

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS ADOPTING AN AMENDED AND RESTATED SET OF LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS, DECLARING ITS INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2008-1 (PUBLIC SERVICES) AND TO LEVY A SPECIAL TAX THEREIN AND TO PROVIDE FOR THE FUTURE ANNEXATION OF TERRITORY

WHEREAS, the City Council of the City of Milpitas previously established local goals and policies regarding the formation of “community facilities districts” and the imposition of special taxes, pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”), as amended, Chapter 2.5, Part I, Division 2, Title 5 of the Government Code of the State of California, in Resolution No. 7514, dated April 5, 2005; and

WHEREAS, the Act permits local governments to amend and update such local goals and policies from time to time, as needed; and

WHEREAS, the City now wishes to adopt an amended and restated set of local goals and policies for the community facilities districts within the City, but does not wish to make any changes at this time to the existing community facilities district, City of Milpitas Community Facilities District No. 2005-1 (Public Services); and

WHEREAS, the City also now wishes to create a new community facilities district and to levy a special tax therein pursuant to the terms of the Act to fund the cost of providing certain services to the District; and

WHEREAS, the City Council has determined that public convenience and necessity require that all the territory in the City not initially included in a community facilities district be annexed into one in the future, as set forth in the local policies and goals adopted by the City Council pursuant to the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Milpitas that:

1. **Adoption of Local Goals and Policies.** Pursuant to Government Code Section 53312.7, the City Council has considered and hereby adopts the amended and restated goals and policies concerning the use of the Act that are attached hereto as Exhibit A.

2. **Intent to Establish Community Facilities District.** The City Council hereby declares that it proposes and intends to establish a community facilities district pursuant to the provisions of the Act, in the manner described below.

3. **Description of Boundaries.** The proposed boundaries of the community facilities district and the territory proposed to be annexed in the future into that particular community facilities district are shown on a map on file in the office of the City Clerk. (Parcels within the territory proposed to be annexed in the future may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed.) The City Council hereby directs the City Clerk endorse the certificates set forth on the map indicating its filing in the office of the City Clerk and evidencing the date and adoption of this resolution. The City Council further directs the City Clerk to record a copy of the map with the Santa Clara County Recorder within 15 days after the adoption of this resolution, in accordance with the provisions of Section 3111 of the California Streets and Highways Code.

4. **Name of the Community Facilities District.** The community facilities district proposed to be formed shall be known as City of Milpitas Community Facilities District No. 2008-1 (Public Services).

5. **Description of Services.** The services proposed to be financed by the District (the “Services”) are described in Exhibit B hereto. The cost of providing the Services includes “incidental expenses,” which include costs associated with the creation of the District, determination of the amount of special taxes, collection or payment of special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District. The Services authorized to be financed by the District increase current service levels and are in addition to those currently provided in the territory of the District and do not supplant services already available within that territory.

6. **Levy of Special Tax.** Except where funds are otherwise available, a special tax sufficient to pay the costs of the Services (including incidental expenses), secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually within the District. The rate, method of apportionment, and manner of collection of the special tax are specified in Exhibit C.

7. **Public Hearing.** The City Council hereby fixes 7:00 p.m., or as soon thereafter as practicable, on December 16, 2008, at the regular meeting place of the City Council, City Hall Council Chambers, 455 East Calaveras Blvd., Milpitas, California, as the time and place for a public hearing on the establishment of the District and the proposal to annex territory in the future.

8. **Notice of Hearing.** The City Council directs the City Clerk to publish a notice of the hearing, in substantially the form attached hereto as Exhibit D, once not later than seven days prior to the date fixed for the hearing, in *The Milpitas Post*, a newspaper of general circulation published in the area of the District.

9. **Hearing Report.** The City Council directs the City Engineer or his or her designee to study the proposed District and, at or before the time of the hearing, to cause to be prepared and filed with the City Council a report containing a brief description of the services that will in his opinion be required to adequately meet the needs of the District, his estimate of the cost of providing those services; and the fair and reasonable cost of incidental expenses to be incurred in connection therewith.

10. **Description of Proposed Voting Procedures.** If, at the conclusion of the public hearing, the City Council adopts a resolution establishing the District, the City Council proposes to order an election by mailed ballot and submit the question of the levy of the special tax to the qualified electors. The City Council hereby determines that the Services are necessary to meet increased demands placed upon the City as a result of development occurring within the boundaries of the District. Because fewer than twelve registered voters currently reside within the District, the qualified electors shall be the landowners within the District, and each landowner who is the owner of record at the close of the hearing shall have one vote for each acre or portion of an acre of land that such landowner owns within the proposed District.

PASSED AND ADOPTED this _____ day of _____ 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, City Clerk

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Michael J. Ogaz, City Attorney

EXHIBIT A

CITY OF MILPITAS

**AMENDED AND RESTATED
LOCAL GOALS AND POLICIES FOR
COMMUNITY FACILITIES DISTRICTS**
(adopted October 21, 2008)

I. INTRODUCTION.

Section 53312.7(a) of the California Government Code requires that the City Council of the City of Milpitas (the "CITY") consider and adopt local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (the "Act"), prior to the initiation of proceedings on or after January 1, 1994, to establish a new community facilities district ("CFD") under the Act. On April 5, 2005, prior to the establishment of City of Milpitas Community Facilities District No. 2005-1 (Public Services), the City Council adopted goals and policies concerning the use of the Act to finance services. The following amended and restated goals and policies additionally address the use of the Act to finance public facilities. These goals and policies may be amended or supplemented by resolution of the City Council of the CITY at any time.

II. GOALS.

A. Services. It is the goal of the CITY that new development generate sufficient additional revenues to fund the CITY's costs of providing the public services required by that development. The City Council will consider the use of the Act to provide a portion of the required revenues.

B. Facilities. The City Council will consider the use of the Act for financing public facilities and refinancing existing liens levied or bonds issued to finance public facilities, only in connection with the prospective development of land in the CITY or as otherwise referenced in a development agreement to which the CITY is a party. Any request for a CFD which is not integral to the development of land will require amendment of these goals and policies and will be considered on a case by case basis.

C. Costs. All CITY and non-contingent consultant costs incurred in the evaluation and establishment of new CFDs and annexations to existing CFDs will be paid by the proponents of the formation/annexation. With respect to CFDs that finance facilities, the CITY shall use all reasonable efforts to reimburse all CFD formation/annexation costs from CFD bond proceeds if and when CFD bonds are issued. Expenses incurred by the CITY that are not chargeable to the CFD shall be borne by the proponent of the CFD.

III. ELIGIBLE PUBLIC SERVICES AND FACILITIES.

A. Services. The specific services to be funded shall include all services authorized under the Act including, but not limited to, police protection; fire protection; maintenance and lighting of parks, parkways, streets, roads, street landscaping, and open space; flood and storm drainage protection; and plowing and removal of snow.

B. Facilities. The improvements eligible to be financed by a CFD must be owned by a public agency or public utility and must have a useful life of at least five (5) years, except that up to five percent of the proceeds of a debt issue may be used for facilities owned and operated by a privately-owned public utility. The improvements must be consistent with any relevant specific plan approvals. A CFD shall not vest any rights to future land use on any properties, including those which are responsible for paying special taxes.

The list of public facilities eligible to be financed by a CFD include, but are not limited to, the following:

- Street Improvements
- Street lighting
- Traffic signals and safety lighting
- Landscaping in public right-of-ways
- Governmental facilities
- Sanitary sewer facilities
- Storm drain facilities
- Flood control facilities
- Potable and reclaimed water facilities
- Utility relocations
- Elementary and secondary school sites and facilities
- Libraries
- Public utilities
- Police and fire protection facilities
- Public parking structures
- Cultural facilities
- Child care facilities
- Parks and recreational facilities

The funding of public facilities to be owned and operated by public agencies other than the CITY shall be considered on a case-by-case basis. If the proposed facilities are appropriate for financing by a CFD and are consistent with approved land use plans or other governmental approvals for the property, the CITY may consider entering into a joint community facilities agreement in order to finance these facilities. A joint agreement with the public agency that will own and operate any such facility must be entered into prior to the adoption of the resolution of formation, a resolution of change altering the CFD, or a resolution authorizing the issuance of bonds, except as otherwise permitted under the Act.

IV. PRIORITIES FOR CFD FINANCING. Priority for CFD financing shall be given to public facilities and services which are necessary for development, or otherwise required to satisfy any conditions of development.

V. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES. All CFD bond issues should have at least a four to one property value to public lien ratio after calculating the value of the financed public improvements to be installed and any private improvements for which financing is reasonably assured, unless the City Council finds and determines that the proposed bonds do not present any unusual credit risk or, by a four-fifths vote, that the proposed bond issue should proceed for specified public policy reasons. Property value may be based on either an appraisal or on assessed values as indicated on the county assessor's tax roll. Any appraiser shall be selected by the CITY, and the appraisal shall be based on standards determined applicable by CITY staff and consultants. The appraisal must be dated within six months of the date the bonds are issued. The public lien amount shall include the bond issue currently being sold plus any public indebtedness secured by a fixed lien on real property currently existing against the properties to be taxed.

A reserve fund equal to the lesser of (i) ten percent of the original proceeds of the bond issue, (ii) the maximum annual debt service on the bonds, or (iii) one hundred twenty-five percent of the average annual debt service on the bonds is considered as appropriate for any bond issue where less than seventy-five percent of the buildable acreage has been developed. A smaller reserve fund may be appropriate for bond issues in CFDs where over a significant percentage of the buildable acreage has been developed. The reserve fund may be maintained by or on behalf of a public financing authority, if such an authority purchases the CFD bonds, and need not be held under the fiscal agent agreement pursuant to which the CFD bonds are issued. Less than a four to one property value to public lien ratio, excessive tax delinquencies, or projects of poor economic viability may cause the CITY to disallow the sale of bonds or require credit enhancement prior to bond sale.

If the CITY requires letters of credit or other security in connection with the issuance of bonds for a CFD, the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the CITY. Any security required to be provided may be discharged by the CITY upon the opinion of a qualified appraiser, retained by the CITY (at the expense of the CFD or the applicable landowner), that a value-to-lien ratio of four to one has been attained. As an alternative to providing other security, a portion of the bond proceeds may be placed in escrow with a corporate agent in an amount sufficient to assure a value-to-lien ratio of at least four to one on the outstanding proceeds, or other appropriate release requirements.

VI. DISCLOSURE REQUIREMENTS FOR PROSPECTIVE PROPERTY PURCHASERS.

A. Disclosure Requirements for Developers. Developers who are selling lots or parcels that are within a CFD shall provide disclosure notice to prospective purchasers that complies with all of the requirements of Section 53341.5 of the Government Code. The disclosure notice must be provided to prospective purchasers of property at or prior to the time the contract or deposit receipt for the purchase of property is executed. Developers shall keep an executed copy of each disclosure document as evidence that disclosure has been provided to all purchasers of property within a CFD, and shall provide the CITY with a copy of each such disclosure document.

B. Disclosure Requirements for the Resale of Lots. The CITY's Finance Director shall provide a notice of special taxes to sellers of property (other than developers) which will enable them to comply with their notice requirements under Section 1102.6 of the Civil Code. This notice shall be provided by the Finance Director within five working days of receiving a written request for the notice, unless otherwise permitted under the Act. A reasonable fee may be charged for providing the notice, not to exceed any maximum fee specified in the Act.

VII. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES. Special tax formulas for CFDs shall provide for minimum special tax levels which satisfy the following expenses of a CFD: (a) 110 percent gross debt service coverage for all CFD bonded indebtedness, (b) the cost of providing the authorized services, (c) the projected administrative expenses of the CFD, and (d) amounts equal to the differences between expected earnings on any escrow fund and the interest payments due on bonds of the CFD. Additionally, the special tax formula may provide for the following: (a) any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the CFD, (b) the accumulation of funds reasonably required for future debt service, (c) amounts equal to projected delinquencies of special tax payments, (d) the costs of remarketing, credit enhancement and liquidity facility fees, (e) the cost of acquisition, construction, furnishing or equipping of facilities, (f) lease payments for existing or future facilities, (g) costs associated with the release of funds from an escrow account, and (h) any other costs or payments permitted by the Act and applicable law.

The special tax formula shall be reasonable and equitable in allocating the costs of the services and the public facilities financed by the CFD to parcels within the CFD, unless otherwise agreed to by at least the owners of two-thirds of the property to be subject to the special tax. Exemptions from the special tax may be given to parcels which are publicly owned, are held by a property owners' association, are used for a public purpose such as open space or wetlands, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, or have insufficient value to support bonded indebtedness.

The total projected property tax levels for any CFD shall not exceed any maximum specified in the Act. The annual increase, if any, in the maximum special tax for any parcel shall not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner of any other parcel shall not exceed any maximum specified in the Act.

The CITY shall retain a special tax consultant to prepare a report which: (a) recommends a special tax for the proposed CFD, and (b) evaluates the special tax proposed to determine its ability to adequately fund the identified services and /or public facilities, CFD administrative costs, and other related expenditures. Such analysis shall also address the resulting aggregate tax burden of all proposed special taxes plus existing special taxes, ad valorem taxes and assessments on the properties within the CFD.

VIII. APPRAISALS. The definitions, standards and assumptions to be used for appraisals shall be determined by CITY staff on a case-by-case basis, with input from CITY consultants and CFD proponents, and by reference to relevant materials and information promulgated by the State of California. In any event, the value-to-lien ratio shall be determined based upon an appraisal by an independent MAI appraiser of the proposed CFD. The appraisal shall be coordinated by and under the direction of the CITY. All costs associated with the preparation of the appraisal report shall be paid by the proponents of the CFD through an advance deposit mechanism. The CITY shall have discretion to retain a consultant to prepare a report to verify market absorption assumptions and projected sales prices of the properties which may be subject to the maximum special tax in the CFD.

IX. TERMS AND CONDITIONS OF BONDS. All terms and conditions of any CFD bonded indebtedness shall be established by the CITY, after consultation with the CITY's consultants, CITY staff and the proponents of the CFD. The CITY will control, manage and invest, or cause to be controlled, managed and invested,

all CFD bond proceeds. Each bond issue shall be structured so as to eliminate any adverse impact on the bonding capacity or credit rating of the CITY. The City Council shall at all times retain the discretion as to if and when any bonds shall be issued for a CFD.

All statements and material related to the sale of bonds shall emphasize and state that neither the faith, nor general credit of the CITY is pledged to security or repayment of the bonds. The sole source of pledged revenues to repay CFD bonds shall be the special taxes, bond proceeds and reserve funds held under the bond document, and the proceeds of foreclosure proceedings and additional security instruments provided at the time of bond issuance, unless otherwise specifically agreed to in writing by the CITY.

X. CFD INITIAL COSTS. All CITY and consultant costs incurred in the evaluation of CFD applications and the establishment of CFDs will be paid by the proponents of the CFD by advance deposit increments. The CITY shall use reasonable efforts not to incur any non-reimbursable expenses for processing and administering CFDs. In general, expenses not chargeable to the CFD shall be directly borne by the proponents of the CFD.

XI. USE OF CONSULTANTS. The CITY shall select all consultants necessary for the formation of (or annexation to) and administration of a CFD and the issuance of bonds, including the underwriter(s), bond counsel, financial advisors, appraiser, any market absorption consultant and the special tax consultant. Prior consent of any proponent of a CFD shall not be required in the determination by the CITY of the consulting and financing team.

XII. EXCEPTIONS TO THESE POLICIES. The CITY may find that a waiver of any of the above stated policies is reasonable given identified CITY benefits to be derived from such waiver. Such waivers only will be granted by action of the City Council.

EXHIBIT B

DESCRIPTION OF SERVICES

The community facilities district is established to finance any one or more of the following types of services within the District:

- (a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.
- (b) Fire protection and suppression services, and ambulance and paramedic services.
- (c) Maintenance and lighting of parks, parkways, streets, roads, street landscaping, and open space.
- (d) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems.
- (e) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment.

EXHIBIT C

City of Milpitas
Community Facilities District No. 2008-1
(Public Services)
Santa Clara County, California

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in the Community Facilities District No. 2008-1 (Public Services) (CFD) of the City of Milpitas (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

“**Administrative Expenses**” means the actual or estimated costs incurred by the City to form the CFD and to determine, levy and collect the Special Taxes, including, but not limited to, compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel; the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the City.

“**Administrator**” means the Finance Director of the City, or his or her designee.

“**Affordable Housing**” means a Dwelling Unit on a Developed Parcel that is subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded on the property that provide housing for persons that meet Low, Very Low, or Extremely Very Low income levels pursuant to the California Health & Safety Code Sections 5079.5, 50105, or 50106. The Dwelling Unit shall no longer be considered Affordable Housing following the termination of the agreement containing covenants or similar instruments.

“**Annexation Parcel**” means any Parcel that is annexed to the CFD after it is formed.

