



## MEMORANDUM

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Date: September 8, 2017

To: Ed Manasse and Joanna Winter, City of Oakland  
Luiza Leite, Dover, Kohl & Partners

From: Nadine Fogarty, Derek W. Braun, and Flavio Coppola, Strategic Economics

Project: Downtown Oakland Specific Plan

Subject: Fiscal Analysis

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## INTRODUCTION

The City of Oakland (the City) requested that Strategic Economics examine the fiscal contribution of existing and new development in Downtown Oakland to City finances. The mix of land uses and types of development in the Downtown influence the revenues the City receives, and the services it can provide. This memo therefore serves as a background reference document for better understanding the fiscal implications of land use planning decisions in Downtown Oakland. However, it is important to recognize that the expected fiscal outcome is only one of many factors that should be considered when making planning decisions.

The analysis includes two components:

1. An evaluation of the impact of existing land uses in the Downtown on the City's General Purpose Fund. The analysis considers the revenue generated by land uses in the Downtown, as well as associated expenditures on services.
2. An analysis of City revenues and expenses associated with four kinds of development: multifamily residential apartments, office, retail, and hotel. The analysis compares the relative contribution of different kinds of development to the City's General Purpose Fund.

The analysis is a companion to the report *Downtown Oakland's Economic Role in the City and Region*. These supplemental economic and fiscal analyses are intended to provide background information that informs community-based development of the Downtown Oakland Specific Plan (DOSP).

Strategic Economics collaborated with staff from a variety of Oakland departments to collect data, determine appropriate approaches to the analysis, and vet major assumptions. Their assistance and time are greatly appreciated.

Following this introduction, the memo includes:

- An overview of the methodology and approach;
- Findings from the fiscal analysis, including results for Downtown as a whole, as well as the impact of specific types of new development; and
- Implications of the analysis for the DOSP.

Detailed information about the assumptions and methodology are provided in the appendix.

## METHODOLOGY AND APPROACH

Fiscal impact analysis measures the impact of current land uses and/or expected new development on a city's budget. Residents and businesses create demand for city services (such as public safety, library services, and recreation programs) and facilities (such as police stations and recreation centers). Residents and businesses also generate increased sales tax, property tax, fee income, and other revenues. The net fiscal impact, which may be positive or negative, is a function of these revenues and costs. While fiscal impact analysis is a useful tool for understanding the relationship between land use and City finances, it is important to recognize that some uses may contribute less to City revenues, but offer other significant benefits (e.g., affordable housing, cultural uses, or social services).

This fiscal impact study focuses on *ongoing* revenues and operations and maintenance costs. The analysis examines impacts to Oakland's General Purpose Fund, which is the primary, unrestricted operating fund of the City. As such, the analysis does not include estimates of one-time capital expenses such as infrastructure or facilities. The analysis also excludes impacts on special districts, enterprise funds and other agencies that are funded independently of the General Purpose Fund, such as school districts and utility districts. Portions of departmental operating expenses are also paid via outside dedicated funding sources, such as the Measure Q parcel tax that funds over half the operating expenses of the Oakland Public Library, or the Measure Z parcel tax for public safety. During the 2015-2016 fiscal year – the most recent year for which actual revenues and expenses were available – the General Purpose Fund accounted for 46 percent of Oakland's total operating expenditures and just over 41 percent of total revenues.

Note that the geography studied and referred to throughout this report as “Downtown” includes the neighborhoods within the Downtown Oakland Specific Plan Area and Chinatown (shown as the shaded area in Figure 1). Although Chinatown is subject to a separate specific plan (the Lake Merritt Station Area Plan), it functions as an integral part of Downtown Oakland's economy and was therefore included in this analysis.

This fiscal impact study incorporates two distinct analyses:

- 1) An examination of the net fiscal impact of existing development patterns in Downtown, with a goal of understanding Downtown's role in funding and consuming City services.
- 2) An evaluation of the fiscal contribution of four development “prototypes” corresponding to different land uses that might be built in the Downtown: multifamily residential (tested as rental apartments), office, retail, and hotel. This analysis is designed to compare the *relative* impacts of different land uses in Downtown on the General Purpose Fund.

Although the development prototypes were informed by current development projects in Downtown, they do not represent actual projects. For example, the retail prototype represents retail space that would likely be located on the ground floor of a mixed-use building.

