000	\$450,000,000	\$1,131,300,000	\$681,300,000		\$450,000,000	\$1,131,300,000	\$681,300,000		\$450,000,000	\$1,131,300,000	
Retail	\$290 per s.f.	\$21,750,000	\$130,500,000	\$152,250,000	\$21,750,000		\$130,500,000	\$152,250,000	\$21,750,000			\$21,750,000	
Hotel	\$150,000 per unit	\$45,000,000		\$45,000,000	\$45,000,000			\$45,000,000	\$45,000,000			\$45,000,000	
Parking (included above)													
Residential													
Single-Family Detached Cluster Units	\$95 per s.f.		\$0	\$0		\$31,122,000		\$31,122,000		\$31,122,000		\$31,122,000	
Townhomes	\$120 per s.f.		\$0	\$0		\$540,540,000		\$540,540,000		\$540,540,000		\$540,540,000	
Podium Apartments (Affordable) [1]	\$225 per s.f.		\$0	\$0		\$40,950,000		\$40,950,000		\$40,950,000		\$40,950,000	
plus per unit costs	\$90,000 per unit		\$0	\$0		\$117,000,000		\$117,000,000		\$117,000,000		\$117,000,000	
Value of Development in \$2008		\$748,050,000	\$580,500,000	\$0 \$1,328,550,000	\$848,050,000	\$729,612,000	\$580,500,000	\$2,158,162,000	\$848,050,000	\$729,612,000	\$450,000,000	\$2,027,662,000	
Value of Development in \$2004 [2]		\$626,746,167	\$486,366,085	\$0 \$1,113,112,252	\$710,530,161	\$611,298,074	\$486,366,085	\$1,808,194,321	\$710,530,161	\$611,298,074	\$377,027,973	\$1,698,856,209	
<b>Construction Industry Employment Multipliers [3]</b>													
Direct Effects	8.04												
Indirect Effects	1.34												
Induced Effects	2.12												
<b>Direct Impacts</b>													
Employment [4]		5,040	3,911	0 8,952	5,714	4,916	3,911	14,542	5,714	4,916	3,032	13,662	
Associated Wages [5]		\$304,914,403	\$236,618,957	\$0 \$541,533,360	\$345,675,636	\$297,398,847	\$236,618,957	\$879,693,440	\$345,675,636	\$297,398,847	\$183,425,548	\$826,500,031	
<b>Indirect and Induced Impacts</b>													
Employment [4]		2,170	1,684	0 3,854	2,460	2,117	1,684	6,261	2,460	2,117	1,305	5,882	
Associated Wages [6]		\$178,125,282	\$138,228,362	\$0 \$316,353,644	\$201,937,231	\$173,734,835	\$138,228,362	\$513,900,428	\$201,937,231	\$173,734,835	\$107,153,769	\$482,825,835	

[1] Assumes apartments are 1,000 square feet per unit.

[2] IMPLAN Multipliers are based on 2004 economic relationships and need to be applied to 2004 values.

[3] Multipliers are based on a blend of industry sectors including Construction of Manufacturing and Industrial Buildings, Commercial and Institutional Buildings, Water- Sewer- and Pipeline Construction, and Other New Construction.

[4] Construction employment is expressed as person years of employment and includes both full- and part-time workers.

[5] Assumed wage is \$57,024 from BLS (NAICS 23, Santa Clara County) and inflated from \$2006 to \$2007 by 'San Francisco-Oakland-San Jose' CPI and from \$2007 to \$2008 by same rate (3.0%).

[6] Assumed wage is \$77,374 from BLS (All Industries, Santa Clara County) and inflated from \$2006 to \$2007 by 'San Francisco-Oakland-San Jose' CPI and from \$2007 to \$2008 by same rate (3.0%).

Source: IMPLAN 2.0, 2004; Bureau of Labor Statistics; Economic & Planning Systems, Inc.

It is possible that some of the indirect effects are the result of on-site businesses supplying other on-site businesses; these economic effects are included in the estimates of direct effects. For example, the office/industrial sector has a relatively high indirect output multiplier and a somewhat-low indirect value added multiplier, which suggest that this industry is heavily reliant on its supplier industries, some of which could choose to locate at the project site.

## **VALUE ADDED EFFECTS**

For any particular firm, “value added” is defined as the sale price, or value of its output, minus the cost of intermediate goods and services bought from other firms. Value added includes profits, indirect business taxes, and wages. Value added represents new money that is available to circulate and re-circulate throughout the economy. **Table 6** lists the direct, indirect and induced value added multipliers for Santa Clara County across the office/industrial, retail, and hotel sectors and shows the value added distribution within these sectors in Santa Clara County resulting from the project development.

The direct value added multipliers in Santa Clara County range from a low of 0.44 for the office/industrial sector to a high of 0.65 for the hotel sector. Thus, \$1 million in sales from hotels in Santa Clara County is estimated to increase the direct value added in the County by about \$650,000.

Strong value added multipliers suggest that increased output can have a strong effect on the local economy. Additionally, high direct multipliers for a given sector suggest that that sector relies on minimal inputs from other sectors.

## IV. REVIEW OF SPORTSECONOMICS STUDY

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SportsEconomics was retained by the City of San Jose to study the economic impacts of the operations of the proposed stadium. EPS reviewed the draft study entitled "Market Assessment and Economic Impact Analysis for Proposed Soccer Stadium in the City of San Jose" and dated October 6, 2007. The purpose of the review was to identify relevant findings concerning stadium operations and the appropriateness of combining the results of the two studies.

The SportsEconomics study estimates the number of events (soccer and other) likely to be supported each year, the number of incremental attendees (counting only those who travel from outside of the City of San Jose and only those who would not visit San Jose but for an event at the stadium), and the average spending of event attendees both inside and outside the stadium. The study does not consider the impact of the stadium construction activity, the impact of possessory interest tax revenue, nor does it estimate the impact of the other Airport West site development associated with the stadium.

The results of the SportsEconomics study and this study cannot be summed together to estimate the total impact of any one of the development scenarios without paying careful attention to what the studies are estimating and how the estimates are calculated. For example, this study estimates the fiscal impact of the retail development at the Airport West site based on sales per square foot estimates. The SportsEconomics study, on the other hand, calculates the fiscal impact of visitor spending regardless of where in the City of San Jose that spending is occurring. It is likely that some portion of the visitors' spending will occur at the retail located adjacent to the stadium. To add these two impacts together would result in the double-counting of some of the taxable sales.

To account for this and other methodological differences, and in an effort to err on the conservative side, EPS uses only those spending estimates from the SportsEconomics study that are definitively independent of the EPS estimates of taxable sales at the new non-stadium development at the Airport West site. For example, SportsEconomics parses visitor spending into "inside stadium" spending and "outside stadium" spending. This study uses the "inside stadium" spending estimate only and incorporates it into this analysis. It is possible that visitors to the stadium also will spend money outside of the stadium and outside of the project area, potentially generating additional sales tax to the City. This visitor spending that occurs elsewhere in the City is not accounted for in this conservative analysis.

## V. STUDENT GENERATION RATES AND CAPACITY

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The development of approximately 1,300 new residential units at the iStar project site in the City of San Jose will have an impact on both the Oak Grove Elementary School District (OGESD) and the East Side Union High School District (ESUHSD). See **Table A-16**. The residential project mix will include cluster homes, townhomes and apartments with some affordable product. The iStar development will generate net new impacts that will need to be mitigated.