“**Annual Costs**” means for each Fiscal Year, the total of 1) Authorized Services 2) Administrative Expenses; and 3) any amounts needed to cure actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

“**Authorized Services**” mean those services, as listed in the resolution forming the CFD.

“**Base Year**” means the Fiscal Year beginning July 1, 2009 and ending June 30, 2010.

“**Certificate of Occupancy**” means a permit issued by the City authorizing the occupancy of a Dwelling Unit.

“**CFD**” means the Community Facilities District No. 2008-1 (Public Services) of the City of Milpitas, Santa Clara County, California.

“**City**” means the City of Milpitas in Santa Clara County, California.

“**Council**” means the City Council of the City of Milpitas acting for the CFD under the Act.

“**County**” means the County of Santa Clara, California.

“**County Assessor's Parcel**” means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

“**County Median Income**” means the current median income for the County as determined by the U.S. Department of Housing and Urban Development, or successor agency as published annually by the State Department of Housing and Community Development pursuant to the Health & Safety Code Section 50093 et. seq.

“**Developed Parcel**” means a Parcel that has Certificate of Occupancy for residential land uses issued after January 1, 2009:

“**Dwelling Unit(s)**” means the number of taxable developed residential unit(s) assigned to a Parcel, or a portion thereof, by the Administrator.

“**Extremely Low-Income Affordable**” means a Dwelling Unit located on a Developed Parcel that is Affordable Housing for households with incomes at or below 30 percent of the County Median Income.

“**Fiscal Year**” means the period starting July 1 and ending the following June 30.

“**Low-Income Affordable**” means a Dwelling Unit located on a Developed Parcel for Affordable Housing for households with incomes at or below 80 percent of the County Median Income.

“**Market-Rate**” means a Dwelling Unit located on a Developed Parcels that is not Affordable Housing.

“**Maximum Annual Special Tax**” means the greatest amount of Special Tax that can be levied against a Developed Parcel calculated by summing the Maximum Annual Special Tax Rate for each Dwelling Unit and Tax Category assigned to a Developed Parcel.

“**Maximum Annual Special Tax Rate per Unit**” means the amount shown in **Attachment 1** for a Fiscal Year that is assigned to a Dwelling Unit by Tax Category.

“**Parcel**” means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“**Parcel Number**” means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“**Public Parcel**” means any Parcel, in its entirety, that is or is intended to be publicly owned that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, and public drainageways; public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel shall be a Tax-Exempt Parcel.

“**Second Family Unit**” means an attached or detached additional residential dwelling unit on a single-family residential Developed Parcel. The Second-Family Unit is not considered a Dwelling Unit in terms of assigning the Maximum Annual Special Tax.

“**Special Tax(es)**” mean(s) any tax levy under the Act in the CFD.

“**Tax Category**” means the four categories of housing Dwelling Units shown in **Attachment 1**.

“**Tax Collection Schedule**” means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

“**Tax Escalation Factor**” means an annual percentage increase in the Maximum Annual Special Tax Rate per Unit based upon the Consumer Price Index (CPI) (as of February, San Francisco, All Urban Consumers (CPI-U) Index),

the CPI (prior calendar year annual average, San Francisco, All Urban Wage Earners and Clerical Workers), or 2 percent, whichever is greater. The Tax Escalation Factor is applied in each Fiscal Year following the Base Year.

“**Taxable Parcel**” means any Parcel that is not a Tax-Exempt Parcel.

“**Tax-Exempt Parcel**” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are Public Parcels (subject to the limitations set forth in **Section 4**, below), Undeveloped Parcels, and nonresidential use parcels, such as commercial, office, retail, industrial, etc.

“**Undeveloped Parcel**” means a Parcel which is not a Developed Parcel.

“**Very Low-Income Affordable**” means a Dwelling Unit located on a Developed Parcel, that is Affordable Housing for households with incomes at or below 50 percent of the County Median Income.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Assignment of Maximum Annual Special Tax

A. **Classification of Parcels**. By June 30 of each Fiscal Year, using the Definitions in **Section 2** above, the parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the Administrator shall cause:

1. Each Parcel to be classified as a Developed Parcel or Tax-Exempt Parcel;
2. Each Developed Parcel is assigned a number of Dwelling Units; and
3. Each Dwelling Unit is further classified as a Market Rate, Low-Income Affordable, Very Low-Income Affordable, or Extremely Low-Income Affordable.

B. **Assignment of Maximum Annual Special Tax**.

Attachment 1 shows the Base Year Maximum Annual Special Tax Rates per Unit. Each Fiscal Year following the Base Year, the Maximum Annual Special Tax Rate per Unit may be increased in accordance with the Tax Escalation Factor.

The Maximum Annual Special Tax is then assigned to Taxable Parcels using the steps below.

1. **Developed Parcels**. Dwelling Units are assigned by the Administrator by Tax Category (as shown in **Attachment 1**) to Developed Parcels. The Maximum Annual Special Tax for each Developed Parcel is the sum of the Maximum Annual Special Tax Rates per Unit (as increased by the Tax Escalation Factor each Fiscal Year after the Base Year) for each Dwelling (and Tax Category assigned thereto).
 2. **Undeveloped Parcels**. Undeveloped Parcels are Tax-Exempt Parcels until developed as one of the residential uses discussed above.
- C. **Conversion of a Tax-Exempt Parcel to a Taxable Parcel**. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to the **Sections 4.A** and **4.B** above. Conversely, if a privately owned parcel is converted to a public use, it shall become tax-exempt.

5. Calculating Annual Special Taxes

The Administrator shall compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator will then determine the tax levy for each Taxable Parcel using the following process:

- A. Compute the Annual Costs using the definition of Annual Costs in **Section 2**.
- B. Calculate the Special Tax levy for each Developed Parcel by the following steps:
 - Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax revenue calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Annual Special Tax Revenue, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.
- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The Administrator shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

6. Records Maintained for the CFD

As development and subdivision occurs within the CFD, the Administrator will maintain a file containing records of the following information for each Parcel:

- The current County Assessor's Number;
- Number of Dwelling Units assigned by the Administrator to Developed Parcels; and
- The Tax Category for each Dwelling Unit assigned to a Developed Parcel.

The file containing the information listed above will be available for public inspection.

7. Appeals

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator will then promptly review the appeal, and if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

8. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City’s financial obligations.

**Attachment 1
City of Milpitas
CFD No. 2008-1 (Public Services)
Maximum Annual Special Tax Rates Per Unit Base Year 2009-2010**

Dwelling Unit Tax Category	Maximum Annual Special Tax Rate Per Unit
	[1]
Market Rate	\$510
Low-Income Residential [2]	\$408
Very Low-income Residential [3]	\$255
Extremely Low-Income Residential	\$0

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[1] May be increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2009-2010.

[2] Initially set at 80% of the Market-Rate Maximum Annual Special Tax Rate per Unit. When such Parcel is no longer subject to Affordable Housing status, it will be assigned to the Market Rate Tax Category.

[3] Initially set at 50% of the Market-Rate Maximum Annual Special Tax Rate per Unit. When such Parcel is no longer subject to Affordable Housing status, it will be assigned to the Market Rate Tax Category.

[4] Initially set at 0% of the Market-Rate Maximum Annual Special Tax Rate per Unit. When such Parcel is no longer subject to Affordable Housing status, it will be assigned to the Market Rate Tax Category.

EXHIBIT D

**NOTICE OF PUBLIC HEARING ON PROPOSED ESTABLISHMENT OF CITY OF MILPITAS
COMMUNITY FACILITIES DISTRICT NO. 2008-1 (PUBLIC SERVICES) AND FUTURE ANNEXATION
OF TERRITORY**

NOTICE IS HEREBY GIVEN that the City Council of the City of Milpitas on October 21, 2008, adopted its Resolution No. _____, in which it declared its intention to establish a community facilities district and to levy a special tax to pay for certain services, all pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code. The resolution describes the boundaries of the proposed district, the services proposed to be financed, and the rate, method of apportionment, and manner of collection of the proposed special tax. The resolution also declares the City's intention to provide for future annexation of the remaining territory within the City into the district. The City proposes to tax all interests in property that may be taxed under the Act. For further details, the resolution is available in the office of the City Clerk at City Hall, 455 East Calaveras Blvd., Milpitas, California.

NOTICE IS HEREBY FURTHER GIVEN that the City Council has fixed December 16, 2008, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, at City Hall Council Chambers, 455 East Calaveras Blvd., Milpitas, California, as the time and place when and where the City Council will hold a public hearing to consider the establishment of the district. At the hearing, the testimony of all interested persons, including all persons owning property in the area, or taxpayers for or against the establishment of the district, the extent of the district, the furnishing of the specified services, the levy of the special tax will be heard, and the future annexation of territory into the district will be heard.

If six registered voters residing within the proposed district or the owners of one-half or more of the area of land in the territory included in the district and not exempt from the special tax file written protests against the establishment of the district, and the protests are not withdrawn so as to reduce the value of the protests to less than a majority, the creation of the district and the tax levy shall not be considered for a period of one year from the date of the decision of the City Council after the hearing.

NOTICE IS HEREBY FURTHER GIVEN that if, at the conclusion of the public hearing, the City Council determines to establish the district, the City Council will order an election to be held by the landowners of the district by mailed ballot, with each landowner having one vote for each acre or portion of an acre of land that such landowner owns within the proposed district, on the question of levying the special tax.

DATED: _____, 2008

Mary Lavelle, City Clerk
City of Milpitas



**EXHIBIT MAP FOR
CITY OF MILPITAS CFD NO.2008-1 (PUBLIC SERVICES)
OCTOBER 2008
COUNTY OF SANTA CLARA**

**PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT 2008-1 (PUBLIC SERVICES)
CITY OF MILPITAS
SANTA CLARA COUNTY
STATE OF CALIFORNIA**

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF MILPITAS THIS ____
DAY OF OCTOBER, 2008

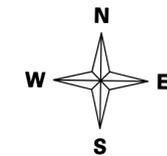
MARY LAVELLE, CITY CLERK

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES
OF COMMUNITY FACILITIES DISTRICT 2008-1, CITY OF MILPITAS, COUNTY OF
SANTA CLARA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL
OF THE CITY OF MILPITAS AT A REGULAR MEETING THEREFORE, HELD ON THE
__ DAY OF OCTOBER, 2008, BY RESOLUTION NO. _____.

MARY LAVELLE, CITY CLERK

FILED THIS __ DAY OF _____, 20__, AT THE HOUR OF _____ O'CLOCK
__ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS AT PAGE ____, IN THE OFFICE OF THE COUNTY RECORDER IN THE
COUNTY OF SANTA CLARA, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF SANTA CLARA



Legend

-  PROPOSED CFD BOUNDARY
-  PROPOSED FOR ANNEXATION IN THE FUTURE



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

FINAL REPORT

FISCAL MITIGATION AND SERVICES PLAN FOR THE MILPITAS TRANSIT AREA SPECIFIC PLAN

Prepared for:

City of Milpitas

Prepared by:

Economic & Planning Systems, Inc.

Revised October 2008

EPS #17107

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I. INTRODUCTION AND SUMMARY OF FINDINGS

As a part of the creation of the Public Facilities Financing Plan element for the Transit Area Specific Plan (TASP), the City of Milpitas commissioned the preparation of this fiscal mitigation and services plan analysis. This report provides a fiscal addendum to the Financing Plan and presents technical analysis for implementation of the fiscal mitigation policy in the TASP. The Transit Area Specific Plan map is shown in **Figure 1**.

One of the primary objectives for the Transit Area is the funding of ongoing public services without adversely affecting the City's fiscal outlook, and specifically, to assure a stable, ongoing source of funding to sustain the quality of life in the TASP.

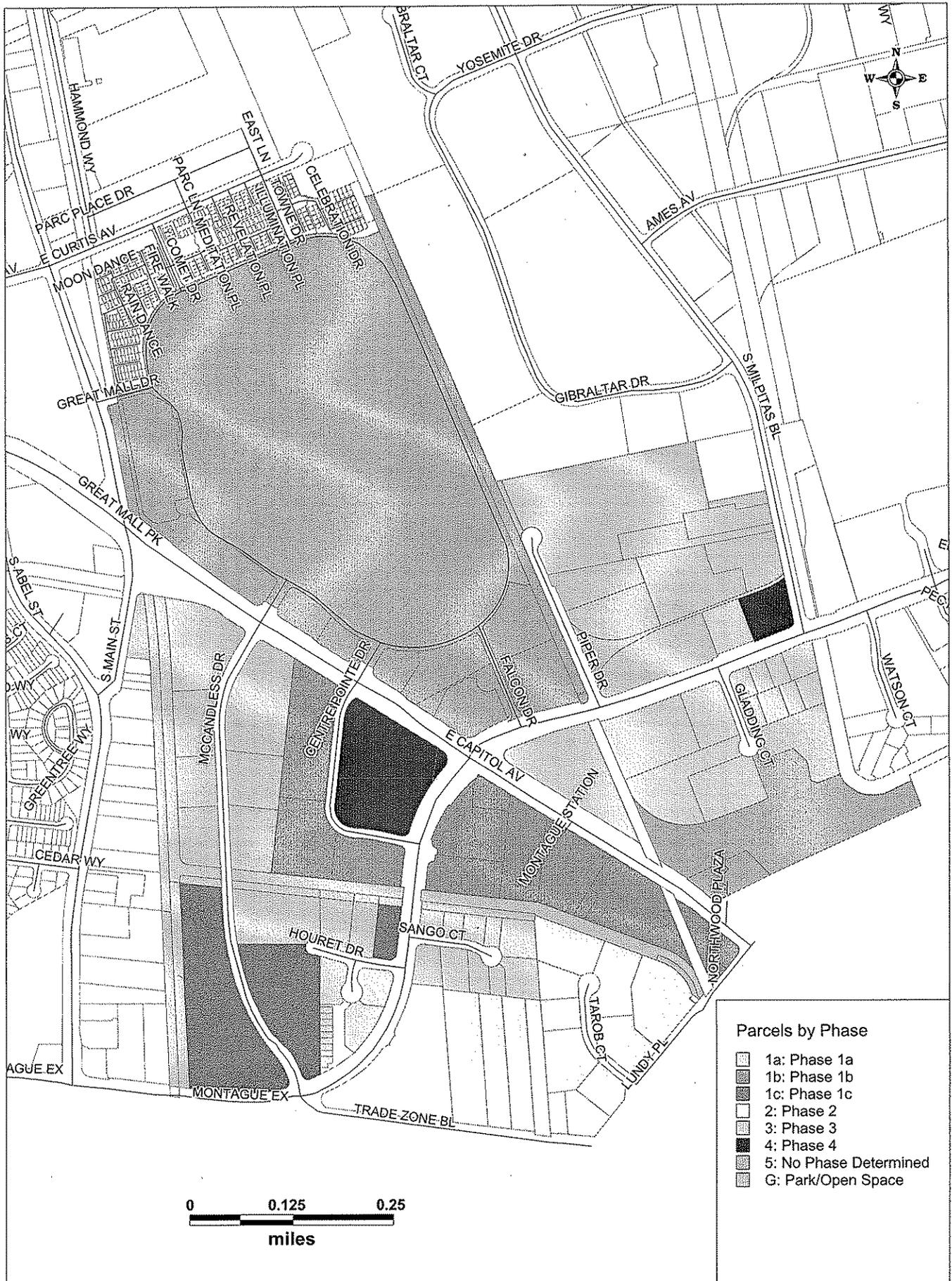
This fiscal analysis provides a basis for evaluating the potential amount and timing of the necessary General Fund services compared to revenues to provide a basis for structuring financial mechanisms to mitigate potential annual fiscal impacts. This analysis is focused on ongoing annual revenue and costs related to the General Fund; capital facility and infrastructure funding are addressed in the Financing Plan.

The fiscal analysis is based on pending TASP development plans and interviews with key City staff. Key General Fund services, costs and revenues have been developed through discussions with City departments, evaluation of budget documents, and analyses conducted by the City staff. This analysis measures the increase in major revenues accruing to the City from new development and additional expenses associated with providing necessary public and community services as part of the development. These net impacts are compared against a baseline impact represented by the actual fiscal picture associated with the current revenues and expenditures in the Transit Area.

The estimates in this analysis are likely to change as a result of programmatic changes, actual service demands, future City fiscal conditions and staffing costs, and economic conditions which vary over time and may be revised as more detailed studies are conducted. The method selected for fiscal mitigation will also affect the magnitude of the potential charges per residential unit; for example, charges may depend on whether the burden is spread to all Specific Plan units, the extent to which the commercial development shares in mitigation, and the timing of the mitigation.

Figure 1

Transit Area Specific Plan



SUMMARY OF FINDINGS

1. A fiscal imbalance may exist by the end of Phase I because of General Fund service costs to the TASP exceeding General Fund revenues from the TASP.