This memo's findings are reported in annual terms, in 2016 dollars. The estimated revenues and expenses generated by existing land uses in Downtown are based on 2015-2016 fiscal year actual revenues and expenses<sup>1</sup>; these were adjusted to account for the creation of the City's new Department of Transportation.

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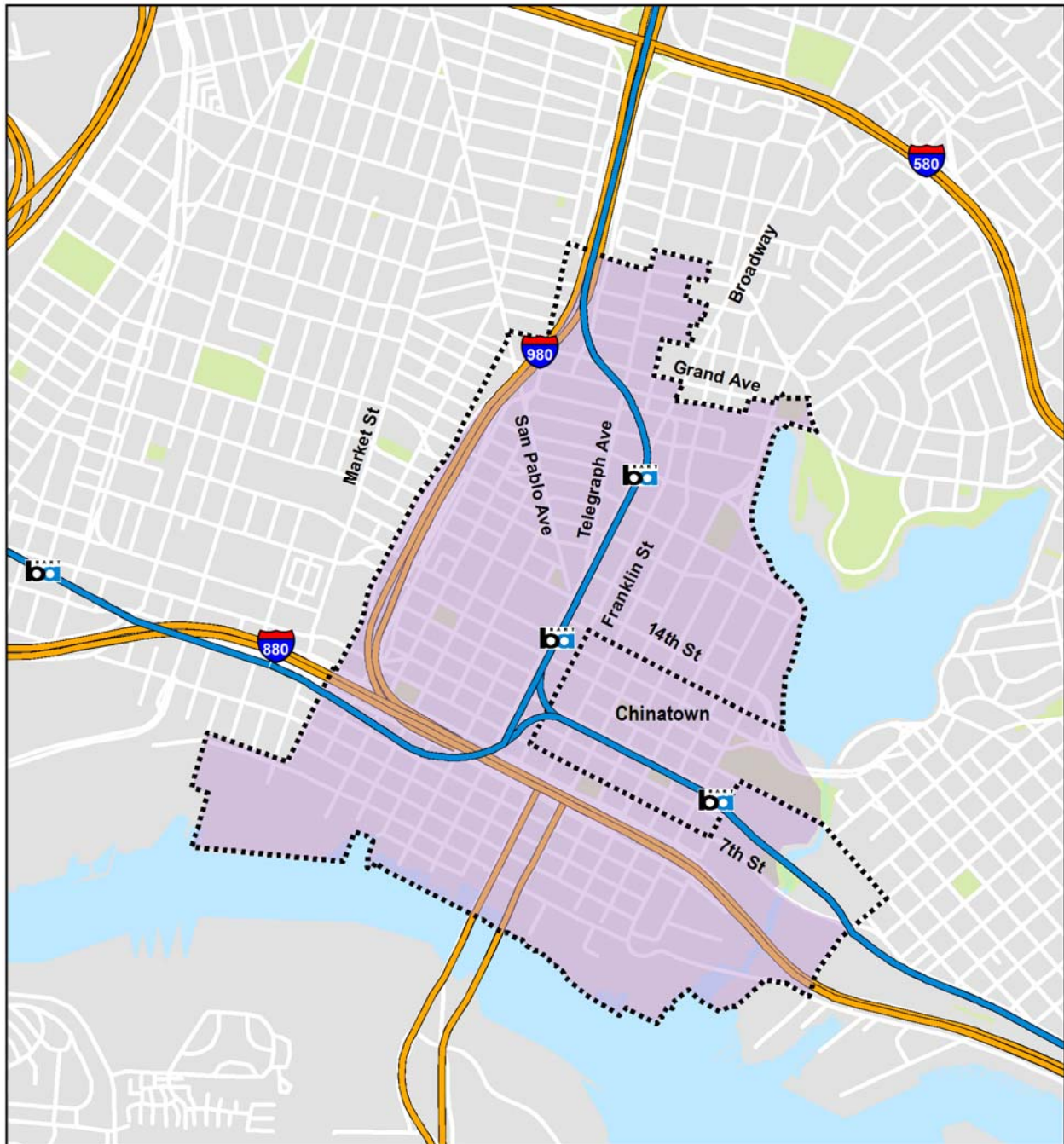
<sup>1</sup> Actual 2015-2016 revenues and expenses come from the City of Oakland's *Fiscal Year 2017-2019 Proposed Policy Budget*.