### STUDENT GENERATION RATES AND STUDENTS

#### OAK GROVE ELEMENTARY SCHOOL DISTRICT

OGESD prepared an enrollment study in October 2006 (*Projected Enrollments 2006 to 2016 in the Oak Grove Elementary School District*). The student generation rates (SGRs) for single-family units varied from 0.36 to 0.81 K-8 students per unit depending on the income level of the household. The report shows a direct inverse correlation with high incomes producing the fewest students. The report did not calculate the SGR for attached single-family units such as townhomes because of insufficient data. The report did estimate 320 students from the nearby Hitachi project which translates to an SGR of 0.109 K-8 students per mixed-use unit. Townhomes are less desirable for young families than single-family units because of the lack of yard space, but they tend to attract families at a higher rate than mixed-use product does. As a result, the SGR assumptions for the iStar site will fall between the single-family rates and the mixed-use product rate.

The bulk of the development at the iStar site will be townhomes that will require middle income levels to own compared with the other product types offered at the site. Because townhomes are less popular among young families than single-family residences, townhome SGRs are estimated to be about 56 percent of the middle income SGR for the single-family cluster homes: 0.16 for elementary and 0.04 for intermediate for a 0.20 total. The cluster homes may be more attractive to families because of some yard space; however, they are also the highest priced product which typically tends to depress the SGRs. As a result, the townhome SGR is applied to the single-family cluster homes as well. Apartments are more affordable and therefore the rate is assumed to be about half of the middle income SGR: 0.32 for elementary and 0.08 for intermediate for a 0.40 total. Based on these assumptions, the residential development at iStar is expected to generate about 240 elementary students and 60 intermediate students.

#### EAST SIDE UNION HIGH SCHOOL DISTRICT

ESUHSD uses the typical state SGR of 0.2 students per single-family unit; however, this rate is too high for attached single-family units. Based on the OGESD assumptions, a rate of 0.08 high school students per cluster home and townhome is used and a rate of

0.16 students per apartment is used. This generates about 120 students. If the townhomes end up attracting families with high school-aged students and the student generation rate rises by 50 percent, then iStar will generate 180 students.

## **SCHOOL FACILITIES NEEDED**

The iStar residential project will generate the need for nine or ten elementary school classrooms, two to three intermediate school classrooms, and four to six high school classrooms.

In OGESD, the project is in the Santa Teresa Elementary School and Bernal Intermediate School attendance areas. There is no existing capacity at either school and the impact of iStar will require the district to consider changing school attendance boundaries, adding facilities to house new students and/or perhaps building a new school. The cost to transport students is another concern because the iStar project site is not within walking distance of any school.

In ESUHSD, the project is in the Oak Grove High School attendance area. This school is overcrowded and the district recently moved some of the attendance area to neighboring Santa Teresa High. It is possible that Santa Teresa High will have capacity for students from iStar and typically there is room on high school campuses to add the four to six classrooms needed for students from iStar.

## APPENDIX A

### KEY ASSUMPTIONS AND CALCULATIONS

**Table A-1  
Detailed Program Description and Assumptions  
Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Scenario	Maximum Planned Development	Market Value per Unit/ SF/ Room [1]	Project Assessed Value [2]	Persons/ Household	Occ. Households/ Leased SF [3]	Project Residents	Project Employees [4]	Daytime Service Population [5]
<b>Scenario A (without Stadium)</b>								
<u>Airport West Site</u>								
Office/Light Industrial	1,514,000 sq.ft.	\$465	\$704,359,385		1,362,600		2,271	1,136
Retail	75,000 sq.ft.	\$296	\$22,218,000		69,000		197	99
Hotel	<u>300 rooms</u>	<u>\$200,000</u>	<u>\$60,000,000</u>		<u>210</u>		<u>210</u>	<u>105</u>
<i>Subtotal, Scenario A: Airport West</i>							2,678	1,339
<u>iStar Site</u>								
Residential								
Single-Family Detached Cluster Units	0 units							
Townhomes								
Podium Apartments (Affordable)								
Office/Light Industrial	1,000,000 sq.ft.	\$465	\$465,230,769		900,000		1,500	750
Retail	<u>450,000 sq.ft.</u>	<u>\$296</u>	<u>\$133,308,000</u>		<u>414,000</u>		<u>1,183</u>	<u>591</u>
<i>Subtotal, Scenario A: iStar</i>							2,683	1,341
<b>Total, Scenario A</b>			<b>\$1,385,116,154</b>				<b>5,361</b>	<b>2,681</b>
<b>Scenario B (with Stadium)</b>								
<u>Airport West Site</u>								
Office/Light Industrial	1,514,000 sq.ft.	\$465	\$704,359,385		1,362,600		2,271	1,136
Retail	75,000 sq.ft.	\$296	\$22,218,000		69,000		197	99
Hotel	<u>300 rooms</u>	<u>\$200,000</u>	<u>\$60,000,000</u>		<u>210</u>		<u>210</u>	<u>105</u>
<i>Subtotal, Scenario B: Airport West</i>							2,678	1,339
<u>iStar Site</u>								
Residential								
Single-Family Detached Cluster Units	182 units	\$875,000	\$159,250,000	3.4	179	607		607
Townhomes	936 units	\$600,000	\$561,600,000	2.7	918	2,479		2,479
Podium Apartments (Affordable)	<u>182 units</u>	<u>\$300,000</u>	<u>\$54,600,000</u>	<u>2.5</u>	<u>179</u>	<u>446</u>		<u>446</u>
<i>Subtotal, Scenario B: iStar</i>							3,533	3,533
<u>Elsewhere in Edenvale</u>								
Office/Light Industrial	1,000,000 sq.ft.	\$512	\$511,753,846		900,000		2,250	1,125
Retail	<u>450,000 sq.ft.</u>	<u>\$296</u>	<u>\$133,308,000</u>		<u>414,000</u>		<u>1,183</u>	<u>591</u>
<i>Subtotal, Scenario B: Elsewhere in Edenvale</i>							3,433	1,716
<i>Subtotal, Scenario C: Elsewhere in Edenvale</i>							2,250	1,125
<i>Subtotal, Scenario B</i>			\$1,420,511,846			3,533	3,433	5,249
<i>Subtotal, Scenario C</i>			\$1,287,203,846			3,533	2,250	4,658
<b>Total, Scenario B</b>			<b>\$2,207,089,231</b>			<b>3,533</b>	<b>6,111</b>	<b>6,588</b>
<b>Total, Scenario C</b>			<b>\$2,073,781,231</b>			<b>3,533</b>	<b>4,928</b>	<b>5,997</b>

- [1] Market values based on information provided by Hunter/Storm and EPS calculations.  
[2] This is a static estimate of the assessed value and does not take into consideration inflation or property value appreciation.  
[3] Assumes 1.9% vacancy for all residential units per DOF 2007 estimate and 5% vacancy for all retail space.  
[4] Assumes one employee per 350 square feet of retail space, one employee per 600 square feet of lower intensity office/industrial use, one employee per 400 square feet of higher intensity office/industrial use, and one employee per occupied hotel room.  
[5] In cases where total new residents or total new employment does not accurately reflect relative service demands, an additional measure of service demand is used - daytime service population (100 percent of residents plus 1/2 of employment).

Source: California Department of Finance; Bo Radanovich, Mission Valley Properties; Economic & Planning Systems, Inc.