Annual ongoing operating costs associated with the new development will exceed revenues generated in Phase I by about \$2.0 million, equivalent to approximately \$510 per Phase I TASP unit. Phase I is assumed to extend over about 9 years and result in roughly 4,000 additional residential units. Table 1 summarizes the future development impacts of the Project by the end of Phase I and by buildout.

2. The annual fiscal imbalance could increase to \$5.5 million by the end of the Specific Plan buildout, assuming no new hotel is built.

After Phase I, new land uses includes more commercial development than in Phase I, resulting in additional employee-related service costs without a significant increase in revenues to the General Fund and from the existing CFD. In addition, public safety cost increases above inflation contribute to a significant share of the fiscal impact, and will also affect Citywide budget conditions if this trend occurs. Construction of a new hotel could reduce the fiscal imbalance to \$5.0 million because of additional hotel taxes.

3. In addition to the General Fund impact, the Project will result in other impacts to the City.

The portion of the Project located in the redevelopment area will result in significant revenues generated to the Redevelopment Agency. Other revenues not shown include gas taxes that will be used for road capital improvement projects, and the 20 percent share of hotel taxes used for library and performing arts funding purposes that will increase as a result of the TASP development.

4. The diversion of General Fund revenues to redevelopment will benefit the entire TASP.

This diversion of property tax is the primary reason why the fiscal shortfalls occur. However, the use of these funds will provide benefits by helping to fund TASP infrastructure that will enable development and provide benefits to all properties within the TASP. Development in the TASP could generate \$17.7 million annually in tax increment for redevelopment purposes and housing set-aside funds at buildout of the TASP.

5. The actual timing and magnitude of the fiscal mitigation will be resolved in the creation of the CFD.

Analysis as a part of the new CFD creation will establish when the CFD special tax will be triggered, which units will be subject to the tax, whether and to what extent commercial uses will be subject to the tax, and the maximum tax by land use. Periodic fiscal monitoring will be established, and adjustments triggered by fiscal conditions such as construction of a new hotel and sunseting of redevelopment tax increment diversion will be evaluated.

Table 1
Milpitas Fiscal Analysis Summary
Milpitas Transit Area Specific Plan; EPS# 17107

Item	Phase I	Buildout w/ Hotel [1]	Buildout w/o Hotel [2]
MILPITAS GENERAL FUND REVENUES			
<u>Taxes</u>			
Total Property Tax (City Share)	\$2,302,000	\$5,349,000	\$5,222,000
(less) Redevelopment	<u>(\$1,482,000)</u>	<u>(\$3,538,000)</u>	<u>(\$3,436,000)</u>
Property Tax	\$820,000	\$1,811,000	\$1,785,000
Property Tax in Lieu of VLF	\$491,000	\$1,067,000	\$1,043,000
Sales and Use Tax	\$993,000	\$2,055,000	\$2,055,000
Real Estate Transfer Tax	\$43,000	\$100,000	\$100,000
Garbage Commercial Franchise Tax	\$4,000	\$76,000	\$65,000
Garbage Non-Commercial Franchise Tax	\$70,000	\$125,000	\$125,000
Other Franchise Taxes	\$182,000	\$368,000	\$362,000
Business License Tax	\$1,000	\$29,000	\$25,000
Hotel/Motel Tax	<u>\$185,000</u>	<u>\$1,073,000</u>	<u>\$401,000</u>
Subtotal	\$2,789,000	\$6,704,000	\$5,961,000
<u>Other Revenues</u>			
Licenses and Permits	\$256,000	\$459,000	\$459,000
Fines and Forfeitures	\$92,000	\$165,000	\$165,000
Motor Vehicle License Fees	<u>\$63,000</u>	<u>\$113,000</u>	<u>\$113,000</u>
Subtotal	\$411,000	\$737,000	\$737,000
Total General Fund Revenues	\$3,200,000	\$7,441,000	\$6,698,000
MILPITAS GENERAL FUND EXPENDITURES			
General Administration	\$135,000	\$242,000	\$242,000
Police	\$2,152,000	\$5,401,000	\$5,228,000
Fire	\$1,332,000	\$3,343,000	\$3,236,000
Public Works	\$1,069,000	\$2,313,000	\$2,313,000
Parks and Recreation	<u>\$526,000</u>	<u>\$1,137,000</u>	<u>\$1,137,000</u>
Total General Fund Expenditures	\$5,214,000	\$12,436,000	\$12,156,000
Net Annual Fiscal Balance	(\$2,014,000)	(\$4,995,000)	(\$5,458,000)
Additional CFD Required [3]	(\$510)	(\$700)	(\$770)

Note: Real \$2008.

[1] At end of Phase 4 with the hotel component.

[2] At end of Phase 4 without the hotel component.

[3] Rounded; per residential unit in the TASP area.

Sources: Milpitas Final Budget FY 2007-08; Economic & Planning Systems.

II. PROJECT DESCRIPTION

Redevelopment of the Milpitas Transit Area is assumed to occur over a 20-year period and will consist of four phases.¹ It is assumed that construction will begin in year 0 with the first completed units anticipated for occupancy in year 1. Phase I is assumed to occur through year 9 and consists of the parcels most likely to develop initially, followed by Phase II through year 13, Phase III through year 19, and Phase IV in year 20. **Table 2** provides a summary of land uses, population, employment, and infrastructure along with associated phasing (**Appendix A, Table 14**, provides a more detailed annual breakdown of the phasing assumptions). This summary is consistent with the land use plan and program presented as part of the TASP Financing Plan. Actual timing will depend on a number of factors, including refinement of the program, construction staging, and economic conditions.

The land use program includes 7,100 residential units, including 3,638 for-sale and 3,471 rental units. For-sale unit values range from \$412,700 to \$430,600 while rental unit values are capitalized at \$227,400 per unit. The commercial component consists of approximately 287,000 square feet of new retail space, 994,000 square feet of office space, and 350 hotel rooms. The commercial values are assumed at \$250 per square foot for retail, \$275 per square foot for office, and \$152,900 per hotel room. About 75 percent of the residential for-sale units and 84 percent of residential rentals as well as all of the commercial uses are planned to be developed within the redevelopment area with 15 percent of the residential units within the redevelopment area planned to be affordable.

Public facilities include approximately 10.7 acres of linear parks and trails, 31 acres of parks and ball fields, and about 18 miles of roadways and streetscape. The annual cost estimates are based on operating expenditures for maintenance, as well as for the provision of police and fire protection to residents, employees and visitors, delivery of certain community programs and services and other services. The current levels of Milpitas population and employment estimates along with other citywide factors are provided in **Table 3**.

¹ Phase V is excluded from this analysis based on the input from City staff.

Table 2
Project Description Summary (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Land Use	End of Phase I	Buildout w/ Hotel [1]	Buildout w/o Hotel [2]
<u>Residential (annual)</u>			
For-Sale, Multifamily	128	26	26
Rental, Multifamily	132	1	1
For-Sale Multifamily Mixed Use	63	55	55
Rental Multifamily Mixed Use	<u>118</u>	<u>54</u>	<u>54</u>
Total Residential	441	136	136
<u>Residential (cumulative)</u>			
For-Sale, Multifamily	1,152	1,756	1,756
Rental, Multifamily	1,188	1,407	1,407
For-Sale Multifamily Mixed Use	567	1,882	1,882
Rental Multifamily Mixed Use	<u>1,062</u>	<u>2,064</u>	<u>2,064</u>
Total Residential	3,969	7,109	7,109
<u>Commercial (cumulative)</u>			
Retail (sq.ft.)	100,022	287,076	287,076
Office (sq.ft.)	0	993,840	993,840
Hotel Rooms	0	350	0
<hr/>			
Population	9,702	17,377	17,377
Employment	243	4,993	4,275
Daytime Population	9,823	19,873	19,515
<hr/>			
<u>Infrastructure</u>			
Roadways and Streetscape (linear feet)	4,660	2,220	2,220
Cumulative	41,940	93,200	93,200
Linear Parks and Trails (acres)	0.69	0.19	0.19
Cumulative	6.18	10.65	10.65
Parks and Recreation (acres)	1.4	0.9	0.9
Cumulative	12.4	31.0	31.0

[1] At end of Phase 4 with the hotel component.

[2] At end of Phase 4 without the hotel component.

Source: Economic & Planning Systems, Inc.

Table 3
Citywide 2008 Population and Employment Estimates (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Category	Total
<u>Demographics</u>	
Population	65,276
Households [1]	18,376
Employment [1]	<u>47,650</u>
Daytime Population [2]	89,101
<u>Other Citywide Factors</u>	
Miles of Streets	138
Number of Street Lights	4,331
Acres of Parkland	171.6

[1] The growth rate between 2005 and 2010 is applied to ABAG to estimate 2008 numbers.

[2] A total of population and 1/2 of employment.

Sources: ABAG Projections 2007, City of Milpitas, and Economic & Planning Systems, Inc.

III. KEY ASSUMPTIONS AND METHODOLOGIES

This chapter describes the basis for the fiscal estimates also summarized in **Table 4**. The chapter references additional tables included in **Appendix A** showing the detailed assumptions and calculations. As noted previously, the fiscal results are highly dependent on these assumptions and calculations, and are likely to change following further detailed review and revision.

REVENUES

The revenue estimates described in this chapter are based on the Project's development program and associated assumptions. **Appendix A, Table 5**, shows the General Fund revenues annually over the 20-year buildout period. The actual timing will depend on future economic conditions.

PROPERTY TAX

Property tax based on 1.0 percent of assessed value will be collected from the land and improvements in the TASP. This analysis assumes real growth in new property value of 1.0 percent annually above inflation. This level of growth is likely to exceed the mandated 2.0 percent annual assessed value increase, as a result of re-assessments upon the re-sale of property. Given that a level of development already exists in the Transit Plan area, the existing property tax revenue is compared with projected revenue for the Project to estimate the increase. **Appendix A, Table 6**, shows the property tax calculation for the portion of the Project located within the redevelopment area. The taxes collected will be used for redevelopment purposes. A 20 percent portion of the "tax increment" collected is required by California Redevelopment Law to be passed-through to taxing entities (including the City General Fund), and 20 percent is required to be allocated to affordable housing purposes. The remainder is available for redevelopment, namely the funding of capital improvements including payment of debt service that extends beyond the initial development period. After buildout of TASP, tax increment not otherwise committed to debt service or other redevelopment purposes could be available for distribution to taxing entities, including the General Fund.

Appendix A, Table 7, shows the property tax calculation for the portion of the project located outside of the redevelopment area. **Appendix A, Table 8**, combines the property tax calculations for the redevelopment and non-redevelopment areas into the total property tax revenue estimate for the TASP.

PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE

Recent changes in the State budget converted a significant portion of Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based on a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth within each entity. The estimates of the amount generated by the TASP are based on the area's contribution to citywide assessed value growth and are calculated in **Appendix A, Table 8**.

SALES TAX

The City's General Fund receives 1.0 percent of taxable sales within Milpitas. Sales tax will be generated by new residents and commercial uses in the TASP, including retail stores and restaurants patronized by hotel guests, residents and other visitors. Expenditures by the TASP residents spent elsewhere in Milpitas will also produce sales tax to the City, as shown in **Appendix A, Table 9**. Although non-retail commercial uses also contribute to taxable sales from business-to-business taxes and from employee expenditure, this analysis does not include sales tax generated by commercial uses other than retail in the TASP. Development of the proposed BART station may enhance the potential generation of sales in the TASP and the City's associated sales tax revenue.

REAL ESTATE TRANSFER TAX

The City receives a property transfer tax of \$0.55 per \$1,000 of transferred value. The tax estimate is based on the value of residential for-sale units upon resale. Although residential rental property and commercial property will result in additional generation of the real estate transfer tax, these uses are excluded from this analysis because of the assumption that no sale will occur within the forecast period. Revenues would be greater to the extent that residential rental and commercial transfers occur. Real estate transfer calculations are shown in **Appendix A, Tables 6 through 8**. One-time transfer tax revenues will also be generated upon the initial sale of new units; however this is not included since the amount and timing is uncertain and can fluctuate significantly, and it will not exist upon buildout, and should not be relied upon to fund ongoing services.

FRANCHISE TAX

The Project will generate additional franchise fees from utility providers for services such as garbage, electricity and gas. The fiscal analysis estimates franchise fee revenue based on a per-capita, per-employee, and per-daytime population approaches, as shown in **Table 4**.

BUSINESS LICENSE

For estimating purposes, the fiscal analysis uses a per-employee approach based on total jobs in Milpitas. The resulting factor is multiplied by the projected jobs in TASP, as shown in **Table 4**.

HOTEL/MOTEL TAX

Hotel/Motel Tax will be generated by the proposed hotel in the TASP with the schedule of revenues dependent on the phasing of the hotel component. Before development of a new hotel, Hotel/Motel Tax revenue is assumed to be generated by visitors associated with new residential and commercial development that will stay in the existing hotels and motels in the City. As the new hotel is built, proceeds are calculated based on per-room approach and are shown in **Appendix A, Table 10**. The City currently receives 10 percent of room charges with 2 percent dedicated to libraries and performing arts. The Hotel/Motel tax revenues at buildout will be \$62 per capita in TASP, slightly below the citywide average of \$75 per capita.

LICENSES AND PERMITS

The Project is estimated to generate annual Licenses and Permits fee revenues. These revenues consist of building permits and fire permits which are primarily construction-related. Given the Transit Area's plan for higher density development, these revenues are based on a per-capita approach and are discounted by 50 percent, as demonstrated in **Table 4**.

FINES AND FOREFEITURES

Fines and Forfeitures will be generated as result of the Project. These revenues are based on a per-capita approach and are demonstrated in **Table 4**.

MOTOR VEHICLE IN-LIEU

Motor Vehicle License Fees are a state subvention derived from the payments made by residents for the licensing of vehicles. Related revenues previously subvented to cities and counties on a per-capita basis are now distributed in the form of property tax and increased based on assessed value growth. The fiscal analysis estimates the VLF on a per-capita basis and is shown in **Table 4**.

CFD SPECIAL TAXES

The Project is located within the future annexation area of Community Facilities Special tax district 2005-1 (CFD). The district collects fees from residential development built after 2005 for citywide park and street landscape maintenance. New residential development within the TASP could result in new CFD special tax revenues to the City if annexed. This report does not assume annexation.

EXPENDITURES

This section describes the estimates of the expenditures required for public services provided by the City General Fund. The methodology and assumptions used to estimate the costs of service provision are described in the following paragraphs. Service demands are based, in part, on the development program described in **Chapter II** and department interviews conducted by EPS.

GENERAL ADMINISTRATION

Administrative costs will continue being incurred through governance of the City that includes the Transit Area. Administrative costs associated with City Council, City Manager, City Clerk, Information Services, Human Resources, City Attorney, Finance Administration, Accounting, Receivables, and Purchasing will be affected by the population and employment increase. This analysis assumes that 10 percent of the administrative cost is variable and will increase in proportion to the annual population growth, as shown in **Table 4**.

POLICE SERVICES

Although most of the calls for service within the TASP are attributed to the Great Mall, some level of service is necessary to police existing employment and residential uses in the TASP. A total of about four officers are assumed for the non-mall component of the TASP based on the existing citywide level of service of officers per daytime population². As the plan is implemented and the area intensifies, new officers will be required to patrol increasing daytime population. The citywide level of service of 1.0 officer per 1,000 daytime population is applied to projected population and employment growth over the next 20 years. The cost of \$205,000 per officer³ is assumed with annual real growth of 1.0 percent above inflation thereafter, based on interviews with the Milpitas Police Department. The staffing and related costs are phased as development occurs.

² Total of resident population and ½ of employment.

³ Includes overtime and equipment.

The existing cost of service is deducted from the total services required to serve the area as development occurs. The level and cost of future police protection will vary from the estimate shown in **Appendix A, Table 11**, depending on the type and extent of future calls for service and configurations of future beats.

FIRE PROTECTION

Fire protection service will continue being provided to the TASP by the Milpitas Fire Department. The fiscal analysis assumes a citywide level of service of 0.7 firefighters per 1,000 daytime population. The existing cost of service is deducted from the total services required to serve the area as development occurs. Based on interviews with the Milpitas Fire department, an average cost of \$176,000 per firefighter⁴ is assumed with an annual real growth of 1.0 percent above inflation thereafter, as shown in **Appendix A, Table 11**.

PUBLIC WORKS

The Department of Public Works will maintain public rights of way that include roadways, sidewalks, overpasses, and trails. Based on information from the Department, a cost per linear foot is assumed for street maintenance, utilities maintenance, and trees and landscape maintenance. In addition, a cost per acre⁵ is assumed for linear parks and trails based on Parks and Recreation Department estimates. Approximately 45 percent of the costs are assumed in Phase I. These costs are shown in **Appendix A, Table 12**. Major repaving and resurfacing of roads is excluded from this analysis as it is assumed that these costs will be separately funded as part of the City's Capital Improvement Program.