## Limitations of the Analysis

This analysis relies on 2015-2016 departmental service costs, which reflect existing service levels and spending priorities in Downtown Oakland and the City as a whole. To the extent that City departments lack sufficient funding to provide services at an optimal level, the analysis does not reflect those additional costs. In addition, the prototype analysis does not account for the cost of major service capacity expansions that could be triggered by a large total increment of additional development in Downtown.

The results presented in this memo are intended to be considered on a relative, order-of-magnitude basis. The actual fiscal impact of a specific land use in a specific location will vary depending on numerous factors. Examples of such factors include unique building design considerations, mix of uses, property valuation, available City service capacity in the location, and the City service demand and revenues associated with specific building occupants.

Figure 1: Reference Map of Downtown Oakland



-  Greater Downtown Oakland
-  Downtown Oakland Specific Plan Area
-  BART

Sources: City of Oakland, 2017; Strategic Economics, 2017.

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## FISCAL ANALYSIS RESULTS

### Fiscal Contributions of Downtown to the General Purpose Fund

The results of the analysis of Downtown Oakland's fiscal contributions to the City's General Purpose Fund are shown in Figure 2, and summarized below.

**The current mix of land uses in Downtown generates a net fiscal positive contribution to the City of Oakland's General Purpose Fund.** Downtown generates approximately \$25 to \$30 million in total net revenue each year. The General Purpose Fund receives nearly \$1.40 in revenue from Downtown for every dollar spent on services in the area. The Downtown generates approximately 17 percent of citywide General Purpose Fund revenues while consuming only 13 percent of spending on services.

**A high percentage of General Purpose Fund revenues generated in Downtown are linked to employment-related land uses.** Downtown's 23,113 residents compose just 5.7 percent of Oakland's population, but the area's 65,048 jobs compose 36 percent of employment in the City.<sup>2</sup> Figure 3 shows that 55 percent of property tax revenues generated in Downtown are associated with office, other commercial, industrial, or hotel land uses. Downtown businesses also generate roughly 46 percent of citywide business license tax revenue<sup>3</sup> - the third largest General Purpose Fund revenue source - as well as a quarter of transient occupancy tax (hotel tax) revenue, and 28 percent of parking tax revenue.

**On a per-acre basis, Downtown generates high revenues compared to other parts of the City.** Downtown generates relatively high revenues per acre overall. As shown in Figure 4, Downtown generates over \$92,000 in revenue per acre, versus less than \$16,000 citywide. While Downtown also has high service costs, net revenues per acre are still over \$26,000 annually. Downtown only represents three percent of the City's land area, but accounts for 13 percent of assessed property value. The high density of development in Downtown results in high property valuations per acre and increased property tax (and other related tax) revenues.<sup>4</sup>

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<sup>2</sup> Population estimates come from the U.S. Census American Community Survey estimates for the 2011-2015 period. Employment estimates come from the California Employment Development Department for 2016.

<sup>3</sup> Business license tax revenue was modeled based on the share of citywide payroll attributable to the Downtown area, per the California Employment Department; the actual revenues cannot be practically gathered for the Downtown area due to City database limitations.

<sup>4</sup> Revenue sources tied to assessed valuation include property tax, property tax revenue provided by the State in-lieu of vehicle license fee revenue, and, indirectly, real estate transfer tax revenue.

**Figure 2: Estimated Annual General Purpose Fund Impact of Downtown, Based on Fiscal Year 2015-2016**

	Downtown		City of Oakland		Downtown as Share of City
		Share of Total		Share of Total	
<b>Revenues</b>					
Property Tax (a)	\$21,957,600	22%	\$158,692,800	28%	14%
Real Estate Transfer Tax	\$11,475,400	12%	\$89,594,500	16%	13%
Business License Tax	\$34,503,500	35%	\$75,504,500	14%	46%
Sales Tax	\$7,650,300	8%	\$55,234,600	10%	14%
Transient Occupancy Tax	\$4,929,800	5%	\$19,814,300	4%	25%
Parking Tax	\$2,884,000	3%	\$10,219,500	2%	28%
Other Revenues	\$14,317,000	15%	\$150,044,900	27%	10%
<i>Subtotal</i>	<i>\$97,717,500</i>	<i>100%</i>	<i>\$559,105,100</i>	<i>100%</i>	<i>17%</i>
<b>Expenses</b>					
Police Department (b)	\$29,765,900	43%	\$238,767,000	43%	12%
Fire Department	\$19,001,400	27%	\$125,849,600	23%	15%
Transportation Department (c)	\$3,847,100	6%	\$10,396,300	2%	37%
Other Expenses	\$17,227,300	25%	\$180,744,600	33%	10%
<i>Subtotal</i>	<i>\$69,841,600</i>	<i>100%</i>	<i>\$555,757,500</i>	<i>100%</i>	<i>13%</i>
<b>Downtown Net Revenues</b>	<b>\$27,875,900</b>				
<b>Net Revenue as Share of Total Revenue</b>		<b>29%</b>			