**Table A-2**  
**Citywide Demographic Data**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Item		Amount	Source
Households (2007)		304,698	DoF
Mean Household Income (\$2008) [1]		\$97,774	ABAG
Single Family Housing Units		195,549	DoF
Multi Family Housing Units		98,121	DoF
Population	a	973,672	DoF
Persons per Household		3.22	DoF
Total Employed Residents		402,290	ABAG
Total Jobs	b	363,380	ABAG
Daytime Service Population [2]	c	1,155,362	$c = a + 1/2 * b$

[1] 2005 ABAG estimate inflated to \$2007 using San Francisco-Oakland-San Jose, CA CPI and then inflated to \$2008 by 3.0%.

[2] "Daytime Service Population" equals 100 percent of City residents plus 1/2 of City jobs. This measure of service population is used for cost impacts where employment affects the demand for service but by less than the residential demand.

Source: California Department of Finance 2007 estimate, Association of Bay Area Governments 2005 Projection, and Economic & Planning Systems, Inc.

**Table A-3  
General Fund Expenditures 2007/08 and Estimating Factors  
Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Item	Table Reference	2007-08		Estimating Factor/Approach	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Adopted General Fund	Variable Costs [1]		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
			Percent													
General Government [2]		\$63,952,017	25%	\$16 per daytime service pop.	\$21,988	\$22,027	\$0	\$44,015	\$21,988	\$22,027	\$28,184	\$72,199	\$21,988	\$22,027	\$18,473	\$62,488
Finance [3]		\$12,319,297	25%	\$3 per daytime service pop.	\$4,236	\$4,243	\$0	\$8,479	\$4,236	\$4,243	\$5,429	\$13,908	\$4,236	\$4,243	\$3,558	\$12,037
Economic Development/Department Operation [4]		\$5,871,256	25%	\$2 per daytime service pop.	\$2,019	\$2,022	\$0	\$4,041	\$2,019	\$2,022	\$2,588	\$6,628	\$2,019	\$2,022	\$1,696	\$5,737
Police	Table A-4	\$281,142,125	100%	\$154,669 per sworn officer	\$243,259	\$243,687	\$0	\$486,945	\$243,259	\$641,736	\$311,810	\$1,196,805	\$243,259	\$641,736	\$204,370	\$1,089,365
Fire	Table A-5	\$134,390,115	100%	\$148,482 per firefighter	\$126,831	\$127,055	\$0	\$253,886	\$126,831	\$334,592	\$162,573	\$623,997	\$126,831	\$334,592	\$106,556	\$567,979
Capital Maintenance [5]																
General Service		\$19,389,324	75%	\$13 per daytime service pop.	\$16,854	\$16,884	\$0	\$33,738	\$16,854	\$36,822	\$21,604	\$75,280	\$16,854	\$36,822	\$14,160	\$67,836
Public Works		\$10,641,058	100%	\$9 per daytime service pop.	\$12,333	\$12,355	\$0	\$24,688	\$12,333	\$26,945	\$15,809	\$55,086	\$12,333	\$26,945	\$10,361	\$49,639
Transportation		\$34,267,239	100%	\$14,931 per road mile	\$18,477	\$18,477	\$0	\$36,955	\$18,477	\$9,756	\$18,477	\$46,711	\$18,477	\$9,756	\$9,239	\$37,472
Community Services [6]																
Library	Table A-6	\$28,807,311	30%	\$10 per capita	\$0	\$0	\$0	\$0	\$0	\$35,815	\$0	\$35,815	\$0	\$35,815	\$0	\$35,815
Park, Rec. & Neighborhood Services [7]		\$65,046,290	100%	\$15,000 per acre of parkland	\$0	\$0	\$0	\$0	\$0	\$95,700	\$0	\$95,700	\$0	\$95,700	\$0	\$95,700
Planning, Building & Code Enforcement		\$39,284,064	25%	\$9 per daytime service pop.	\$11,383	\$11,403	\$0	\$22,785	\$11,383	\$24,868	\$14,590	\$50,841	\$11,383	\$24,868	\$9,563	\$45,814
Other Community Services		\$1,785,919	-	- not estimated												
Non-Departmental [8]		\$334,883,485	-	- not estimated												
<b>Total General Fund Expenditures</b>		<b>\$1,031,779,500</b>			<b>\$457,380</b>	<b>\$458,152</b>	<b>\$0</b>	<b>\$915,532</b>	<b>\$457,380</b>	<b>\$1,234,526</b>	<b>\$581,065</b>	<b>\$2,272,971</b>	<b>\$457,380</b>	<b>\$1,234,526</b>	<b>\$377,976</b>	<b>\$2,069,882</b>

[1] Percentage of costs that increases with growth, as opposed to fixed costs.

[2] Includes city attorney, auditor, clerk, manager, mayor, council, emergency services, employee services, and information technology.

[3] Includes independent police auditor.

[4] Includes redevelopment agency expenses.

[5] Includes general services, public works and transportation. In calculating transportation costs, it is assumed that 10% of gross site acreage is allocated to roads and that roads are, on average, 50 feet wide. At the iStar site, under Scenario B1 and B2, total public street (Streets A & B) length is 3,450 feet.

[6] Community Services includes Environmental Services. It is assumed that the incremental costs of providing environmental services are covered through user fees.

[7] Assumes per acre maintenance cost of \$15,000 based on an interview with a department staff as part of a previous study for the City. Required park acreage at iStar site (6.38 acres) is provided by David Mitchell, Parks Planning Manager, in a memo to John Lang, dated January 31, 2008.

[8] Includes citywide expenses, transfers, capital contributions and reserves.

Source: City of San Jose Adopted Budget 2007/2008; Economic & Planning Systems, Inc.

**Table A-4**  
**Police Department Expenditures**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Project Service Population	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Daytime Service Population	1,339	1,341	0	2,681	1,339	3,533	1,716	6,588	1,339	3,533	1,125	5,997
Total New Officers Required	1.6	1.6	0.0	3.1	1.6	4.1	2.0	7.7	1.6	4.1	1.3	7.0
Annual Expenditure per Officer [1]	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608	\$140,608
Annual Overhead per Officer [2]	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061	\$14,061
<b>Total Cost</b>	<b>\$243,259</b>	<b>\$243,687</b>	<b>\$0</b>	<b>\$486,945</b>	<b>\$243,259</b>	<b>\$641,736</b>	<b>\$311,810</b>	<b>\$1,196,805</b>	<b>\$243,259</b>	<b>\$641,736</b>	<b>\$204,370</b>	<b>\$1,089,365</b>
<b>Assumptions</b>												
Existing Sworn Officers 2007	1,357											
Existing Daytime Service Population	1,155,362											
Per 1,000 Daytime Service Population	1.17											

[1] Includes salary, benefits, and ongoing uniform and safety equipment. Per officer estimate is \$125,000 in \$2006. EPS inflated this estimate by 4% per year to \$2008.

[2] Assumes an annual overhead cost equivalent to 10% of the Expenditure per Officer.

Source: City of San Jose, e-mail from John Lang; Economic & Planning Systems, Inc.