PARKS AND RECREATION MAINTENANCE

Approximately 31 acres of parks are planned as part of the TASP. These parks will require maintenance and related facilities, such as a storage yard, play structures, picnic tables, paths, signage, etc. Based on the interviews with the Parks and Recreation Department, a cost of \$20,700 per acre⁶ would be incurred for park maintenance costs that would include landscape and hardscape maintenance, turf care, tree pruning, irrigation, trash and cleanup, repair of furniture, fixtures and equipment, flower bed

⁴ Includes benefits.

⁵ Includes costs for water consumption.

⁶ Ibid.

plantings, and program management and overhead. This cost will be partially offset by the CFD revenues generated by the redevelopment of TASP. In addition, recreation program costs are calculated on per capita basis with half the cost assumed to be recovered through fees, as shown in **Appendix A, Table 13**. The recreation costs also include equipment amortization.



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Real Estate Economics

Regional Economics

Land Use Policy

APPENDIX A

FISCAL MITIGATION AND SERVICES PLAN FOR THE MILPITAS TRANSIT AREA SPECIFIC PLAN MODEL

**Table 1
Milpitas Fiscal Analysis Summary
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	Phase I	Buildout w/ Hotel [1]	Buildout w/o Hotel [2]
MILPITAS GENERAL FUND REVENUES			
<u>Taxes</u>			
Total Property Tax (City Share)	\$2,302,000	\$5,349,000	\$5,222,000
(less) Redevelopment	<u>(\$1,482,000)</u>	<u>(\$3,538,000)</u>	<u>(\$3,436,000)</u>
Property Tax	\$820,000	\$1,811,000	\$1,785,000
Property Tax in Lieu of VLF	\$491,000	\$1,067,000	\$1,043,000
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Garbage Commercial Franchise Tax	\$4,000	\$76,000	\$65,000
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Business License Tax	\$1,000	\$29,000	\$25,000
Hotel/Motel Tax	<u>\$185,000</u>	<u>\$1,073,000</u>	<u>\$401,000</u>
Subtotal	\$2,789,000	\$6,704,000	\$5,961,000
<u>Other Revenues</u>			
Licenses and Permits	\$256,000	\$459,000	\$459,000
Fines and Forfeitures	\$92,000	\$165,000	\$165,000
Motor Vehicle License Fees	<u>\$63,000</u>	<u>\$113,000</u>	<u>\$113,000</u>
Subtotal	\$411,000	\$737,000	\$737,000
Total General Fund Revenues	\$3,200,000	\$7,441,000	\$6,698,000
MILPITAS GENERAL FUND EXPENDITURES			
General Administration	\$135,000	\$242,000	\$242,000
Police	\$2,152,000	\$5,401,000	\$5,228,000
Fire	\$1,332,000	\$3,343,000	\$3,236,000
Public Works	\$1,069,000	\$2,313,000	\$2,313,000
Parks and Recreation	<u>\$526,000</u>	<u>\$1,137,000</u>	<u>\$1,137,000</u>
Total General Fund Expenditures	\$5,214,000	\$12,436,000	\$12,156,000
Net Annual Fiscal Balance	(\$2,014,000)	(\$4,995,000)	(\$5,458,000)
Additional CFD Required [3]	(\$510)	(\$700)	(\$770)

Note: Real \$2008.

[1] At end of Phase 4 with the hotel component.

[2] At end of Phase 4 without the hotel component.

[3] Rounded; per residential unit in the TASP area.

Sources: Milpitas Final Budget FY 2007-08; Economic & Planning Systems.

Table 2
Project Description Summary (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Land Use	End of Phase I	Buildout w/ Hotel [1]	Buildout w/o Hotel [2]
<u>Residential (annual)</u>			
For-Sale, Multifamily	128	26	26
Rental, Multifamily	132	1	1
For-Sale Multifamily Mixed Use	63	55	55
Rental Multifamily Mixed Use	<u>118</u>	<u>54</u>	<u>54</u>
Total Residential	441	136	136
<u>Residential (cumulative)</u>			
For-Sale, Multifamily	1,152	1,756	1,756
Rental, Multifamily	1,188	1,407	1,407
For-Sale Multifamily Mixed Use	567	1,882	1,882
Rental Multifamily Mixed Use	<u>1,062</u>	<u>2,064</u>	<u>2,064</u>
Total Residential	3,969	7,109	7,109
<u>Commercial (cumulative)</u>			
Retail (sq.ft.)	100,022	287,076	287,076
Office (sq.ft.)	0	993,840	993,840
Hotel Rooms	0	350	0
Population	9,702	17,377	17,377
Employment	243	4,993	4,275
Daytime Population	9,823	19,873	19,515
<u>Infrastructure</u>			
Roadways and Streetscape (linear feet)	4,660	2,220	2,220
Cumulative	41,940	93,200	93,200
Linear Parks and Trails (acres)	0.69	0.19	0.19
Cumulative	6.18	10.65	10.65
Parks and Recreation (acres)	1.4	0.9	0.9
Cumulative	12.4	31.0	31.0

[1] At end of Phase 4 with the hotel component.

[2] At end of Phase 4 without the hotel component.

Source: Economic & Planning Systems, Inc.

Table 3
Citywide 2008 Population and Employment Estimates (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Category	Total
<u>Demographics</u>	
Population	65,276
Households [1]	18,376
Employment [1]	<u>47,650</u>
Daytime Population [2]	89,101
<u>Other Citywide Factors</u>	
Miles of Streets	138
Number of Street Lights	4,331
Acres of Parkland	171.6

[1] The growth rate between 2005 and 2010 is applied to ABAG to estimate 2008 numbers.

[2] A total of population and 1/2 of employment.

Sources: ABAG Projections 2007, City of Milpitas, and Economic & Planning Systems, Inc.

Table 4

Milpitas FY2007-08 General Fund, Estimating Factors, and Results
Milpitas Transit Area Specific Plan; EPS# 17107

(Hotel Scenario)

Item	2007-08 General Fund	Variable Costs [1]	Estimating Assumptions
MILPITAS GENERAL FUND REVENUES			
<u>Taxes</u>			
Total Property Tax (City Share)			Tables 6-8
(less) Redevelopment [2]			Table 6
Net Property Tax	\$11,818,547		Tables 6-8
Property Tax in Lieu of VLF	\$4,395,453		Table 8
Sales and Use Tax	\$18,712,000		Table 9
Real Estate Transfer Tax	\$492,000		Tables 6-8
Garbage Commercial Franchise Tax	\$729,000		\$15 per employee
Garbage Non-Commercial Franchise Tax	\$469,000		\$7 per capita
Other Franchise Taxes [3]	\$1,652,000		\$19 per daytime pop.
Business License Tax	\$280,000		\$6 per employee
Hotel/Motel Tax	\$4,884,000		Table 10
Subtotal	\$43,432,000		
<u>Other Revenues</u>			
Licenses and Permits	\$4,709,000	50%	\$26 per capita
Fines and Forfeitures	\$846,000		\$9 per capita
Motor Vehicle License Fees	\$423,000		\$6 per capita
Intergovernmental (Federal and State)	\$410,000		- not estimated
Use of Money and Property	\$1,200,000		- not estimated
Charges for Services	\$4,428,000		- not estimated
Other Revenues	\$64,000		- not estimated
Subtotal	\$12,080,000		
<u>Transfer In</u>	\$16,182,793		
Total General Fund Revenues	\$71,694,793		
MILPITAS GENERAL FUND EXPENDITURES			
General Administration [4]	\$9,093,796	10%	\$14 per capita
Police	\$21,772,126		1.0 officers per 1,000 daytime pop.
Fire	\$14,225,040		0.7 officers per 1,000 daytime pop.
Public Works	\$6,317,371		Table 11
Park Maintenance	\$6,972,113		Table 12
Engineering and Building Inspection	\$4,874,705		- not estimated
Planning	\$2,030,441		- not estimated
Non-Departmental [5]	\$6,278,212		- not estimated
Subtotal	\$71,563,804		
<u>Transfer Out</u>	\$100,000		
Total General Fund Expenditures	71,663,804		
Net Annual Fiscal Balance	\$30,989		

[1] Percentage of costs that increases with growth, as opposed to fixed costs. Based on the Budget's ratio of personnel services costs

[2] Property tax share allocated to the Redevelopment Agency and Affordable Housing set-aside.

[3] Include Electric, Gas, Nitrogen Gas, CATV, and other franchise taxes.

[4] Includes City Council, City Manager, City Clerk, Information Services, Human Resources, City Attorney, Finance Administration, Accounting, Receivables, and Purchasing.

[5] Includes debt service.

Sources: Milpitas Final Budget FY 2007-08; Economic & Planning Systems, Inc.

**Table 5
Milpitas Annual FY2007-08 General Fund
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Item	Fiscal Year										End of Phase I
	0	1	2	3	4	5	6	7	8	9	
MILPITAS GENERAL FUND REVENUES											
Taxes											
Total Property Tax (City Share)	\$0	\$246,457	\$490,779	\$738,615	\$980,009	\$1,245,002	\$1,503,638	\$1,765,962	\$2,032,019	\$2,301,852	\$2,567,904
(less) Redevelopment	\$0	(\$155,486)	(\$313,199)	(\$473,167)	(\$635,418)	(\$799,978)	(\$966,875)	(\$1,136,138)	(\$1,307,796)	(\$1,481,877)	(\$1,660,825)
Property Tax	\$0	\$90,971	\$177,580	\$265,448	\$354,591	\$445,024	\$536,763	\$629,824	\$724,223	\$819,975	\$907,079
Property Tax in Lieu of VLF	\$0	\$53,953	\$107,177	\$161,045	\$215,433	\$270,207	\$325,241	\$380,429	\$435,697	\$491,001	\$544,230
Sales and Use Tax	\$0	\$110,384	\$220,767	\$331,151	\$441,534	\$551,918	\$662,302	\$772,685	\$883,069	\$993,452	\$1,097,027
Real Estate Transfer Tax	\$0	\$4,506	\$9,088	\$13,748	\$18,487	\$23,305	\$28,204	\$33,184	\$38,247	\$43,394	\$48,476
Garbage Commercial Franchise Tax	\$0	\$413	\$826	\$1,239	\$1,652	\$2,065	\$2,478	\$2,890	\$3,303	\$3,716	\$9,711
Garbage Non-Commercial Franchise Tax	\$0	\$7,745	\$15,490	\$23,235	\$30,981	\$38,726	\$46,471	\$54,216	\$61,961	\$69,706	\$75,098
Other Franchise Taxes	\$0	\$20,237	\$40,474	\$60,710	\$80,947	\$101,184	\$121,421	\$141,657	\$161,894	\$182,131	\$199,677
Business License Tax	\$0	\$159	\$317	\$476	\$634	\$793	\$952	\$1,110	\$1,269	\$1,427	\$3,730
Hotel/Motel Tax	\$0	\$20,595	\$41,191	\$61,786	\$82,382	\$102,977	\$123,573	\$144,168	\$164,763	\$185,359	\$206,411
Subtotal	\$0	\$308,962	\$612,910	\$918,839	\$1,226,641	\$1,536,199	\$1,847,402	\$2,160,165	\$2,474,427	\$2,790,163	\$3,091,441
Other Revenues											
Licenses and Permits	\$0	\$28,486	\$56,971	\$85,457	\$113,943	\$142,429	\$170,914	\$199,400	\$227,886	\$256,371	\$276,202
Fines and Forfeitures	\$0	\$10,235	\$20,471	\$30,706	\$40,941	\$51,176	\$61,412	\$71,647	\$81,882	\$92,117	\$99,243
Motor Vehicle License Fees	\$0	\$6,986	\$13,971	\$20,957	\$27,942	\$34,928	\$41,913	\$48,899	\$55,884	\$62,870	\$67,732
Subtotal	\$0	\$45,706	\$91,413	\$137,119	\$182,826	\$228,532	\$274,239	\$319,945	\$365,652	\$411,358	\$443,177
Total General Fund Revenues	\$0	\$354,669	\$704,323	\$1,055,958	\$1,409,467	\$1,764,731	\$2,121,641	\$2,480,110	\$2,840,079	\$3,201,521	\$3,534,618
MILPITAS GENERAL FUND EXPENDITURES											
General Administration	\$0	\$15,018	\$30,035	\$45,053	\$60,071	\$75,088	\$90,106	\$105,124	\$120,141	\$135,159	\$145,614
Police	\$0	\$220,822	\$441,644	\$662,466	\$910,051	\$1,148,940	\$1,392,515	\$1,640,847	\$1,894,006	\$2,152,064	\$2,423,251
Fire	\$0	\$136,676	\$273,352	\$410,028	\$563,272	\$711,131	\$861,890	\$1,015,594	\$1,172,286	\$1,332,009	\$1,499,859
Public Works	\$0	\$118,826	\$237,652	\$356,477	\$475,303	\$594,129	\$712,955	\$831,781	\$950,606	\$1,069,432	\$1,191,000
Parks and Recreation	\$0	\$58,426	\$116,851	\$175,277	\$233,702	\$292,128	\$350,553	\$408,979	\$467,404	\$525,830	\$577,954
Total General Fund Expenditures	\$0	\$549,767	\$1,106,684	\$1,670,859	\$2,242,399	\$2,821,415	\$3,408,019	\$4,002,324	\$4,604,444	\$5,214,495	\$5,837,678
Net Annual Fiscal Balance	\$0	(\$195,099)	(\$402,361)	(\$614,900)	(\$832,932)	(\$1,056,684)	(\$1,286,378)	(\$1,522,214)	(\$1,764,365)	(\$2,012,974)	(\$2,303,061)
Additional CFD Required [1]	na	(\$442)	(\$456)	(\$465)	(\$472)	(\$479)	(\$486)	(\$493)	(\$500)	(\$507)	(\$539)

Note: Real \$2008.

[1] Per residential unit in the TASP area.

Sources: Milpitas Final Budget FY 2007-08; Economic & Planning Systems, Inc.

**Table 5
Milpitas Annual FY2007-08 General Fund
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Item	End of Phase II					End of Phase III					Buildout
	11	12	13	14	15	16	17	18	19		
MILPITAS GENERAL FUND REVENUES											
Taxes											
Total Property Tax (City Share)	\$2,838,869	\$3,113,647	\$3,392,286	\$3,665,134	\$3,941,985	\$4,222,698	\$4,507,317	\$4,795,890	\$5,088,463	\$5,349,335	
(less) Redevelopment	(\$1,842,257)	(\$2,026,202)	(\$2,212,690)	(\$2,395,404)	(\$2,580,631)	(\$2,768,401)	(\$2,958,744)	(\$3,151,692)	(\$3,347,275)	(\$3,538,502)	
Property Tax	\$996,612	\$1,087,445	\$1,179,596	\$1,269,730	\$1,361,355	\$1,454,297	\$1,548,573	\$1,644,198	\$1,741,188	\$1,810,834	
Property Tax in Lieu of VLF	\$597,807	\$651,444	\$705,186	\$757,093	\$809,257	\$861,677	\$914,396	\$967,456	\$1,020,898	\$1,066,637	
Sales and Use Tax	\$1,200,588	\$1,304,156	\$1,407,724	\$1,507,687	\$1,607,650	\$1,707,613	\$1,807,575	\$1,907,538	\$2,007,501	\$2,055,316	
Real Estate Transfer Tax	\$53,641	\$58,890	\$64,225	\$69,462	\$74,783	\$80,190	\$85,683	\$91,264	\$96,934	\$99,888	
Garbage Commercial Franchise Tax	\$15,706	\$21,702	\$27,697	\$33,493	\$39,289	\$45,085	\$50,881	\$56,677	\$62,473	\$76,381	
Garbage Non-Commercial Franchise Tax	\$80,490	\$85,882	\$91,273	\$96,472	\$101,671	\$106,869	\$112,068	\$117,266	\$122,465	\$124,853	
Other Franchise Taxes	\$217,223	\$234,770	\$252,316	\$269,243	\$286,170	\$303,097	\$320,024	\$336,951	\$353,878	\$368,470	
Business License Tax	\$6,033	\$8,335	\$10,638	\$12,864	\$15,090	\$17,316	\$19,543	\$21,769	\$23,995	\$29,337	
Hotel/Motel Tax	\$227,464	\$248,517	\$269,569	\$289,886	\$310,203	\$330,520	\$350,837	\$371,154	\$391,470	\$1,073,100	
Subtotal	\$3,395,564	\$3,701,141	\$4,008,225	\$4,305,929	\$4,605,467	\$4,906,663	\$5,209,579	\$5,514,273	\$5,820,802	\$6,704,414	
Other Revenues											
Licenses and Permits	\$296,032	\$315,862	\$335,692	\$354,812	\$373,931	\$393,051	\$412,171	\$431,290	\$450,410	\$459,195	
Fines and Forfeitures	\$106,368	\$113,493	\$120,618	\$127,488	\$134,358	\$141,228	\$148,098	\$154,968	\$161,838	\$164,994	
Motor Vehicle License Fees	\$72,595	\$77,458	\$82,321	\$87,010	\$91,699	\$96,387	\$101,076	\$105,765	\$110,453	\$112,608	
Subtotal	\$474,995	\$506,813	\$538,631	\$569,310	\$599,988	\$630,666	\$661,345	\$692,023	\$722,701	\$736,796	
Total General Fund Revenues	\$3,870,559	\$4,207,954	\$4,546,856	\$4,875,239	\$5,205,455	\$5,537,329	\$5,870,923	\$6,206,296	\$6,543,503	\$7,441,611	
MILPITAS GENERAL FUND EXPENDITURES											
General Administration	\$156,068	\$166,522	\$176,977	\$187,057	\$197,137	\$207,217	\$217,296	\$227,376	\$237,456	\$242,088	
Police	\$2,699,647	\$2,981,327	\$3,268,372	\$3,551,784	\$3,840,538	\$4,134,712	\$4,434,385	\$4,739,638	\$5,050,552	\$5,400,803	
Fire	\$1,670,933	\$1,845,278	\$2,022,942	\$2,198,359	\$2,377,082	\$2,559,159	\$2,744,640	\$2,933,575	\$3,126,014	\$3,342,800	
Public Works	\$1,312,568	\$1,434,136	\$1,555,703	\$1,672,915	\$1,790,127	\$1,907,339	\$2,024,551	\$2,141,763	\$2,258,975	\$2,312,829	
Parks and Recreation	\$630,079	\$682,204	\$734,329	\$796,662	\$858,995	\$921,328	\$983,661	\$1,045,995	\$1,108,328	\$1,136,967	
Total General Fund Expenditures	\$6,469,294	\$7,109,467	\$7,758,324	\$8,406,778	\$9,063,879	\$9,729,755	\$10,404,534	\$11,088,346	\$11,781,325	\$12,435,486	
Net Annual Fiscal Balance	(\$2,598,735)	(\$2,901,513)	(\$3,211,468)	(\$3,531,539)	(\$3,858,424)	(\$4,192,425)	(\$4,533,610)	(\$4,882,051)	(\$5,237,822)	(\$4,993,875)	
Additional CFD Required [1]	(\$567)	(\$593)	(\$618)	(\$643)	(\$667)	(\$689)	(\$710)	(\$731)	(\$751)	(\$702)	

Note: Real \$2008.