**Table A-5**  
**Fire Department Expenditures**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Project Service Population	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Daytime Service Population	1,339	1,341	0	2,681	1,339	<b>3,533</b>	1,716	6,588	1,339	3,533	1,125	5,997
Total New Fire Fighters Required	0.9	0.9	0.0	1.7	0.9	2.3	1.1	4.2	0.9	2.3	0.7	3.8
Annual Expenditure per Fire Fighter [1]	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984	\$134,984
Annual Overhead per Fire Fighter [2]	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498	\$13,498
<b>Total Cost</b>	<b>\$126,831</b>	<b>\$127,055</b>	<b>\$0</b>	<b>\$253,886</b>	<b>\$126,831</b>	<b>\$334,592</b>	<b>\$162,573</b>	<b>\$623,997</b>	<b>\$126,831</b>	<b>\$334,592</b>	<b>\$106,556</b>	<b>\$567,979</b>
<b>Assumptions</b>												
Existing Fire Fighters 2007	737											
Existing Daytime Service Population	1,155,362											
Per 1,000 Daytime Service Population	0.64											

[1] Includes salary, benefits, and on-going uniform and safety equipment. Per officer estimate is \$120,000 in 2006. EPS inflated this estimate by 4% per year to 2008.

[2] Assumes an annual overhead cost equivalent to 10% of the Expenditure per Fire Fighter.

Source: City of San Jose; Economic & Planning Systems, Inc.

**Table A-6**  
**Library Expenditures**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Item	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Project Resident Population	0	0	0	0	0	3,533	0	3,533	0	3,533	0	3,533
<b>Total Cost [1]</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,815</b>	<b>\$0</b>	<b>\$35,815</b>	<b>\$0</b>	<b>\$35,815</b>	<b>\$0</b>	<b>\$35,815</b>
<b>Assumptions</b>												
Net O&M costs of a typical library per capita	\$10.14											

[1] In \$2008. Based on operation and maintenance of a typical library in the City.

Source: City of San Jose; Economic & Planning Systems, Inc.

**Table A-7**  
**General Fund Revenue 2007/08 and Estimating Factors**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

2007-08															
Item	Table Reference	Adopted General Fund	Estimating Factor/Assumptions	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
				Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Fund Balance		\$231,830,625	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Property Tax	Table A-8	\$198,154,000	12.5% of Property Tax	\$967,374	\$0	\$0	\$967,374	\$967,374	\$0	\$0	\$967,374	\$967,374	\$0	\$0	
Property Tax In-Lieu of VLF	Table A-13		based on assessed value	\$304,594	\$231,778	\$0	\$536,373	\$304,594	\$300,285	\$249,794	\$854,674	\$304,594	\$300,285	\$198,172	
Possessory Interest Tax	Table A-10		based on value of stadium	\$0	\$0	\$0	\$0	\$800,000	\$0	\$0	\$800,000	\$800,000	\$0	\$0	
Sales Tax	Table A-11	\$152,636,000	1.00% of estimated taxable sales	\$272,533	\$1,117,966	\$0	\$1,390,499	\$404,757	\$170,443	\$1,146,946	\$1,722,145	\$404,757	\$170,443	\$86,940	
Transient Occupancy Tax [1]	Table A-12	\$8,988,000	4.0% of hotel rent revenue	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	
Franchise Fees		\$39,032,000	\$33.78 per daytime service pop.	\$45,238	\$45,318	\$0	\$90,556	\$45,238	\$98,834	\$57,987	\$202,060	\$45,238	\$98,834	\$38,006	
Utility Tax		\$79,141,000	\$68.50 per daytime service pop.	\$91,725	\$91,886	\$0	\$183,611	\$91,725	\$200,396	\$117,573	\$409,694	\$91,725	\$200,396	\$77,061	
Licenses and Permits															
Business Tax		\$12,605,000	\$34.69 per employee	\$92,900	\$93,063	\$0	\$185,963	\$92,900	\$0	\$119,080	\$211,980	\$92,900	\$0	\$78,048	
Other (building permits, fire permits, etc.)		\$67,114,404	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Fines, Forfeitures, and Penalties		\$14,707,600	\$15.11 per capita	\$0	\$0	\$0	\$0	\$0	\$44,191	\$0	\$44,191	\$0	\$44,191	\$0	
Revenue from Money and Property		\$13,909,080	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Revenue from Local Agencies		\$47,243,063	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Revenue from State Government															
Motor Vehicle License Fee		\$6,400,000	\$6.57 per capita	\$0	\$0	\$0	\$0	\$0	\$19,230	\$0	\$19,230	\$0	\$19,230	\$0	
Other (Airplane In-Lieu Tax, Grants, etc.)		\$4,029,201	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Revenue from Federal Government		\$6,142,948	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Departmental Charges		\$30,714,618	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Other Revenues [2]		\$18,527,194	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Reimbursements															
Gas Tax		\$17,200,000	\$17.67 per capita based on assessed value	\$0	\$0	\$0	\$0	\$0	\$62,403	\$0	\$62,403	\$0	\$62,403	\$0	
Construction and Conveyance Tax Transfer	Table A-14	\$2,600,000	of re-sold properties	\$12,459	\$9,481	\$0	\$21,940	\$12,459	\$19,521	\$10,218	\$42,198	\$12,459	\$19,521	\$8,106	
Other		\$80,804,767	- not estimated	-	-	-	-	-	-	-	-	-	-	-	
<b>Total General Fund Revenue</b>		<b>\$1,031,779,500</b>													

[1] Includes General Fund share of TOT only, although additional TOT revenues (approximately \$850,000 annually) benefitting fine arts and cultural programs, the Convention and Visitors Bureau, and the conventions and cultural facilities operations are also generated.

[2] Includes reimbursements from investment programs, sidewalk repair activities, HP Pavilion revenue, and sale of surplus property.

Source: City of San Jose Adopted Budget 2007-2008; Economic & Planning Systems, Inc.