[1] Per residential unit in the TASP area.

Sources: Milpitas Final Budget FY 2007-08; Economic & Planning Systems, Inc.

**Table 6
Property Tax Calculation in the Redevelopment Area (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	Assumptions	Fiscal Year										End of Phase I		
		0	1	2	3	4	5	6	7	8	9		10	
Existing Assessed Value [1]		\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519	\$280,068,519
(less) Value Lost to New Development		\$0	(\$12,812,518)	(\$25,753,162)	(\$38,823,212)	(\$52,023,963)	(\$65,356,721)	(\$78,822,806)	(\$92,423,553)	(\$106,160,307)	(\$120,034,429)	(\$134,246,305)	(\$148,398,181)	(\$162,550,057)
For-sale Units in Redevelopment Area [2]		0	143	209	143	209	143	209	143	209	143	209	143	209
Rental Units in Redevelopment Area [3]		0	143	209	143	209	143	209	143	209	143	209	143	209
75% of the unit total		\$0	\$61,509,354	\$62,124,447	\$62,745,692	\$63,373,149	\$64,006,880	\$64,646,949	\$65,293,418	\$65,946,353	\$66,605,816	\$67,276,309	\$67,951,822	\$68,638,365
84% of the unit total		\$0	\$47,983,626	\$48,463,462	\$48,948,097	\$49,437,578	\$49,931,953	\$50,431,273	\$50,935,586	\$51,444,842	\$51,959,931	\$52,485,863	\$53,022,731	\$53,570,547
New Assessed Value [4]		\$0	\$2,806,173	\$2,834,235	\$2,862,577	\$2,891,203	\$2,920,115	\$2,949,316	\$2,978,809	\$3,008,597	\$3,038,683	\$3,069,064	\$3,099,741	\$3,130,716
Residential: For-Sale	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residential: Rental	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total New Assessed Value		\$0	\$112,299,152	\$113,422,144	\$114,556,365	\$115,701,929	\$116,858,948	\$118,027,538	\$119,207,813	\$120,399,891	\$121,603,890	\$122,818,909	\$124,044,948	\$125,281,007
RDA, Cumulative Assessed Value		\$0	\$61,509,354	\$124,064,366	\$187,678,509	\$252,365,407	\$318,138,845	\$385,012,766	\$453,001,274	\$522,118,635	\$592,379,282	\$663,815,091	\$737,426,813	\$813,205,178
Residential: For-Sale [5]	0.7%	\$0	\$47,983,626	\$96,447,088	\$145,395,185	\$194,832,762	\$244,764,716	\$295,195,989	\$346,131,575	\$397,576,516	\$449,535,907	\$502,006,848	\$554,988,840	\$608,486,882
Residential: Rental		\$0	\$2,806,173	\$5,640,407	\$8,502,984	\$11,394,187	\$14,314,301	\$17,263,617	\$20,242,426	\$23,251,023	\$26,289,706	\$29,358,573	\$32,457,726	\$35,587,274
Retail		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Office		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Hotel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total New Cumulative RDA Value		\$0	\$112,299,152	\$226,151,862	\$341,576,678	\$468,592,356	\$577,217,862	\$697,472,372	\$819,375,274	\$942,946,175	\$1,068,204,895	\$1,196,915,791	\$1,328,173,069	\$1,463,760,443
Net Value Increase		\$0	\$99,486,634	\$200,398,700	\$302,753,465	\$406,568,393	\$511,861,141	\$618,649,565	\$726,951,721	\$836,785,868	\$948,170,467	\$1,062,669,487	\$1,182,256,276	\$1,306,975,265
Gross Tax Increment	1.00% of net incr.	\$0	\$994,866	\$2,003,987	\$3,027,535	\$4,065,684	\$5,118,611	\$6,186,496	\$7,269,517	\$8,367,859	\$9,481,705	\$10,626,695	\$11,807,747	\$13,024,372
Administration	1.00% of gross TI	\$0	\$9,949	\$20,040	\$30,275	\$40,657	\$51,186	\$61,865	\$72,695	\$83,679	\$94,817	\$106,267	\$118,077	\$13,024,372
Net Tax Increment		\$0	\$984,918	\$1,983,947	\$2,997,259	\$4,025,027	\$5,067,425	\$6,124,631	\$7,196,822	\$8,284,180	\$9,386,888	\$10,500,428	\$11,624,372	\$12,758,341
Tier 1 Pass-Through Obligations [6]	20% of gross TI	\$0	\$198,973	\$400,797	\$605,507	\$813,137	\$1,023,722	\$1,237,299	\$1,453,903	\$1,673,572	\$1,896,341	\$2,125,339	\$2,359,674	\$2,598,668
Housing Set-aside	20% of gross TI	\$0	\$198,973	\$400,797	\$605,507	\$813,137	\$1,023,722	\$1,237,299	\$1,453,903	\$1,673,572	\$1,896,341	\$2,125,339	\$2,359,674	\$2,598,668
Tax Increment to RDA		\$0	\$586,971	\$1,182,352	\$1,614,289	\$2,224,344	\$2,843,089	\$3,470,628	\$4,107,068	\$4,752,515	\$5,407,080	\$6,077,392	\$6,766,674	\$7,475,674
Milpitas Property Tax		\$0	\$38,871	\$78,300	\$118,292	\$158,854	\$199,994	\$241,719	\$284,035	\$326,949	\$370,469	\$415,206	\$461,101	\$508,186
Property Tax Share of Redevelopment	19.5% tier 1 pass-through	\$0	\$38,871	\$78,300	\$118,292	\$158,854	\$199,994	\$241,719	\$284,035	\$326,949	\$370,469	\$415,206	\$461,101	\$508,186
Real Estate Transfer Tax [7]		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
For-Sale Residential Sales	\$0.55 per \$1,000 value	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net New Transfer Tax Share		\$0	\$3,383	\$6,824	\$10,322	\$13,880	\$17,498	\$21,176	\$24,915	\$28,717	\$32,581	\$36,506	\$40,484	\$44,516

[1] Following assumptions for existing assessed value to be replaced: Year 1 of analysis base AV is equal to value of Phase 1 parcels; Year 6 base value is equal to TASP total base AV, minus the Great Mall value. The value is reflected per new development phasing as existing buildings would be demolished or reconstructed.
 [2] Assumes an average value of \$430,559 for multifamily units and \$412,717 for multifamily mixed-use units.
 [3] Assumes an average value of \$227,395 per unit.
 [4] Assumes appreciation of 1.0% above inflation.
 [5] Assumes an additional annual value appreciation of 0.7% associated with inflation of 3.0 percent and real appreciation of 1.0% with 10% of units turned over annually. Other uses are assumed not to turn over until buildout.
 [6] Tiers 2 and 3 are excluded from this analysis.
 [7] It is assumed that 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over. Calculations exclude one-time tax proceeds upon initial sale.

**Table 6
Property Tax Calculation in the Redevelopment Area
Milpitas Transit Area Specific Plan, EPS# 17107
(Hotel Scenario)**

Item	Assumptions	End of Phase II					End of Phase III					Buildout	
		11	12	13	14	15	16	17	18	19	20		
Existing Assessed Value [1] (less) Value Lost to New Development		\$280,068,519 (\$148,600,299)	\$280,068,519 (\$163,097,834)	\$280,068,519 (\$177,740,344)	\$280,068,519 (\$192,006,141)	\$280,068,519 (\$206,414,595)	\$280,068,519 (\$220,967,133)	\$280,068,519 (\$235,666,197)	\$280,068,519 (\$250,510,242)	\$280,068,519 (\$265,503,737)	\$280,068,519 (\$280,068,519)		
For-sale Units in Redevelopment Area [2] Rental Units in Redevelopment Area [3]	75% of the unit total 84% of the unit total	141 99	141 99	141 99	136 96	61 46							
New Assessed Value [4]													
Residential: For-Sale	1.0%	\$65,876,219	\$66,534,981	\$67,200,331	\$68,348,203	\$69,001,685	\$69,661,702	\$70,328,319	\$71,001,602	\$71,681,618	\$72,368,135	\$73,061,370	
Residential: Rental	1.0%	\$25,229,797	\$25,482,095	\$25,736,916	\$26,120,527	\$26,504,138	\$26,887,749	\$27,271,360	\$27,654,971	\$28,038,582	\$28,422,193	\$28,805,804	
Retail	1.0%	\$5,070,434	\$5,121,138	\$5,172,842	\$5,224,546	\$5,276,250	\$5,327,954	\$5,379,658	\$5,431,362	\$5,483,066	\$5,534,770	\$5,586,474	
Office	1.0%	\$29,633,434	\$29,929,769	\$30,226,104	\$30,522,439	\$30,818,774	\$31,115,109	\$31,411,444	\$31,707,779	\$32,004,114	\$32,300,449	\$32,596,784	
Hotel	1.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total New Assessed Value		\$125,809,883	\$127,067,982	\$128,336,662	\$129,605,342	\$130,874,022	\$132,142,702	\$133,411,382	\$134,680,062	\$135,948,742	\$137,217,422	\$138,486,102	
RDA, Cumulative Assessed Value													
Residential: For-Sale [5]	0.7%	\$732,258,384	\$803,919,173	\$876,746,938	\$948,232,370	\$1,020,871,682	\$1,094,679,485	\$1,169,670,561	\$1,245,859,857	\$1,323,262,494	\$1,363,576,701	\$1,363,576,701	
Residential: Rental		\$499,745,701	\$525,227,796	\$550,964,711	\$576,085,239	\$601,456,971	\$627,082,421	\$652,964,126	\$679,104,647	\$705,506,574	\$718,259,853	\$718,259,853	
Retail		\$36,380,371	\$41,501,509	\$46,673,859	\$51,724,361	\$56,825,368	\$61,977,386	\$67,180,923	\$72,436,496	\$77,744,525	\$80,459,887	\$80,459,887	
Office		\$58,573,468	\$68,903,237	\$79,233,006	\$89,562,775	\$100,000,544	\$110,438,313	\$120,876,082	\$131,313,851	\$141,751,620	\$146,189,389	\$146,189,389	
Hotel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total New Cumulative RDA Value		\$1,327,957,924	\$1,459,551,715	\$1,593,517,811	\$1,724,691,880	\$1,857,616,715	\$1,992,312,897	\$2,128,801,234	\$2,267,102,765	\$2,407,238,759	\$2,544,158,985	\$2,544,158,985	
Net Value Increase		\$1,178,757,625	\$1,296,453,881	\$1,415,777,467	\$1,532,685,739	\$1,651,202,120	\$1,771,345,763	\$1,893,136,037	\$2,016,592,523	\$2,141,735,022	\$2,264,090,466	\$2,264,090,466	
Gross Tax Increment	1.00% of net incr.	\$11,787,576	\$12,964,539	\$14,157,775	\$15,326,857	\$16,512,021	\$17,713,458	\$18,931,360	\$20,165,925	\$21,417,350	\$22,640,905	\$22,640,905	
Administration	1.00% of gross TI	\$117,876	\$129,645	\$141,578	\$153,269	\$165,120	\$177,135	\$189,314	\$201,659	\$214,174	\$226,409	\$226,409	
Net Tax Increment		\$11,669,700	\$12,834,893	\$14,016,197	\$15,173,589	\$16,346,901	\$17,536,323	\$18,742,047	\$19,964,266	\$21,203,177	\$22,414,496	\$22,414,496	
Tier 1 Pass-Through Obligations [6]	20% of gross TI	\$2,357,515	\$2,592,908	\$2,831,555	\$3,065,371	\$3,302,404	\$3,542,692	\$3,786,272	\$4,033,185	\$4,283,470	\$4,528,181	\$4,528,181	
Housing Set-aside	20% of gross TI	\$2,357,515	\$2,592,908	\$2,831,555	\$3,065,371	\$3,302,404	\$3,542,692	\$3,786,272	\$4,033,185	\$4,283,470	\$4,528,181	\$4,528,181	
Tax Increment to RDA		\$6,759,642	\$7,451,348	\$8,152,623	\$8,846,440	\$9,542,985	\$10,249,099	\$10,964,895	\$11,690,489	\$12,425,997	\$13,152,577	\$13,152,577	
Milpitas Property Tax		\$460,564	\$506,550	\$553,173	\$598,951	\$645,158	\$692,100	\$739,686	\$787,923	\$836,819	\$884,625	\$884,625	
Property Tax Share of Redevelopment	19.5% tier 1 pass-through												
Real Estate Transfer Tax [7]													
For-Sale Residential Sales	\$0.55 per \$1,000 value	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Net New Transfer Tax Share		\$40,274	\$44,216	\$48,221	\$52,153	\$56,148	\$60,207	\$64,332	\$68,522	\$72,779	\$77,100	\$77,100	

(1) Following assumptions for existing assessed value to be replaced: Year 1 of analysis base AV is equal to value of Phase 1 parcels; Year 6 base value is equal to TASP total base AV, minus the Great Mall value. The value is reflected per new development phasing as existing buildings would be demolished or reconstructed.
 (2) Assumes an average value of \$430,559 for multifamily units and \$412,717 for multifamily mixed-use units.
 (3) Assumes an average value of \$227,395 per unit.
 (4) Assumes appreciation of 1.0% above inflation.
 (5) Assumes an additional annual existing value appreciation of 0.7% associated with inflation of 3.0 percent and real appreciation of 1.0% with 10% of units turned over annually. Other uses are assumed not to turn over until buildout.
 (6) Tiers 2 and 3 are excluded from this analysis.
 (7) It is assumed that 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over. Calculations exclude one-time tax proceeds upon initial sale.
 Sources: City of Milpitas; Santa Clara County Assessor's Office; and Economic &

**Table 7
Property Tax Calculation in the Non-Redevelopment Area (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	Assumptions	Fiscal Year									End of Phase I	
		0	1	2	3	4	5	6	7	8		9
Existing Assessed Value		\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060
(less) Value Lost to New Development		\$0	\$3,639,747	\$3,676,145	\$3,712,906	\$3,750,035	\$3,787,536	\$3,825,411	\$3,863,665	\$3,902,302	\$3,941,325	\$3,941,325
For-sale Units in Non-Redevelopment Area [1]	25% of the total	0	48	48	48	48	48	48	48	48	48	48
Rental Units in Non-Redevelopment Area [2]	16% of the total	0	41	41	41	41	41	41	41	41	41	41
New Assessed Value [3]		\$0	\$20,414,477	\$20,618,622	\$20,824,808	\$21,033,056	\$21,243,387	\$21,455,821	\$21,670,379	\$21,887,083	\$22,105,954	\$22,105,954
Residential: For-Sale	1.0%	\$0	\$9,433,640	\$9,527,976	\$9,623,256	\$9,719,489	\$9,816,663	\$9,914,850	\$10,013,999	\$10,114,139	\$10,215,280	\$10,215,280
Residential: Rental	1.0%	\$0	\$29,848,117	\$30,146,598	\$30,448,064	\$30,752,545	\$31,060,070	\$31,370,671	\$31,684,378	\$32,001,222	\$32,321,234	\$32,321,234
Total New Assessed Value		\$0	\$20,414,477	\$20,618,622	\$20,824,808	\$21,033,056	\$21,243,387	\$21,455,821	\$21,670,379	\$21,887,083	\$22,105,954	\$22,105,954
Cumulative Assessed Value		\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060
Residential: For-Sale [4]	0.7%	\$0	\$9,433,640	\$18,967,616	\$28,584,872	\$38,304,360	\$48,121,044	\$58,035,894	\$68,049,893	\$78,164,032	\$88,378,312	\$88,378,312
Residential: Rental		\$0	\$29,848,117	\$60,137,617	\$90,873,913	\$122,062,481	\$153,708,859	\$185,818,644	\$218,397,501	\$251,451,156	\$284,985,400	\$284,985,400
Total New Cumulative Value		\$0	\$33,487,664	\$63,813,762	\$94,566,819	\$125,812,517	\$157,496,394	\$189,644,055	\$222,261,166	\$255,353,458	\$288,926,725	\$288,926,725
Net Value Increase		\$0	\$33,487,664	\$63,813,762	\$94,566,819	\$125,812,517	\$157,496,394	\$189,644,055	\$222,261,166	\$255,353,458	\$288,926,725	\$288,926,725
Property Tax	1.00% of AV	\$0	\$334,879	\$638,138	\$945,668	\$1,258,125	\$1,574,964	\$1,896,441	\$2,222,612	\$2,553,535	\$2,889,267	\$2,889,267
Milpitas Property Tax		\$0	\$52,100	\$99,280	\$147,156	\$195,737	\$245,030	\$295,044	\$345,789	\$397,274	\$449,506	\$449,506
Prop. Tax Share in Non-Redev. Area [5]	15.6%	\$0	\$52,100	\$99,280	\$147,156	\$195,737	\$245,030	\$295,044	\$345,789	\$397,274	\$449,506	\$449,506
Real Estate Transfer Tax [6]		\$0	\$1,123	\$2,265	\$3,426	\$4,607	\$5,807	\$7,028	\$8,269	\$9,531	\$10,813	\$10,813
For-Sale Residential Sales	\$0.55 per \$1,000 value	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net New Transfer Tax Share		\$0	\$1,123	\$2,265	\$3,426	\$4,607	\$5,807	\$7,028	\$8,269	\$9,531	\$10,813	\$10,813

[1] Assumes an average value of \$430,559 for multifamily units and \$412,717 for multifamily mixed-use units.

[2] Assumes an average value of \$227,395 per unit.

[3] Assumes appreciation of 1.0% above inflation.

[4] Assumes an additional annual existing value appreciation of 0.7% associated with inflation of 3.0 percent and real appreciation of 1.0% with 10% of units turned over annually. Other uses are assumed not to turn over until buildout.

[5] Post-ERAF allocation for TRA 012-003.

[6] It is assumed that 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over. Calculations exclude one-time tax proceeds upon initial sale.

Sources: City of Milpitas; Santa Clara County Assessor's Office; and Economic & Planning Systems, Inc.

Table 7
Property Tax Calculation in the Non-Redevelopment Area (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Item	End of Phase II						End of Phase III			Buildout	
	10	11	12	13	14	15	16	17	18		19
Existing Assessed Value	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060	\$68,787,060
(less) Value Lost to New Development	\$3,238,595	\$3,270,981	\$3,303,691	\$3,336,728	\$3,246,992	\$3,279,462	\$3,312,257	\$3,345,379	\$3,378,833	\$3,412,621	\$1,562,449
For-sale Units in Non-Redevelopment Area [1]	47	47	47	47	45	45	45	45	45	45	20
Rental Units in Non-Redevelopment Area [2]	20	20	20	20	19	19	19	19	19	19	9
New Assessed Value [3]											
Residential: For-Sale	\$21,647,333	\$21,863,806	\$22,082,444	\$22,303,268	\$21,688,562	\$21,905,447	\$22,124,502	\$22,345,747	\$22,569,204	\$22,794,896	\$10,305,709
Residential: Rental	\$4,911,098	\$4,960,209	\$5,009,811	\$5,059,909	\$4,938,727	\$4,988,114	\$5,037,995	\$5,088,375	\$5,139,259	\$5,190,651	\$2,507,310
Total New Assessed Value	\$26,558,431	\$26,824,015	\$27,092,255	\$27,363,178	\$26,627,288	\$26,893,561	\$27,162,497	\$27,434,122	\$27,708,463	\$27,985,548	\$12,813,019
Cumulative Assessed Value											
Residential: For-Sale [4]	\$219,629,663	\$243,030,877	\$266,814,537	\$290,985,507	\$314,710,968	\$338,819,392	\$363,315,629	\$388,204,586	\$413,491,222	\$439,180,557	\$452,560,529
Residential: Rental	\$93,290,410	\$96,250,619	\$103,260,430	\$108,320,339	\$113,259,066	\$118,247,180	\$123,285,175	\$128,373,549	\$133,512,808	\$138,709,459	\$141,210,770
Total New Cumulative Value	\$312,920,073	\$341,281,496	\$370,074,967	\$399,305,847	\$427,970,033	\$457,066,571	\$486,600,804	\$516,578,135	\$547,004,030	\$577,884,016	\$593,771,299
Net Value Increase	\$316,158,669	\$344,552,477	\$373,378,658	\$402,642,575	\$431,217,025	\$460,346,033	\$489,913,060	\$519,923,514	\$550,382,863	\$581,296,637	\$595,333,747
Property Tax	\$3,161,587	\$3,445,525	\$3,733,787	\$4,026,426	\$4,312,170	\$4,603,460	\$4,899,131	\$5,199,235	\$5,503,829	\$5,812,966	\$5,953,337
Milpitas Property Tax											
Prop. Tax Share in Non-Redev. Area [5]	\$491,873	\$536,048	\$580,895	\$626,423	\$670,879	\$716,197	\$762,197	\$808,886	\$856,274	\$904,370	\$926,208
Real Estate Transfer Tax [6]											
For-Sale Residential Sales		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net New Transfer Tax Share	\$12,080	\$13,367	\$14,675	\$16,004	\$17,309	\$18,635	\$19,982	\$21,351	\$22,742	\$24,155	\$24,891

[1] Assumes an average value of \$430,559 for multifamily units and \$412,717 for multifamily mixed-use units.

[2] Assumes an average value of \$227,395 per unit.

[3] Assumes appreciation of 1.0% above inflation.

[4] Assumes an additional annual value appreciation of 0.7% associated with inflation of 3.0 percent and real appreciation of 1.0% with 10% of units turned over annually. Other uses are assumed not to turn over until buildout.

[5] Post-ERAF allocation for TRA 012-003.

[6] It is assumed that 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over. Calculations exclude one-time tax proceeds upon initial sale.

Sources: City of Milpitas; Santa Clara County Assessor's Office; and Economic & Planning Systems, Inc.

**Table 8
Cumulative Assessed Value and Property Tax (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	Fiscal Year										End of Phase I	
	0	1	2	3	4	5	6	7	8	9		10
Total												
Cumulative New Assessed Value [1]												
Residential For-Sale	\$0	\$81,923,831	\$165,240,367	\$249,967,550	\$336,123,528	\$423,726,660	\$512,795,516	\$603,348,882	\$695,405,760	\$788,865,370	\$881,379,579	
Residential Rental	\$0	\$57,417,266	\$115,408,704	\$173,980,057	\$233,137,123	\$292,885,760	\$353,231,883	\$414,181,467	\$475,740,548	\$537,915,219	\$597,806,314	
Retail	\$0	\$2,806,173	\$5,640,407	\$8,502,984	\$11,394,187	\$14,314,301	\$17,263,617	\$20,242,426	\$23,251,023	\$26,289,706	\$31,309,938	
Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Hotel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cumulative New Assessed Value	\$0	\$142,147,270	\$286,289,479	\$432,450,591	\$580,654,837	\$730,926,721	\$883,291,016	\$1,037,772,776	\$1,194,397,331	\$1,353,190,296	\$1,509,835,864	
Milpitas Property Tax [2]	\$0	\$90,971	\$177,580	\$265,448	\$354,591	\$445,024	\$536,763	\$629,824	\$724,223	\$819,975	\$907,079	
Property Tax in Lieu of VLF												
Milpitas Assessed Value (1,000s) [3]	\$10,835,300	\$10,964,635	\$11,225,171	\$11,618,799	\$12,147,429	\$12,812,989	\$13,617,468	\$14,562,817	\$15,651,054	\$16,884,210	\$18,259,799	
Property Net AV Increase as % of Milpitas AV	0.0%	1.2%	2.4%	3.4%	4.4%	5.2%	5.9%	6.5%	7.0%	7.3%	7.6%	
Property Tax in Lieu of VLF (1000s) [4]	\$4,395	\$4,449	\$4,553	\$4,709	\$4,916	\$5,172	\$5,479	\$5,837	\$6,244	\$6,701	\$7,207	
Total Property Tax in Lieu of VLF	\$0	\$53,953	\$107,177	\$161,045	\$215,433	\$270,207	\$325,241	\$380,429	\$435,697	\$491,001	\$544,237	
Real Estate Transfer Tax [5]												
	\$0	\$4,506	\$9,088	\$13,748	\$18,487	\$23,305	\$28,204	\$33,184	\$38,247	\$43,394	\$48,476	

[1] Assumes appreciation of 1.0% above inflation.
 [2] Total of redevelopment and non-redevelopment areas.
 [3] Based on the 2007-08 City secured assessed value of \$10.3 billion. Year 0 represents a 5 percent increment over the 2007-08 assessed value level.
 [4] Based on the 2007-08 base year inflated by the project assessed value share of the City assessed value.
 [5] Assumes 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over.

Sources: City of Milpitas; Santa Clara County Assessor's Office; and Economic & Planning Systems, Inc.

**Table 8
Cumulative Assessed Value and Property Tax (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	End of Phase II					End of Phase III					Buildout	
	11	12	13	14	15	16	17	18	19	20		
Cumulative New Assessed Value [1]												
Residential: For-Sale	\$975,289,261	\$1,070,733,710	\$1,167,732,446	\$1,262,943,337	\$1,359,691,073	\$1,457,995,114	\$1,557,875,146	\$1,659,351,078	\$1,762,443,050	\$1,816,137,230		
Residential: Rental	\$597,996,320	\$628,488,225	\$659,285,050	\$689,344,304	\$719,704,151	\$750,367,596	\$781,337,675	\$812,617,455	\$844,210,033	\$859,470,622		
Retail	\$36,380,371	\$41,501,509	\$46,673,859	\$51,724,361	\$56,825,368	\$61,977,386	\$67,180,923	\$72,436,496	\$77,744,625	\$80,455,887		
Office	\$58,973,468	\$88,903,237	\$119,132,303	\$148,649,910	\$178,462,693	\$208,573,604	\$238,985,624	\$269,701,764	\$300,725,066	\$316,570,515		
Hotel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,286,030		
Cumulative New Assessed Value	\$1,668,639,420	\$1,829,626,682	\$1,992,823,658	\$2,152,661,913	\$2,314,683,286	\$2,478,913,700	\$2,645,379,369	\$2,814,106,794	\$2,985,122,775	\$3,137,930,284		
Milpitas Property Tax [2]	\$996,612	\$1,087,445	\$1,179,596	\$1,269,730	\$1,361,355	\$1,454,297	\$1,548,573	\$1,644,198	\$1,741,188	\$1,810,834		
Property Tax in Lieu of VLF												
Milpitas Assessed Value (1,000s) [3]	\$19,779,838	\$21,446,367	\$23,261,451	\$25,222,106	\$27,330,375	\$29,588,322	\$31,998,036	\$34,561,632	\$37,281,251	\$40,139,113		
Project Net AV Increase as % of Milpitas AV	7.7%	7.8%	7.8%	7.8%	7.7%	7.6%	7.5%	7.4%	7.3%	7.1%		
Property Tax in Lieu of VLF (1000s) [4]	\$7,762	\$8,367	\$9,021	\$9,723	\$10,474	\$11,275	\$12,125	\$13,026	\$13,977	\$14,973		
Total Property Tax in Lieu of VLF	\$597,807	\$651,444	\$705,186	\$757,093	\$809,257	\$861,677	\$914,396	\$967,456	\$1,020,898	\$1,066,637		
Real Estate Transfer Tax [5]												
	\$53,641	\$58,890	\$64,225	\$69,462	\$74,783	\$80,190	\$85,683	\$91,264	\$96,934	\$99,888		

[1] Assumes appreciation of 1.0% above inflation.

[2] Total of redevelopment and non-redevelopment areas.

[3] Based on the 2007-08 City secured assessed value of \$10.3 billion. Year 0 represents a 5 percent increment over the 2007-08 assessed value level.

[4] Based on the 2007-08 base year inflated by the project assessed value share of the City assessed value.

[5] Assumes 10% of residential units will turn over annually. Non-residential component of development is assumed not to turn over.

Sources: City of Milpitas; Santa Clara County Assessor's Office; and Economic & Planning Systems, Inc.

**Table 9
Sales Tax Calculation
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Assumptions	Fiscal Year										End of Phase I	
	0	1	2	3	4	5	6	7	8	9		10
SALES TAX GENERATED FROM NEW HOUSEHOLDS												
Income Assumptions												
Average for-sale unit selling price [1]	\$0	\$80,473,830	\$160,947,661	\$241,421,491	\$321,895,321	\$402,369,151	\$482,842,982	\$563,316,812	\$643,790,642	\$724,264,472	\$803,474,316	
Total mortgage amount [2]	\$0	\$84,379,064	\$126,568,128	\$193,137,193	\$257,516,257	\$321,895,321	\$386,274,385	\$450,653,449	\$515,032,514	\$579,411,578	\$642,779,453	
Annual mortgage payment [3]	\$0	\$5,188,077	\$10,376,154	\$15,564,232	\$20,752,309	\$25,940,386	\$31,128,463	\$36,316,541	\$41,504,618	\$46,692,695	\$51,799,284	
Required household income / for-sale unit	\$0	\$14,823,078	\$29,646,156	\$44,469,234	\$59,292,311	\$74,115,389	\$88,938,467	\$103,761,545	\$118,584,623	\$133,407,701	\$147,997,955	
Annual apartment rent	\$0	\$5,799,000	\$11,598,000	\$17,397,000	\$23,196,000	\$28,995,000	\$34,794,000	\$40,593,000	\$46,392,000	\$52,191,000	\$57,990,000	
Required household income / rental unit	\$0	\$16,568,571	\$33,137,143	\$49,705,714	\$66,274,286	\$82,842,857	\$99,411,429	\$115,980,000	\$132,548,571	\$149,117,143	\$157,003,783	
Average HH Taxable Retail Exp. [4]	\$0	\$10,463,883	\$20,927,766	\$31,391,649	\$41,855,532	\$52,319,415	\$62,783,299	\$73,247,182	\$83,711,065	\$94,174,948	\$101,667,246	
Total Net New Expenditures Captured by Milpitas	\$0	\$8,371,105	\$16,742,213	\$25,113,319	\$33,484,426	\$41,855,532	\$50,226,639	\$58,597,745	\$66,968,852	\$75,339,958	\$81,333,797	
Expenditures per New Household Captured by Milpitas [5]	\$0	\$83,711	\$167,422	\$251,133	\$334,844	\$418,555	\$502,266	\$585,977	\$669,689	\$753,400	\$813,338	
New Sales Tax from Residents	\$0	\$83,711	\$167,422	\$251,133	\$334,844	\$418,555	\$502,266	\$585,977	\$669,689	\$753,400	\$813,338	
SALES TAX GENERATED FROM NEW RETAIL												
Total New Retail Space (Sq. Ft.)	0	11,114	22,227	33,341	44,454	55,568	66,681	77,795	88,908	100,022	118,201	
Total Taxable Sales	\$0	\$3,334,067	\$6,668,133	\$10,002,200	\$13,336,267	\$16,670,333	\$20,004,400	\$23,338,467	\$26,672,533	\$30,006,600	\$35,480,300	
Net New Taxable Sales [6]	\$0	\$2,667,253	\$5,334,507	\$8,001,760	\$10,669,013	\$13,336,267	\$16,003,520	\$18,670,773	\$21,338,027	\$24,005,280	\$28,366,240	
Total Sales Tax Generated from New Retail	\$0	\$26,673	\$53,345	\$80,018	\$106,690	\$133,363	\$160,035	\$186,708	\$213,380	\$240,053	\$283,682	
Net New Sales Tax Generated From the Project [7]	\$0	\$110,384	\$220,767	\$331,151	\$441,534	\$551,918	\$662,302	\$772,685	\$883,069	\$993,452	\$1,097,020	

[1] Based on the development schedule and includes inclusionary housing.
 [2] Assumes 10 percent down payment.
 [3] Assumes 7 percent interest rate and 30-year mortgage period.
 [4] Based on Bureau of Labor Statistics Consumer Expenditure Survey.
 [5] About 80 percent of taxable retail spending by Milpitas residents is captured within the City based on amount and range of retail located in the City.
 [6] Accounts for sales shifted from the existing Milpitas retail and sales to residents in the project area.
 [7] A sum of new City sales taxes from the household units and new retail space.
 Sources: State Board of Equalization, U.S. Bureau of Labor Statistics; Economic and Planning Systems, Inc.