**Table A-8**  
**Property Tax and Tax Increment Calculation**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Category	Assumptions/Reference	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Assessed Values by Land Use													
Office/Light Industrial	See Table A-9	\$704,359,385	\$465,230,769	\$0	\$1,169,590,154	\$704,359,385	\$0	\$511,753,846	\$1,216,113,231	\$704,359,385	\$0	\$511,753,846	\$1,216,113,231
Retail	See Table A-9	\$22,218,000	\$133,308,000	\$0	\$155,526,000	\$22,218,000	\$0	\$133,308,000	\$155,526,000	\$22,218,000	\$0	\$0	\$22,218,000
Hotel	See Table A-9	\$60,000,000	\$0	\$0	\$60,000,000	\$60,000,000	\$0	\$0	\$60,000,000	\$60,000,000	\$0	\$0	\$60,000,000
Residential	See Table A-1	\$0	\$0	\$0	\$0	\$0	\$775,450,000	\$0	\$775,450,000	\$0	\$775,450,000	\$0	\$775,450,000
Assessed Value of Site (land and structures)		\$786,577,385	\$598,538,769	\$0	\$1,385,116,154	\$786,577,385	\$775,450,000	\$645,061,846	\$2,207,089,231	\$786,577,385	\$775,450,000	\$511,753,846	\$2,073,781,231
Existing Assessed Value of Site (land and structures)		\$12,678,059	\$31,561,076	\$0	\$44,239,135	\$12,678,059	\$31,561,076	\$34,014,248	\$78,253,383	\$12,678,059	\$31,561,076	\$26,984,889	\$71,224,024
Incremental Assessed Value of Site		\$773,899,326	\$566,977,693	\$0	\$1,340,877,019	\$773,899,326	\$743,888,924	\$611,047,598	\$2,128,835,848	\$773,899,326	\$743,888,924	\$484,768,958	\$2,002,557,207
Redevelopment Area Site? (yes, no)		no	yes	yes	n/a	no	yes	yes	n/a	no	yes	yes	n/a
Property Tax Total	1.0% of Assessed Value	\$7,738,993	\$0	\$0	\$7,738,993	\$7,738,993	\$0	\$0	\$7,738,993	\$7,738,993	\$0	\$0	\$7,738,993
Share of Property Tax to General Fund [1]	12.5%	14.8%	14.8%		12.5%	14.8%	14.8%		12.5%	14.8%	14.8%		
<b>Property Tax to General Fund</b>		<b>\$967,374</b>	<b>\$0</b>	<b>\$0</b>	<b>\$967,374</b>	<b>\$967,374</b>	<b>\$0</b>	<b>\$0</b>	<b>\$967,374</b>	<b>\$967,374</b>	<b>\$0</b>	<b>\$0</b>	<b>\$967,374</b>
Gross Tax Increment	1.0% of Assessed Value	\$0	\$5,669,777	\$0	\$5,669,777	\$0	\$7,438,889	\$6,110,476	\$13,549,365	\$0	\$7,438,889	\$4,847,690	\$12,286,579
Less Housing Set Aside	20.0% of Tax Increment	\$0	\$1,133,955	\$0	\$1,133,955	\$0	\$1,487,778	\$1,222,095	\$2,709,873	\$0	\$1,487,778	\$969,538	\$2,457,316
Less Obligated Payments and Pass Throughs	17.1% of Tax Increment	\$0	\$967,831	\$0	\$967,831	\$0	\$1,269,818	\$1,043,058	\$2,312,877	\$0	\$1,269,818	\$827,501	\$2,097,319
<b>Net Tax Increment to Redevelopment Agency</b>	<b>62.9% of Tax Increment</b>	<b>\$0</b>	<b>\$3,567,991</b>	<b>\$0</b>	<b>\$3,567,991</b>	<b>\$0</b>	<b>\$4,681,293</b>	<b>\$3,845,323</b>	<b>\$8,526,616</b>	<b>\$0</b>	<b>\$4,681,293</b>	<b>\$3,050,651</b>	<b>\$7,731,944</b>

[1] Tax allocation rates were provided by the County Finance Agency, Controller-Treasure Department for FY 2007-08 on 12/06/2007 and are specific to the Project's Tax Rate Area and does not reflect additional allocation retained in-lieu of VLF. Instead, property tax in-lieu of VLF is calculated separately in Table A-13.

Source: City of San Jose; Santa Clara County Finance Agency; Economic & Planning Systems, Inc.

**Table A-9**  
**Assessed Value Calculation (NOI Approach)**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Office/Industrial Square Footage (Gross)	1,514,000	1,000,000	0	2,514,000	1,514,000	0	1,000,000	2,514,000	1,514,000	0	1,000,000	2,514,000
Office/Industrial Square Footage (Occupied)	1,362,600	900,000	0	2,262,600	1,362,600	0	900,000	2,262,600	1,362,600	0	900,000	2,262,600
Rent per Square Foot per Year (NNN) [1]	\$40.00	\$54,504,000	\$36,000,000	\$0 \$90,504,000	\$54,504,000	\$0	\$39,600,000	\$94,104,000	\$54,504,000	\$0	\$39,600,000	\$94,104,000
Less Expenses	10.0%	\$5,450,400	\$3,600,000	\$0 \$9,050,400	\$5,450,400	\$0	\$3,960,000	\$9,410,400	\$5,450,400	\$0	\$3,960,000	\$9,410,400
Less Commissions	6.0%	\$3,270,240	\$2,160,000	\$0 \$5,430,240	\$3,270,240	\$0	\$2,376,000	\$5,646,240	\$3,270,240	\$0	\$2,376,000	\$5,646,240
NOI		\$45,783,360	\$30,240,000	\$0 \$76,023,360	\$45,783,360	\$0	\$33,264,000	\$79,047,360	\$45,783,360	\$0	\$33,264,000	\$79,047,360
Capitalized Value	6.5%	\$704,359,385	\$465,230,769	\$0 \$1,169,590,154	\$704,359,385	\$0	\$511,753,846	\$1,216,113,231	\$704,359,385	\$0	\$511,753,846	\$1,216,113,231
<b>Value per Gross Square Foot</b>		\$465	\$465		\$465		\$512		\$465		\$512	
Retail Square Footage (Gross)	75,000	450,000	0	525,000	75,000	0	450,000	525,000	75,000	0	0	75,000
Retail Square Footage (Occupied)	69,000	414,000	0	483,000	69,000	0	414,000	483,000	69,000	0	0	69,000
Rent per Square Foot per Year	\$35.00	\$2,415,000	\$14,490,000	\$0 \$16,905,000	\$2,415,000	\$0	\$14,490,000	\$16,905,000	\$2,415,000	\$0	\$0	\$2,415,000
Less Expenses	25.0%	\$603,750	\$3,622,500	\$0 \$4,226,250	\$603,750	\$0	\$3,622,500	\$4,226,250	\$603,750	\$0	\$0	\$603,750
Less Commissions	6.0%	\$144,900	\$869,400	\$0 \$1,014,300	\$144,900	\$0	\$869,400	\$1,014,300	\$144,900	\$0	\$0	\$144,900
NOI		\$1,666,350	\$9,998,100	\$0 \$11,664,450	\$1,666,350	\$0	\$9,998,100	\$11,664,450	\$1,666,350	\$0	\$0	\$1,666,350
Capitalized Value	7.5%	\$22,218,000	\$133,308,000	\$0 \$155,526,000	\$22,218,000	\$0	\$133,308,000	\$155,526,000	\$22,218,000	\$0	\$0	\$22,218,000
<b>Value per Gross Square Foot</b>		\$296	\$296		\$296		\$296		\$296		\$296	
Hotel Rooms (Total)	300			300	300			300	300			300
Value per Room	\$200,000			\$200,000	\$200,000			\$200,000	\$200,000			\$200,000
Total Hotel Value	\$60,000,000			\$60,000,000	\$60,000,000			\$60,000,000	\$60,000,000			\$60,000,000

[1] Office/Industrial lease rates are assumed to be 10% higher elsewhere in Edenvale to reflect higher quality environment due to higher FARs that result in construction that functions more like office space than industrial space.

**Table A-10**  
**Property Tax and Tax Increment Calculation**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Category	Assumptions/ Reference	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Value of Stadium [1]		\$0			\$0	\$80,000,000			\$80,000,000	\$80,000,000			\$80,000,000
Possessory Interest Tax (PIT) Total	1.0% of Value	\$0	\$0	\$0	\$0	\$800,000	\$0	\$0	\$800,000	\$800,000	\$0	\$0	\$800,000
<b>City's Share of Possessory Interest Tax</b>	<b>12.50% of PIT</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>

[1] Value of Stadium is based on 80% of the construction cost estimate (\$100 million) but could vary depending on the evaluation of the County Assessor.

Source: Hunter Storm; Economic & Planning Systems, Inc.