Table 9
Sales Tax Calculation
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)

Assumptions	End of Phase II					End of Phase III					Buildout 20	
	11	12	13	14	15	16	17	18	19			
Income Assumptions												
Average for-sale unit selling price [1]	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329	\$421,329
Total mortgage amount [2]	\$706,147,927	\$769,515,202	\$832,883,077	\$893,891,509	\$954,899,942	\$1,015,908,374	\$1,076,916,807	\$1,137,925,240	\$1,198,933,672	\$1,259,942,104	\$1,320,950,536	\$1,381,958,968
Annual mortgage payment [3]	\$56,905,873	\$62,012,463	\$67,119,052	\$72,235,502	\$77,351,952	\$82,468,402	\$87,584,852	\$92,701,303	\$97,817,753	\$102,934,203	\$108,050,653	\$113,167,103
Required household income / for-sale unit	\$162,588,210	\$177,178,465	\$191,768,719	\$206,359,022	\$220,949,276	\$235,539,530	\$250,129,784	\$264,719,038	\$279,309,292	\$293,899,546	\$308,489,800	\$323,079,054
Annual apartment rent	\$23,195 per unit											
Required household income / rental unit	\$164,890,423	\$172,777,063	\$180,663,703	\$188,550,343	\$196,436,983	\$204,323,623	\$212,210,263	\$220,096,903	\$227,983,543	\$235,870,183	\$243,756,823	\$251,643,463
Average HH Taxable Retail Exp. [4]	\$109,159,544	\$116,651,842	\$124,144,141	\$131,636,439	\$139,128,737	\$146,621,035	\$154,113,333	\$161,605,631	\$169,097,929	\$176,590,227	\$184,082,525	\$191,574,823
Total Net New Expenditures Captured by Milpitas												
Expenditures per New Household Captured by Milpitas [5]	\$87,327,635	\$93,321,474	\$99,315,313	\$105,309,152	\$111,302,991	\$117,296,830	\$123,290,669	\$129,284,508	\$135,278,347	\$141,272,186	\$147,266,025	\$153,259,864
New Sales Tax from Residents	\$873,276	\$933,215	\$993,153	\$1,053,091	\$1,113,029	\$1,172,967	\$1,232,905	\$1,292,843	\$1,352,781	\$1,412,719	\$1,472,657	\$1,532,595
SALES TAX GENERATED FROM NEW RETAIL												
Total New Retail Space (Sq. Ft.)	136,380	154,559	172,738	190,917	209,096	227,275	245,454	263,633	281,812	300,000	318,179	336,358
Total Taxable Sales	\$40,914,000	\$46,367,700	\$51,821,400	\$57,275,100	\$62,728,800	\$68,182,500	\$73,636,200	\$79,089,900	\$84,543,600	\$90,000,000	\$95,453,700	\$100,907,400
Net New Taxable Sales [6]	\$32,731,200	\$37,094,160	\$41,457,120	\$45,820,080	\$50,183,040	\$54,546,000	\$58,908,960	\$63,271,920	\$67,634,880	\$72,000,000	\$76,363,000	\$80,726,000
Total Sales Tax Generated from New Retail	\$327,312	\$370,942	\$414,571	\$458,200	\$501,829	\$545,458	\$589,087	\$632,716	\$676,345	\$720,000	\$763,630	\$80,726,000
Net New Sales Tax Generated From the Project [7]	\$1,200,588	\$1,304,156	\$1,407,724	\$1,511,292	\$1,614,860	\$1,718,428	\$1,821,996	\$1,925,564	\$2,029,132	\$2,132,700	\$2,236,268	\$2,339,836

[1] Based on the development schedule and includes inclusionary housing.
 [2] Assumes 10 percent down payment.
 [3] Assumes 7 percent interest rate and 30 year mortgage period.
 [4] Based on Bureau of Labor Statistics Consumer Expenditure Survey.
 [5] About 80 percent of taxable retail spending by Milpitas residents is captured within the City based on amount and range of retail located in the City.
 [6] Accounts for sales shifted from the existing Milpitas retail and sales to residents in the project area.
 [7] A sum of new City sales taxes from the household units and new retail space.
 Sources: State Board of Equalization, U.S. Bureau of Labor Statistics; Economic and Planning Systems, Inc.

Table 10
Detailed Hotel Tax Revenues (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Item	Estimating Factor	Fiscal Year										
		0	1	2	3	4	5	6	7	8	9	10
New Households		0	441	882	1,323	1,764	2,205	2,646	3,087	3,528	3,969	4,276
New Employment		0	27	54	81	108	135	162	189	216	243	635
Hotel Development (rooms)		0	0	0	0	0	0	0	0	0	0	0
Household Demand [1]	3.8 room nights per year	0	1,676	3,352	5,027	6,703	8,379	10,055	11,731	13,406	15,082	16,249
Employment Demand [2]	1.5 room nights per year	0	40	81	121	162	202	243	283	324	364	952
Total Annual Room Nights		0	1,716	3,433	5,149	6,865	8,581	10,298	12,014	13,730	15,447	17,201
Annual Room Rental Proceeds	\$150 per night	\$0	\$257,443	\$514,886	\$772,328	\$1,029,771	\$1,287,214	\$1,544,657	\$1,802,099	\$2,059,542	\$2,316,985	\$2,580,143
Hotel Development Demand [3]		0	0	0	0	0	0	0	0	0	0	0
Gross Annual Proceeds (minus) Vacancy	\$150 per night 30%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Room Rental Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Room Rental Revenue		\$0	\$257,443	\$514,886	\$772,328	\$1,029,771	\$1,287,214	\$1,544,657	\$1,802,099	\$2,059,542	\$2,316,985	\$2,580,143
Hotel/Motel Tax to General Fund	8% of room rental proceeds	\$0	\$20,595	\$41,191	\$61,786	\$82,382	\$102,977	\$123,573	\$144,168	\$164,763	\$185,359	\$206,411
Tax Library and Performing Arts	2% of room rental proceeds	\$0	\$5,149	\$10,298	\$15,447	\$20,595	\$25,744	\$30,893	\$36,042	\$41,191	\$46,340	\$51,603

[1] Demand associated with residents in the TASP prior to the development of the hotel component on-site.

[2] Demand associated with employment-generating uses in the TASP prior to the development of the hotel component on-site.

[3] Demand associated with development of the hotel component in the TASP.

Sources: City of Milpitas, Economic & Planning Systems, Inc.

Table 10
Detailed Hotel Tax Revenues (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Item	Estimating Factor	End of Phase II					End of Phase III					Buildout
		11	12	13	14	15	16	17	18	19	20	
New Households		4,583	4,890	5,197	5,493	5,789	6,085	6,381	6,677	6,973	7,109	
New Employment		1,027	1,418	1,810	2,189	2,568	2,947	3,326	3,705	4,083	4,993	
Hotel Development (rooms)		0	0	0	0	0	0	0	0	0	350	
Household Demand [1]	3.8 room nights per year	17,415	18,582	19,749	20,873	21,998	23,123	24,248	25,373	26,497	0	
Employment Demand [2]	1.5 room nights per year	1,540	2,128	2,716	3,284	3,852	4,420	4,989	5,557	6,125	0	
Total Annual Room Nights		18,955	20,710	22,464	24,157	25,850	27,543	29,236	30,929	32,623	0	
Annual Room Rental Proceeds	\$150 per night	\$2,843,301	\$3,106,459	\$3,369,618	\$3,623,578	\$3,877,539	\$4,131,499	\$4,385,460	\$4,639,420	\$4,893,380	\$0	
Hotel Development Demand [3]		0	0	0	0	0	0	0	0	0	350	
Gross Annual Proceeds	\$150 per night	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,162,500	
(minus) Vacancy	30%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 (\$5,748,750)	
Annual Room Rental Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$13,413,750	
Total Room Rental Revenue		\$2,843,301	\$3,106,459	\$3,369,618	\$3,623,578	\$3,877,539	\$4,131,499	\$4,385,460	\$4,639,420	\$4,893,380	\$13,413,750	
Hotel/Motel Tax to General Fund	8% of room rental proceeds	\$227,464	\$248,517	\$269,569	\$289,886	\$310,203	\$330,520	\$350,837	\$371,154	\$391,470	\$1,073,100	
Tax Library and Performing Arts	2% of room rental proceeds	\$56,866	\$62,129	\$67,392	\$72,472	\$77,551	\$82,630	\$87,709	\$92,788	\$97,868	\$268,275	

[1] Demand associated with residents in the TASP prior to the development of the hotel component on-site.

[2] Demand associated with employment-generating uses in the TASP prior to the development of the hotel component on-site.

[3] Demand associated with development of the hotel component in the TASP.

Sources: City of Milpitas, Economic & Planning Systems, Inc.

**Table 11
Milpitas Detailed Police and Fire Costs
Milpitas Transit Area Specific Plan; EPS# 17107**

Function/ Service	Assumption	Fiscal Year										End of Phase I
		0	1	2	3	4	5	6	7	8	9	
Population and Employment												
New Population		0	1,078	2,156	3,234	4,312	5,390	6,468	7,546	8,624	9,702	10,452
New Employment		0	27	54	81	108	135	162	189	216	243	635
Police												
Existing officers/1,000 residents	1.32	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Existing officers/1,000 daytime pop. [1]	0.97	4.1	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.7
New officers/1,000 daytime pop.	0.97	0.0	1.1	2.1	3.2	4.3	5.3	6.4	7.5	8.5	9.6	10.7
Total officers/1,000 daytime pop.		4.1	5.1	6.2	7.2	8.3	9.3	10.4	11.4	12.5	13.5	14.4
Total Cost [2]	\$205,000 /officer	\$831,034	\$1,046,461	\$1,261,887	\$1,477,313	\$1,692,740	\$1,908,166	\$2,123,592	\$2,339,019	\$2,554,445	\$2,769,871	\$2,949,300
Total Cost [3]	1% a year	\$831,034	\$1,056,925	\$1,287,251	\$1,522,077	\$1,761,472	\$2,005,502	\$2,254,236	\$2,507,745	\$2,766,098	\$3,029,367	\$3,257,862
(less) Base Cost [3]	\$205,000 /officer	(\$831,034)	(\$836,104)	(\$841,191)	(\$846,297)	(\$851,420)	(\$856,562)	(\$861,721)	(\$866,898)	(\$872,092)	(\$877,303)	(\$883,611)
Net New Cost [3]		\$0	\$220,822	\$446,060	\$675,781	\$910,051	\$1,148,940	\$1,392,515	\$1,640,847	\$1,894,006	\$2,152,064	\$2,423,251
Fire												
Existing firefighters/1,000 residents	1.00	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Existing firefighters/1,000 daytime pop.	0.70	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.7
New firefighters/1,000 daytime pop.	0.70	0.0	0.8	1.5	2.3	3.1	3.8	4.6	5.4	6.2	6.9	7.7
Total firefighters/1,000 daytime pop.		2.9	3.7	4.4	5.2	6.0	6.7	7.5	8.2	9.0	9.7	10.4
Total Cost [4]	\$176,000 /firefighter	\$514,365	\$647,702	\$781,039	\$914,376	\$1,047,713	\$1,181,050	\$1,314,387	\$1,447,724	\$1,581,061	\$1,714,398	\$1,825,454
Total Cost [3]	1% a year	\$514,365	\$654,179	\$796,738	\$942,082	\$1,090,254	\$1,241,295	\$1,395,248	\$1,552,156	\$1,712,062	\$1,875,012	\$2,016,437
(less) Base Cost [3]	\$176,000 /firefighter	(\$514,365)	(\$517,502)	(\$520,651)	(\$523,811)	(\$526,982)	(\$530,165)	(\$533,368)	(\$536,562)	(\$539,777)	(\$543,002)	(\$516,578)
Net New Cost [3]		\$0	\$136,676	\$276,087	\$418,271	\$563,272	\$711,131	\$861,890	\$1,015,594	\$1,172,286	\$1,332,009	\$1,499,859

[1] Baseline level of service based on the citywide average; includes 1,200 residents and 3,000 employees. Assumes existing employment replaced by new employment uses over the buildout period.

[2] Based on the interview with the Milpitas Police department. Includes equipment, overtime, and benefits and excludes administrative costs.

[3] Cost increase represents a real increase above inflation.

[4] Based on the interview with the Milpitas Fire department. Excludes administrative personnel.

Sources: City of Milpitas; and Economic & Planning Systems, Inc.

**Table 11
Milpitas Detailed Police and Fire Costs
Milpitas Transit Area Specific Plan; EPS# 17107**

(Hotel Scenario)

Function/ Service	Assumption	End of Phase II					End of Phase III					Buildout
		11	12	13	14	15	16	17	18	19	20	
Population and Employment												
New Population		11,203	11,953	12,704	13,427	14,151	14,874	15,598	16,321	17,045	17,377	
New Employment		1,027	1,418	1,810	2,189	2,568	2,947	3,326	3,705	4,083	4,993	
Police												
Existing officers/1,000 residents	1.32	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Existing officers/1,000 daytime pop. [1]	0.97	3.5	3.2	3.0	2.8	2.6	2.3	2.1	1.9	1.7	1.2	
New officers/1,000 daytime pop.	0.97	11.8	12.9	14.0	15.1	16.1	17.2	18.3	19.3	20.4	21.6	
Total officers/1,000 daytime pop.		15.3	16.1	17.0	17.9	18.7	19.5	20.4	21.2	22.1	22.7	
Total Cost [2]	\$205,000 /officer	\$3,128,728	\$3,308,157	\$3,487,585	\$3,660,666	\$3,833,747	\$4,006,828	\$4,179,908	\$4,352,989	\$4,526,070	\$4,663,636	
Total Cost [3]	1% a year	\$3,490,623	\$3,727,714	\$3,969,198	\$4,207,841	\$4,450,861	\$4,698,320	\$4,950,284	\$5,206,817	\$5,467,985	\$5,690,523	
(less) Base Cost [3]	\$205,000 /officer	(\$790,977)	(\$746,387)	(\$700,826)	(\$656,057)	(\$610,323)	(\$563,609)	(\$515,899)	(\$467,179)	(\$417,433)	(\$289,720)	
Net New Cost [3]		\$2,699,647	\$2,981,327	\$3,268,372	\$3,551,784	\$3,840,538	\$4,134,712	\$4,434,385	\$4,739,638	\$5,050,552	\$5,400,803	
Fire												
Existing firefighters/1,000 residents	1.00	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	
Existing firefighters/1,000 daytime pop.	0.70	2.5	2.3	2.2	2.0	1.8	1.7	1.5	1.4	1.2	0.8	
New firefighters/1,000 daytime pop.	0.70	8.5	9.3	10.1	10.9	11.6	12.4	13.2	13.9	14.7	15.6	
Total firefighters/1,000 daytime pop.		11.0	11.6	12.3	12.9	13.5	14.1	14.7	15.3	15.9	16.4	
Total Cost [4]	\$176,000 /firefighter	\$1,936,511	\$2,047,567	\$2,158,623	\$2,265,751	\$2,372,878	\$2,480,006	\$2,587,133	\$2,694,261	\$2,801,388	\$2,886,534	
Total Cost [3]	1% a year	\$2,160,504	\$2,307,250	\$2,456,715	\$2,604,422	\$2,754,838	\$2,908,002	\$3,063,953	\$3,222,733	\$3,384,382	\$3,522,120	
(less) Base Cost [3]	\$176,000 /firefighter	(\$489,571)	(\$461,972)	(\$433,772)	(\$406,063)	(\$377,756)	(\$348,843)	(\$319,313)	(\$289,158)	(\$258,368)	(\$179,321)	
Net New Cost [3]		\$1,670,933	\$1,845,278	\$2,022,942	\$2,198,359	\$2,377,082	\$2,559,159	\$2,744,640	\$2,933,575	\$3,126,014	\$3,342,800	

[1] Baseline level of service based on the citywide average; includes 1,200 residents and 3,000 employees. Assumes existing employment replaced by new employment uses over the buildout period.