**Table A-11**  
**Sales Tax Calculation**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Assumptions	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>Household Expenditures</b>												
Household Income Assumptions												
Average Unit Selling Price [1]						\$551,163		\$551,163		\$551,163		\$551,163
Percentage Mortgaged						90%		90%		90%		90%
Total Mortgage						\$496,047		\$496,047		\$496,047		\$496,047
Annual Mortgage Payment [2]						\$39,975		\$39,975		\$39,975		\$39,975
Ratio of Housing Expenditures to Household Income						1:3		1:3		1:3		1:3
Required Household Income per Unit						\$119,924		\$119,924		\$119,924		\$119,924
Average Taxable Expenditures per Household [3]	26% of household income					\$31,081		\$31,081		\$31,081		\$31,081
Net New Household Expenditures [4]	50% of expenditures					\$15,541		\$15,541		\$15,541		\$15,541
Total Occupied Households						1,097		1,097		1,097		1,097
Total Net New Taxable Retail Expenditures						\$17,044,261		\$17,044,261		\$17,044,261		\$17,044,261
Subtotal New Sales Tax to the City	1% of taxable sales					\$170,443		\$170,443		\$170,443		\$170,443
<b>Employee Expenditures</b>												
Total Employees		2,678	2,683	5,361		2,678	3,433	6,111		2,678	2,250	4,928
Average Taxable Expenditures per Employee in City [5]	\$3,328 per employee	\$8,912,859	\$8,928,549	\$17,841,408		\$8,912,859	\$11,424,549	\$20,337,408		\$8,912,859	\$7,488,000	\$16,400,859
Total Net New Taxable Expenditures [6]	50% of expenditures	\$4,456,430	\$4,464,274	\$8,920,704		\$4,456,430	\$5,712,274	\$10,168,704		\$4,456,430	\$3,744,000	\$8,200,430
Subtotal New Sales Tax to the City	1% of taxable sales	\$44,564	\$44,643	\$89,207		\$44,564	\$57,123	\$101,687		\$44,564	\$37,440	\$82,004
<b>Retail Sales</b>												
Total Occupied Square Feet of Retail		69,000	414,000	483,000		69,000	414,000	483,000		69,000		69,000
Taxable Retail Sales Generated/SqFt		\$350	\$350	\$350		\$350	\$350	\$350		\$350		\$350
Total Taxable Retail Sales		\$24,150,000	\$144,900,000	\$169,050,000		\$24,150,000	\$144,900,000	\$169,050,000		\$24,150,000		\$24,150,000
Total Net New Taxable Retail Sales [7]	70% of total sales	\$16,905,000	\$101,430,000	\$118,335,000		\$16,905,000	\$101,430,000	\$118,335,000		\$16,905,000		\$16,905,000
Subtotal New Sales Tax to the City	1% of taxable sales	\$169,050	\$1,014,300	\$1,183,350		\$169,050	\$1,014,300	\$1,183,350		\$169,050		\$169,050
<b>In-Stadium Spending</b>												
Spending Inside Proposed Stadium Facility [8]						\$13,222,330				\$13,222,330		
Total Net New Taxable Retail Sales	100%					\$13,222,330				\$13,222,330		
Subtotal New Sales Tax to the City	1% of taxable sales					\$132,223				\$132,223		
<b>Non-Retail Sales</b>												
Subtotal Net New Sales Tax to the City [9]	\$22 per employee	\$58,919	\$59,023	\$0	\$117,942	\$58,919	\$0	\$75,523	\$134,442	\$58,919	\$0	\$49,500
<b>Total Sales Tax Generated</b>		<b>\$272,533</b>	<b>\$1,117,966</b>	<b>\$0</b>	<b>\$1,390,499</b>	<b>\$404,757</b>	<b>\$170,443</b>	<b>\$1,146,946</b>	<b>\$1,722,145</b>	<b>\$404,757</b>	<b>\$170,443</b>	<b>\$86,940</b>
												<b>\$662,139</b>

[1] Weighted average, in \$2008.

[2] Calculation assumes 10% down, 30-Year Fixed Mortgage at 7 percent interest rate.

[3] Bureau of Labor Statistics; assumes households with average incomes over \$70,000 spend 26% of household income on taxable expenditures.

[4] Assumes 50% of retail expenditures made by new residents are captured within the City of San Jose.

[5] Based on the annual workday spending by office workers in suburban locations as reported by the Office Worker Retail Spending Patterns: a Downtown and Suburban Area Study, ICSC Research; includes average annual spending of office workers on lunch, shoppers goods, convenience goods, and dinner/drinks. Assumes 100% of lunch and 40% of all other goods are purchased near work (in San Jose) based on the source's finding that workers conduct 40% of their retail spending closer to work than home.

[6] Adjusts estimate to account for percentage of employees who live outside of the City of San Jose.

[7] Net new retail sales represent sales that would not have been generated in the City absent this new retail.

[8] In-Stadium spending estimate from Exhibit 6-5 (page 49) of SportsEconomics December 19, 2007 analysis - "Market Assessment and Economic Impact Analysis For Proposed Soccer Stadium in the City of San Jose" includes spending on tickets, merchandise, concessions, and in-stadium amenities such as luxury boxes, etc. Sales tax calculation methodology assumes 100% of spending is taxable as confirmed by Dan Rascher of SportsEconomics.

[9] Based on business to business sales tax generated in the Edenvale Area.

Sources: U.S. Bureau of Labor Statistics; International Council of Shopping Centers; Dollars and Cents, ULI 2000; City of San Jose; Economic & Planning Systems, Inc.

**Table A-12**  
**Transient Occupancy Tax (TOT) Calculation**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
Number of Hotel Rooms	300	0	0	300	300			300	300			300
Average Occupancy Rate [1]	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Annual Room Nights	76,650	0	0	76,650	76,650	0	0	76,650	76,650	0	0	76,650
Average Room Rate per Night	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185	\$185
Annual Revenue	\$14,180,250	\$0	\$0	\$14,180,250	\$14,180,250	\$0	\$0	\$14,180,250	\$14,180,250	\$0	\$0	\$14,180,250
Transient Occupancy Tax 4.0% [2]	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	\$567,210
Non-General Fund Revenue												
Transient Occupancy Tax Func 6.0% [3]	\$850,815	\$0	\$0	\$850,815	\$850,815	\$0	\$0	\$850,815	\$850,815	\$0	\$0	\$850,815

[1] The 2007 occupancy rate in the "Uptown" area was 56%. Typically, hotel operations break-even at a 70% occupancy rate or higher. This analysis assumes the hotel would not be developed until hotel market conditions improve enough to generate at least a 70% occupancy rate.

[2] The TOT tax rate is currently 10%, 6% of which is placed in the Transient Occupancy Tax Fund and 4% of which is deposited in the General Fund. This calculation looks at the General Fund deposit only.

[3] The revenues collected in the TOT Fund are distributed by formula to three program categories: the Conventions, Arts and Entertainment Operating Subsidy; Cultural Grants; and the San Jose Convention and Visitors Bureau.

Source: City of San Jose; Economic & Planning Systems, Inc.