[2] Based on the interview with the Milpitas Police department. Includes equipment, overtime, and benefits and excludes administrative costs.

[3] Cost increase represents a real increase above inflation.

[4] Based on the interview with the Milpitas Fire department. Excludes administrative personnel.

Sources: City of Milpitas; and Economic & Planning Systems, Inc.

**Table 12
Public Works Costs
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Item	Fiscal Year										End of Phase I	
	0	1	2	3	4	5	6	7	8	9	10	
Population	0	1,078	2,156	3,234	4,312	5,390	6,468	7,546	8,624	9,702	10,452	
Public Street Linear Feet [1]	0	4,660	9,320	13,980	18,640	23,300	27,960	32,620	37,280	41,940	46,952	
Linear Parks/Trails	0.0	0.7	1.4	2.1	2.7	3.4	4.1	4.8	5.5	6.2	6.6	
Streets Maintenance [2]	\$0	\$25,939	\$51,878	\$77,817	\$103,756	\$129,695	\$155,634	\$181,573	\$207,512	\$233,451	\$261,348	
Utilities Maintenance [3]	\$0	\$30,368	\$60,735	\$91,103	\$121,470	\$151,838	\$182,206	\$212,573	\$242,941	\$273,308	\$305,968	
Trees and Landscape Maintenance [4]	\$0	\$48,312	\$96,624	\$144,936	\$193,248	\$241,561	\$289,873	\$338,185	\$386,497	\$434,809	\$486,768	
Linear Parks/Trails [5]	\$0	\$14,207	\$28,414	\$42,621	\$56,828	\$71,036	\$85,243	\$99,450	\$113,657	\$127,864	\$136,917	
Operating Costs Total	\$0	\$118,826	\$237,652	\$356,477	\$475,303	\$594,129	\$712,955	\$831,781	\$950,606	\$1,069,432	\$1,191,000	

[1] Assumes 93,200 linear feet by buildout.

[2] Assumes a cost of \$5.57 per linear foot per interview with the City.

[3] Assumes a cost of \$6.52 per linear foot per interview with the City.

[4] Assumes a cost of \$10.37 per linear foot per interview with the City.

[5] Assumes 10.7 acres of linear parks and trails with the maintenance cost of \$20,700 per acre, including \$1,800 per acre for water consumption.

Source: Transit Area Specific Plan; City of Milpitas; and Economic & Planning Systems, Inc.

**Table 12
Public Works Costs
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Item	End of Phase II					End of Phase III					Buildout
	11	12	13	14	15	16	17	18	19	20	
Population	11,203	11,953	12,704	13,427	14,151	14,874	15,598	16,321	17,045	17,377	
Public Street Linear Feet [1]	51,963	56,975	61,987	66,819	71,651	76,483	81,316	86,148	90,980	93,200	
Linear Parks/Trails	7.1	7.5	7.9	8.3	8.8	9.2	9.6	10.0	10.5	10.7	
Streets Maintenance [2]	\$289,245	\$317,141	\$345,038	\$371,935	\$398,833	\$426,730	\$452,627	\$479,525	\$506,422	\$518,780	
Utilities Maintenance [3]	\$338,628	\$371,288	\$403,947	\$435,437	\$466,926	\$498,416	\$529,905	\$561,395	\$592,884	\$607,352	
Trees and Landscape Maintenance [4]	\$538,726	\$590,685	\$642,643	\$692,740	\$742,837	\$792,934	\$843,031	\$893,128	\$943,225	\$966,242	
Linear Parks/Trails [5]	\$145,969	\$155,022	\$164,075	\$172,803	\$181,531	\$190,260	\$198,988	\$207,716	\$216,445	\$220,455	
Operating Costs Total	\$1,312,568	\$1,434,136	\$1,555,703	\$1,672,915	\$1,790,127	\$1,907,339	\$2,024,551	\$2,141,763	\$2,258,975	\$2,312,829	

[1] Assumes 93,200 linear feet by buildout.

[2] Assumes a cost of \$5.57 per linear foot per interview with the City.

[3] Assumes a cost of \$6.52 per linear foot per interview with the City.

[4] Assumes a cost of \$10.37 per linear foot per interview with the City.

[5] Assumes 10.7 acres of linear parks and trails with the maintenance cost of \$20,700 per acre, including \$1,800 per acre for water consumption.

Source: Transit Area Specific Plan; City of Milpitas; and Economic & Planning Systems, Inc.

**Table 13
Parks and Recreation Costs (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107**

Item	Fiscal Year										
	0	1	2	3	4	5	6	7	8	9	10
Cumulative Development Program											
Population	0	1,078	2,156	3,234	4,312	5,390	6,468	7,546	8,624	9,702	10,452
Parks (acres) [1]	0.0	1.4	2.8	4.1	5.5	6.9	8.3	9.6	11.0	12.4	13.9
Residential Development	0	441	882	1,323	1,764	2,205	2,646	3,087	3,528	3,969	4,276
Park Maintenance Cost [2]	\$0	\$28,520	\$57,040	\$85,560	\$114,080	\$142,600	\$171,120	\$199,640	\$228,160	\$256,680	\$287,213
Total Recreation Programs Cost [3]	\$0	\$55,678	\$111,355	\$167,033	\$222,711	\$278,388	\$334,066	\$389,744	\$445,422	\$501,099	\$539,859
(less) Cost Recovery [4]	\$0	(\$27,839)	(\$55,678)	(\$83,517)	(\$111,355)	(\$139,194)	(\$167,033)	(\$194,872)	(\$222,711)	(\$250,550)	(\$269,929)
Net Recreation Programs	\$0	\$27,839	\$55,678	\$83,517	\$111,355	\$139,194	\$167,033	\$194,872	\$222,711	\$250,550	\$269,929
Equipment Replacement Amortization [5]	\$0	\$2,067	\$4,133	\$6,200	\$8,267	\$10,333	\$12,400	\$14,467	\$16,533	\$18,600	\$20,813
Operating Costs Total	\$0	\$58,426	\$116,851	\$175,277	\$233,702	\$292,128	\$350,553	\$408,979	\$467,404	\$525,830	\$577,954

[1] Assumes capital improvements built in proportion to new residential development.

[2] Assumes a park maintenance cost of \$20,700 per acre per Parks and Recreation department, including \$1,800 per acre for water consumption.

[3] Assumes a cost of \$51.65 per capita based on the estimate from City staff for Aquatics, Rainbow Theatre, Teens, After the Bell, Preschool, Senior Citizen Services, Sports and Fitness and other programs.

[4] Recreation programs discounted by 50% to reflect partial cost recovery.

[5] Assumes a cost of \$1,500 per acre based on the citywide per-acre average.

Sources: City of Milpitas; and Economic & Planning Systems, Inc.

**Table 13
Parks and Recreation Costs
Milpitas Transit Area Specific Plan; EPS# 17107
(Hotel Scenario)**

Item	End of Phase II					End of Phase III					Buildout		
	11	12	13	14	15	16	17	18	19	20			
Cumulative Development Program													
Population	11,203	11,953	12,704	13,427	14,151	14,874	15,598	16,321	17,045	17,377			
Parks (acres) [1]	15.4	16.8	18.3	20.3	22.2	24.2	26.2	28.1	30.1	31.0			
Residential Development	4,583	4,890	5,197	5,493	5,789	6,085	6,381	6,677	6,973	7,109			
Park Maintenance Cost [2]	\$317,745	\$348,278	\$378,810	\$419,508	\$460,207	\$500,905	\$541,604	\$582,302	\$623,001	\$641,700			
Total Recreation Programs Cost [3]	\$578,619	\$617,378	\$656,138	\$693,509	\$730,880	\$768,251	\$805,622	\$842,993	\$880,364	\$897,534			
(less) Cost Recovery [4]	(\$289,309)	(\$308,689)	(\$328,069)	(\$346,755)	(\$365,440)	(\$384,126)	(\$402,811)	(\$421,497)	(\$440,182)	(\$448,767)			
Net Recreation Programs	\$289,309	\$308,689	\$328,069	\$346,755	\$365,440	\$384,126	\$402,811	\$421,497	\$440,182	\$448,767			
Equipment Replacement Amortization [5]	\$23,025	\$25,238	\$27,450	\$30,399	\$33,348	\$36,297	\$39,247	\$42,196	\$45,145	\$46,500			
Operating Costs Total	\$630,079	\$682,204	\$734,329	\$796,662	\$858,995	\$921,328	\$983,661	\$1,045,995	\$1,108,328	\$1,136,967			

[1] Assumes capital improvements built in proportion to new residential development.

[2] Assumes a park maintenance cost of \$20,700 per acre per Parks and Recreation department, including \$1,800 per acre for water consumption.

[3] Assumes a cost of \$51.65 per capita based on the estimate from City staff for Aquatics, Rainbow Theatre, Teens, After the Bell, Preschool, Senior Citizen Services, Sports and Fitness and other programs.

[4] Recreation programs discounted by 50% to reflect partial cost recovery.

[5] Assumes a cost of \$1,500 per acre based on the citywide per-acre average.

Sources: City of Milpitas; and Economic & Planning Systems, Inc.

Table 14
Annual Project Description (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Land Use	Fiscal Year										End of Phase I				
	0	1	2	3	4	5	6	7	8	9	10				
Buildout Total															
Residential (annual)															
For-Sale, Multifamily	0	128	128	128	128	128	128	128	128	128	128	128	128	128	59
Rental, Multifamily	0	132	132	132	132	132	132	132	132	132	132	132	132	132	23
For-Sale Multifamily Mixed Use	0	63	63	63	63	63	63	63	63	63	63	63	63	63	129
Rental Multifamily Mixed Use	0	118	118	118	118	118	118	118	118	118	118	118	118	118	96
Total Residential	0	441	441	441	441	441	441	441	441	441	441	441	441	441	307
Residential (cumulative)															
For-Sale, Multifamily	0	128	256	384	512	640	768	896	1,024	1,152	1,280	1,408	1,536	1,664	1,791
Rental, Multifamily	0	132	264	396	528	660	792	924	1,056	1,188	1,320	1,452	1,584	1,716	1,844
For-Sale Multifamily Mixed Use	0	63	126	189	252	315	378	441	504	567	630	693	756	819	882
Rental Multifamily Mixed Use	0	118	236	354	472	590	708	826	944	1,062	1,180	1,298	1,416	1,534	1,652
Total Residential	0	441	882	1,323	1,764	2,205	2,646	3,087	3,528	3,969	4,410	4,851	5,292	5,733	6,174
Commercial (cumulative)															
Retail (sq.ft.)	0	11,114	22,227	33,341	44,454	55,568	66,681	77,795	88,908	100,022	111,135	122,249	133,362	144,476	155,589
Office (sq.ft.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96,586
Hotel Rooms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Population [1]	0	1,078	2,156	3,234	4,312	5,390	6,468	7,546	8,624	9,702	10,780	11,858	12,936	14,014	15,092
Employment	0	27	54	81	108	135	162	189	216	243	270	297	324	351	378
Daytime Population [2]	0	1,091	2,183	3,274	4,366	5,457	6,549	7,640	8,732	9,823	10,914	12,006	13,097	14,189	15,280
Public Infrastructure															
Roadways and Streetscape [3]	0	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	4,660	5,012
Cumulative	0	4,660	9,320	13,980	18,640	23,300	27,960	32,620	37,280	41,940	46,600	51,260	55,920	60,580	65,240
Linear Parks and Trails [4]	0.0	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.44
Cumulative	0.0	0.7	1.37	2.06	2.75	3.43	4.12	4.80	5.49	6.18	6.87	7.56	8.24	8.93	9.61
Parks and Recreation [5]	0.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5
Cumulative	0.0	1.4	2.8	4.1	5.5	6.9	8.3	9.6	11.0	12.4	13.8	15.1	16.5	17.9	19.3

[1] Assumes an average household size of 2.44.

[2] Daytime population is the total of resident population and 1/2 of employment.

[3] Assumes 93,200 linear feet of roads built in proportion to new residential development. About 45 percent of the roads are assumed to be built during Phase I with the remainder completed during later years.

[4] About 58 percent of linear parks and trails are assumed to be built during Phase I with the remainder completed during later phases.

[5] Assumes new park acreage developed in proportion to new residential development.

Source: Economic & Planning Systems.

Table 14
Annual Project Description (Hotel Scenario)
Milpitas Transit Area Specific Plan; EPS# 17107

Land Use	Buildout										End of Phase II					End of Phase III					Buildout	
	Total	11	12	13	14	15	16	17	18	19	20	11	12	13	14	15	16	17	18	19		20
Residential (annual)																						
For-Sale, Multifamily	1,756	59	59	59	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	26
Rental, Multifamily	1,407	23	23	23	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	1
For-Sale Multifamily Mixed Use	1,882	129	129	129	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	55
Rental Multifamily Mixed Use	2,064	96	96	96	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	54
Total Residential	7,109	307	307	307	296	296	296	296	296	296	296	296	296	296	296	296	296	296	296	296	296	136
Residential (cumulative)																						
For-Sale, Multifamily	1,756	1,270	1,329	1,388	1,445	1,502	1,559	1,616	1,673	1,730	1,787	1,844	1,901	1,958	2,015	2,072	2,129	2,186	2,243	2,300	2,357	1,756
Rental, Multifamily	1,407	1,234	1,257	1,280	1,301	1,322	1,343	1,364	1,385	1,406	1,427	1,448	1,469	1,490	1,511	1,532	1,553	1,574	1,595	1,616	1,637	1,407
For-Sale Multifamily Mixed Use	1,882	825	954	1,083	1,207	1,331	1,455	1,579	1,703	1,827	1,951	2,075	2,199	2,323	2,447	2,571	2,695	2,819	2,943	3,067	3,191	1,882
Rental Multifamily Mixed Use	2,064	1,254	1,350	1,446	1,540	1,634	1,728	1,822	1,916	2,010	2,104	2,198	2,292	2,386	2,480	2,574	2,668	2,762	2,856	2,950	3,044	2,064
Total Residential	7,109	4,583	4,890	5,197	5,493	5,789	6,085	6,381	6,677	6,973	7,269	7,565	7,861	8,157	8,453	8,749	9,045	9,341	9,637	9,933	10,229	7,109
Commercial (cumulative)																						
Retail (sq. ft.)	287,076	square feet	136,380	154,559	172,738	190,313	207,888	225,463	243,038	260,613	278,188	295,763	313,338	330,913	348,488	366,063	383,638	401,213	418,788	436,363	453,938	287,076
Office (sq. ft.)	993,840	square feet	193,172	289,758	386,344	479,723	573,102	666,481	759,860	853,239	946,618	1,039,997	1,133,376	1,226,755	1,320,134	1,413,513	1,506,892	1,600,271	1,693,650	1,787,029	1,880,408	993,840
Hotel Rooms	350	rooms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	350
Population [1]	17,377	residents	11,203	11,953	12,704	13,427	14,151	14,874	15,598	16,321	17,045	17,768	18,491	19,214	19,937	20,660	21,383	22,106	22,829	23,552	24,275	17,377
Employment	4,993	employees	1,027	1,418	1,810	2,189	2,568	2,947	3,326	3,705	4,083	4,462	4,841	5,220	5,599	5,978	6,357	6,736	7,115	7,494	7,873	4,993
Daytime Population [2]	19,873		11,716	12,662	13,609	14,522	15,435	16,348	17,261	18,174	19,087	19,999	20,912	21,825	22,738	23,651	24,564	25,477	26,390	27,303	28,216	19,873
Public Infrastructure																						
Roadways and Streetscape [3]	93,200	linear feet	5,012	5,012	5,012	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	4,832	2,220
Cumulative	93,200	linear feet	51,963	56,975	61,987	66,819	71,651	76,483	81,316	86,148	90,980	95,812	100,644	105,476	110,308	115,140	120,000	124,832	129,664	134,496	139,328	93,200
Linear Parks and Trails [4]	10.65	acres	0.44	0.44	0.44	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.19
Cumulative	10.65	acres	7.05	7.49	7.93	8.35	8.77	9.19	9.61	10.03	10.46	10.88	11.30	11.72	12.14	12.56	12.98	13.40	13.82	14.24	14.66	10.65
Parks and Recreation [5]	31.0	acres	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.9
Cumulative	31.0	acres	15.4	16.8	18.3	20.3	22.2	24.2	26.2	28.1	30.1	32.1	34.1	36.1	38.1	40.1	42.1	44.1	46.1	48.1	50.1	31.0

[1] Assumes an average household size of 2.44.
 [2] Daytime population is the total of resident population and 1/2 of employment.
 [3] Assumes 93,200 linear feet of roads built in proportion to new residential development. About 45 percent of the roads are assumed to be built during Phase I with the remainder completed during later years.
 [4] About 58 percent of linear parks and trails are assumed to be built during Phase I with the remainder completed during later phases.
 [5] Assumes new park acreage developed in proportion to new residential development.

Source: Economic & Planning Systems.