**Table A-13**  
**Vehicle License Fee (VLF) Calculation**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

Property Tax In-Lieu of VLF	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
2005 Motor Vehicle in-lieu Fee Rev (2%) [2]				\$53,943,010				\$53,943,010				\$53,943,010
2005 Motor Vehicle License Fee Rev (.65%) [1]				<u>\$4,498,343</u>				<u>\$4,498,343</u>				<u>\$4,498,343</u>
Base Value for Property Tax in-lieu of VLF [3]				\$49,444,667				\$49,444,667				\$49,444,667
Citywide Assessed Value (Base Value) [4]	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204	\$127,684,737,204
Project Assessed Value	\$786,577,385	\$598,538,769	-	\$1,385,116,154	\$786,577,385	\$775,450,000	\$645,061,846	\$2,207,089,231	\$786,577,385	\$775,450,000	\$511,753,846	\$2,073,781,231
% Increase in Assessed Value	0.6%	0.5%	0.0%	1.1%	0.6%	0.6%	0.5%	1.7%	0.6%	0.6%	0.4%	1.6%
Total property tax in-lieu of VLF (Above the Base)	\$304,594	\$231,778	\$0	\$536,373	\$304,594	\$300,285	\$249,794	\$854,674	\$304,594	\$300,285	\$198,172	\$803,052

[1] From 2004-2005 adopted budget.

[2] 2004-2005 Vehicle License Fee amount before change of VLF calculation.

[3] Amount that is offset by the new State budget and will be reimbursed by property tax.

[4] Assumes 2008 assessed value as the base value (derived by taking the 2007 assessed value and applying 8% increase based on the average growth between 1995 and 2004).

Source: City of San Jose; CA State Controller Office; Economic & Planning Systems, Inc.

**Table A-14  
Construction & Conveyance Tax Calculation  
Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #1712**

Land Use	Assumption	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
		Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>Conveyance Taxable AV</b>													
Resold Properties													
Residential	10% Turnover Rate	\$0	\$0	\$0	\$0	\$0	\$61,620,000	\$0	\$61,620,000	\$0	\$61,620,000	\$0	\$61,620,000
Commercial	5% Turnover Rate	\$39,328,869	\$29,926,938	\$0	\$69,255,808	\$39,328,869	\$0	\$32,253,092	\$71,581,962	\$39,328,869	\$0	\$25,587,692	\$64,916,562
Total Value		\$39,328,869	\$29,926,938	\$0	\$69,255,808	\$39,328,869	\$61,620,000	\$32,253,092	\$133,201,962	\$39,328,869	\$61,620,000	\$25,587,692	\$126,536,562
Conveyance Tax (\$3.30/\$1,000 value)		\$129,785	\$98,759	\$0	\$228,544	\$129,785	\$203,346	\$106,435	\$439,566	\$129,785	\$203,346	\$84,439	\$417,571
Construction Tax [1]	not estimated												
Total C&C Tax		\$129,785	\$98,759	\$0	\$228,544	\$129,785	\$203,346	\$106,435	\$439,566	\$129,785	\$203,346	\$84,439	\$417,571
<b>Allocation to Parks O&amp;M Use [2]</b>		<b>\$12,459</b>	<b>\$9,481</b>	<b>\$0</b>	<b>\$21,940</b>	<b>\$12,459</b>	<b>\$19,521</b>	<b>\$10,218</b>	<b>\$42,198</b>	<b>\$12,459</b>	<b>\$19,521</b>	<b>\$8,106</b>	<b>\$40,087</b>
Allocation to Capital Programs													
Parks Capital Program (64%)		\$83,063	\$63,206	\$0	\$146,268	\$83,063	\$130,141	\$68,119	\$281,323	\$83,063	\$130,141	\$54,041	\$267,245
Communications (3.34%)		\$4,335	\$3,299	\$0	\$7,633	\$4,335	\$6,792	\$3,555	\$14,682	\$4,335	\$6,792	\$2,820	\$13,947
Service Yard (7.78%)		\$10,097	\$7,683	\$0	\$17,781	\$10,097	\$15,820	\$8,281	\$34,198	\$10,097	\$15,820	\$6,569	\$32,487
Library (14.25%)		\$18,494	\$14,073	\$0	\$32,568	\$18,494	\$28,977	\$15,167	\$62,638	\$18,494	\$28,977	\$12,033	\$59,504
Fire (8.4%)		\$10,902	\$8,296	\$0	\$19,198	\$10,902	\$17,081	\$8,941	\$36,924	\$10,902	\$17,081	\$7,093	\$35,076
Park Yards (1.2%)		\$1,557	\$1,185	\$0	\$2,743	\$1,557	\$2,440	\$1,277	\$5,275	\$1,557	\$2,440	\$1,013	\$5,011
<b>Total</b>		<b>\$128,448</b>	<b>\$97,742</b>	<b>\$0</b>	<b>\$226,190</b>	<b>\$128,448</b>	<b>\$201,252</b>	<b>\$105,339</b>	<b>\$435,039</b>	<b>\$128,448</b>	<b>\$201,252</b>	<b>\$83,570</b>	<b>\$413,270</b>
<b>One-Time Construction Tax [3]</b>													
Multi-Family Construction Tax	##### per unit	\$0	\$0	\$0	\$0	\$0	\$97,500	\$0	\$97,500	\$0	\$97,500	\$0	\$97,500
Commercial Construction Tax	\$0.08 per s.f.	\$127,120	\$116,000	\$0	\$243,120	\$127,120	\$0	\$116,000	\$243,120	\$127,120	\$0	\$80,000	\$207,120
<b>Total One-Time Construction Tax</b>		<b>\$127,120</b>	<b>\$116,000</b>	<b>\$0</b>	<b>\$243,120</b>	<b>\$127,120</b>	<b>\$97,500</b>	<b>\$116,000</b>	<b>\$340,620</b>	<b>\$127,120</b>	<b>\$97,500</b>	<b>\$80,000</b>	<b>\$304,620</b>

[1] Because this model reflects a stabilized year of operations, the construction tax is not estimated.

[2] Nearly 9.6% of the City's construction and conveyance tax revenue (or 15% of the City's Parks Capital Program revenue) can be used for parks operation and maintenance purposes.

[3] The construction tax represents a one-time source of revenue based on the current rate of \$75 per multi-family unit and \$0.08 per square foot of commercial buildings. Revenues are dedicated to the Park and Community Facilities, Communications, Fire, Library, and Service Yards Capital Program

Source: City of San Jose; Economic & Planning Systems, Inc.

**Table A-15**  
**Annual Fiscal Impact Summary at Project Buildout (2008 Dollar Terms)**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17121**

Category	Scenario A without Stadium				Scenario B with Stadium				Scenario C with Stadium/ no Edenvale Retail			
	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total	Airport West	iStar	Elsewhere in Edenvale	Total
<b>City General Fund Revenues</b>												
Property Tax	\$967,374	\$0	\$0	\$967,374	\$967,374	\$0	\$0	\$967,374	\$967,374	\$0	\$0	\$967,374
Property Tax In-Lieu of VLF	\$304,594	\$231,778	\$0	\$536,373	\$304,594	\$300,285	\$249,794	\$854,674	\$304,594	\$300,285	\$198,172	\$803,052
Possessory Interest Tax	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$100,000	\$100,000	\$0	\$0	\$100,000
Sales Tax	\$272,533	\$1,117,966	\$0	\$1,390,499	\$404,757	\$170,443	\$1,146,946	\$1,722,145	\$404,757	\$170,443	\$86,940	\$662,139
Transient Occupancy Tax	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	\$567,210	\$567,210	\$0	\$0	\$567,210
Franchise Fee	\$45,238	\$45,318	\$0	\$90,556	\$45,238	\$98,834	\$57,987	\$202,060	\$45,238	\$98,834	\$38,006	\$182,079
Utility Users Tax	\$91,725	\$91,886	\$0	\$183,611	\$91,725	\$200,396	\$117,573	\$409,694	\$91,725	\$200,396	\$77,061	\$369,182
Business Tax	\$92,900	\$93,063	\$0	\$185,963	\$92,900	\$0	\$119,080	\$211,980	\$92,900	\$0	\$78,048	\$170,948
Fines, Forfeitures, and Penalties	\$0	\$0	\$0	\$0	\$0	\$44,191	\$0	\$44,191	\$0	\$44,191	\$0	\$44,191
Motor Vehicle License Fee	\$0	\$0	\$0	\$0	\$0	\$19,230	\$0	\$19,230	\$0	\$19,230	\$0	\$19,230
Gas Tax Transfer	\$0	\$0	\$0	\$0	\$0	\$62,403	\$0	\$62,403	\$0	\$62,403	\$0	\$62,403
Construction and Conveyance Tax Transfer [1]	\$12,459	\$9,481	\$0	\$21,940	\$12,459	\$19,521	\$10,218	\$42,198	\$12,459	\$19,521	\$8,106	\$40,087
<b>Total General Fund Revenue</b>	<b>\$2,341,575</b>	<b>\$1,580,012</b>	<b>\$0</b>	<b>\$3,921,587</b>	<b>\$2,573,798</b>	<b>\$895,783</b>	<b>\$1,691,379</b>	<b>\$5,160,961</b>	<b>\$2,573,798</b>	<b>\$895,783</b>	<b>\$478,228</b>	<b>\$3,947,809</b>
<b>City General Fund Expenditures</b>												
<u>General Government</u>												
General Government	\$21,988	\$22,027	\$0	\$44,015	\$21,988	\$22,027	\$28,184	\$72,199	\$21,988	\$22,027	\$18,473	\$62,488
Finance	\$4,236	\$4,243	\$0	\$8,479	\$4,236	\$4,243	\$5,429	\$13,908	\$4,236	\$4,243	\$3,558	\$12,037
Economic Development	\$2,019	\$2,022	\$0	\$4,041	\$2,019	\$2,022	\$2,588	\$6,628	\$2,019	\$2,022	\$1,696	\$5,737
Total General Government	\$28,242	\$28,292	\$0	\$56,534	\$28,242	\$28,292	\$36,201	\$92,735	\$28,242	\$28,292	\$23,727	\$80,262
<u>Public Safety</u>												
Fire	\$126,831	\$127,055	\$0	\$253,886	\$126,831	\$334,592	\$162,573	\$623,997	\$126,831	\$334,592	\$106,556	\$567,979
Police	\$243,259	\$243,687	\$0	\$486,945	\$243,259	\$641,736	\$311,810	\$1,196,805	\$243,259	\$641,736	\$204,370	\$1,089,365
Total Public Safety	\$370,090	\$370,742	\$0	\$740,832	\$370,090	\$976,328	\$474,383	\$1,820,802	\$370,090	\$976,328	\$310,925	\$1,657,344
<u>Capital Maintenance</u>												
General Service	\$16,854	\$16,884	\$0	\$33,738	\$16,854	\$36,822	\$21,604	\$75,280	\$16,854	\$36,822	\$14,160	\$67,836
Public Works	\$12,333	\$12,355	\$0	\$24,688	\$12,333	\$26,945	\$15,809	\$55,086	\$12,333	\$26,945	\$10,361	\$49,639
Transportation	\$18,477	\$18,477	\$0	\$36,955	\$18,477	\$9,756	\$18,477	\$46,711	\$18,477	\$9,756	\$9,239	\$37,472
Total Capital Maintenance	\$47,665	\$47,716	\$0	\$95,381	\$47,665	\$73,523	\$55,890	\$177,078	\$47,665	\$73,523	\$33,760	\$154,948
<u>Community Services</u>												
Library	\$0	\$0	\$0	\$0	\$0	\$35,815	\$0	\$35,815	\$0	\$35,815	\$0	\$35,815
Park, Recreation & Neighborhood Services	\$0	\$0	\$0	\$0	\$0	\$95,700	\$0	\$95,700	\$0	\$95,700	\$0	\$95,700
Planning, Building & Code Enforcement	\$11,383	\$11,403	\$0	\$22,785	\$11,383	\$24,868	\$14,590	\$50,841	\$11,383	\$24,868	\$9,563	\$45,814
Total Community Services	\$11,383	\$11,403	\$0	\$22,785	\$11,383	\$156,383	\$14,590	\$182,356	\$11,383	\$156,383	\$9,563	\$177,328
<b>Total General Fund Expenditures</b>	<b>\$457,380</b>	<b>\$458,152</b>	<b>\$0</b>	<b>\$915,532</b>	<b>\$457,380</b>	<b>\$1,234,526</b>	<b>\$581,065</b>	<b>\$2,272,971</b>	<b>\$457,380</b>	<b>\$1,234,526</b>	<b>\$377,976</b>	<b>\$2,069,882</b>
<b>City General Fund - Net Annual Fiscal Balance</b>	<b>\$1,884,195</b>	<b>\$1,121,859</b>	<b>\$0</b>	<b>\$3,006,055</b>	<b>\$2,116,419</b>	<b>(\$338,744)</b>	<b>\$1,110,315</b>	<b>\$2,887,990</b>	<b>\$2,116,419</b>	<b>(\$338,744)</b>	<b>\$100,252</b>	<b>\$1,877,927</b>
<b>City Redevelopment Agency</b>												
Net Tax Increment to Redevelopment Agency	\$0	\$3,567,991	\$0	\$3,567,991	\$0	\$4,681,293	\$3,845,323	\$8,526,616	\$0	\$4,681,293	\$3,050,651	\$7,731,944

[1] Represents the portion of C&C tax that offsets Parks O&M costs.

Sources: City of San Jose; Economic & Planning Systems, Inc.

**Table A-16**  
**Student Generation Rates**  
**Fiscal and Economic Impact Analysis of Major League Soccer Stadium; EPS #17125**

<b>Item</b>	<b>K-6</b>	<b>7-8</b>	<b>9-12</b>	<b>Total</b>
<b>Residential Units [1]</b>				
Cluster	182	182	182	<b>182</b>
Townhome 1	260	260	260	<b>260</b>
Townhome 2	299	299	299	<b>299</b>
Townhome 3	377	377	377	<b>377</b>
Apartments	182	182	182	<b>182</b>
Age Restricted Senior	0	0	0	<b>0</b>
<b>Total Units</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>Students [2]</b>				
<b>Student Generation Rate</b>				
Cluster	0.16	0.04	0.08	<b>0.28</b>
Townhome 1	0.16	0.04	0.08	<b>0.28</b>
Townhome 2	0.16	0.04	0.08	<b>0.28</b>
Townhome 3	0.16	0.04	0.08	<b>0.28</b>
Apartments	0.32	0.08	0.16	<b>0.56</b>
<b>Students Generated</b>				
Cluster	29	7	15	<b>51</b>
Townhome 1	42	10	21	<b>73</b>
Townhome 2	48	12	24	<b>84</b>
Townhome 3	60	15	30	<b>105</b>
Apartments	58	15	29	<b>102</b>
<b>Total Students</b>	<b>237</b>	<b>59</b>	<b>119</b>	<b>415</b>

[1] Estimated iStar product mix

[2] Source: Oak Grove ESD Enrollment Study, 2006 and interpolated HSD SGR.

Sources: Oak Grove ESD Enrollment Study, 2006; Economic & Planning Systems, Inc.