(a) This item includes both property tax and property tax in lieu of vehicle license fee, which were calculated separately for Downtown.

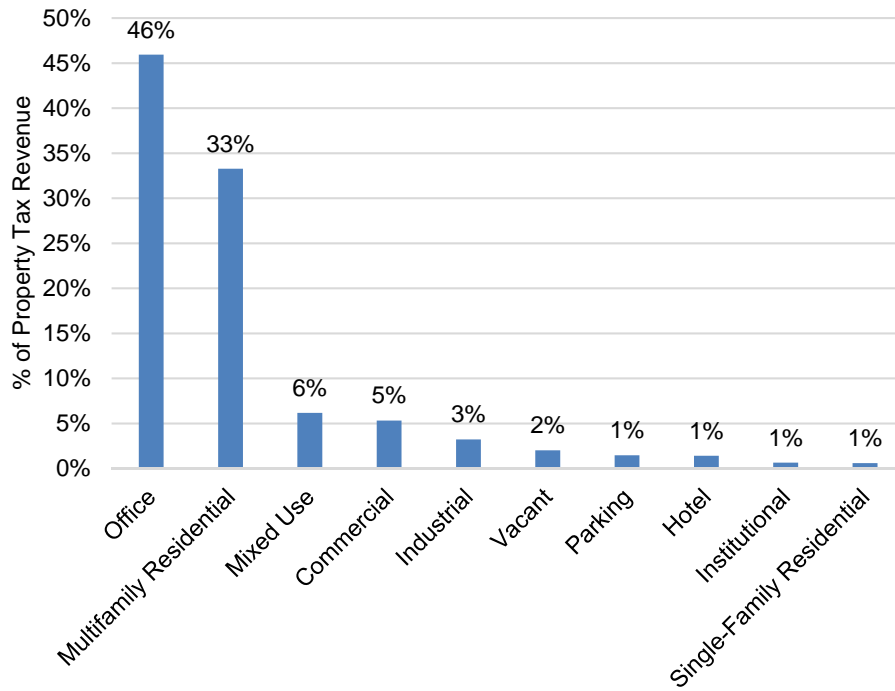
(b) Police Department expenditures are net of parking enforcement costs, which were shifted to the Transportation Department after FY 2015-2016.

(c) The Transportation Department's citywide expenditures correspond to the amount found in the proposed budget for 2017-2018, while all other citywide costs and revenues correspond to figures from the 2015-2016 budget actuals. This is due to the fact that the Transportation Department did not exist until the second half of 2016.

Note: Totals may not sum due to rounding.

Source: Strategic Economics, 2017.

**Figure 3: Share of Downtown Property Tax Revenue by Land Use**



Source: Alameda County Assessor, 2016; Strategic Economics, 2017.

**Figure 4: Estimated Annual General Purpose Fund Impact per Acre, Downtown and City of Oakland (2016 Dollars)**

	Downtown	City of Oakland
<b>Revenues per Acre</b>		
Property Tax (a)	\$20,800	\$4,400
Real Estate Transfer Tax	\$10,900	\$2,500
Business License Tax	\$32,600	\$2,100
Parking Tax	\$2,700	\$300
Transient Occupancy Tax	\$4,700	\$600
Sales Tax	\$7,200	\$1,500
Other Revenues	\$13,500	\$4,200
<i>Subtotal</i>	<i>\$92,400</i>	<i>\$15,700</i>
<b>Expenses per Acre</b>		
Police Department (b)	\$28,200	\$6,700
Fire Department	\$18,000	\$3,500
Transportation Department (c)	\$3,600	\$300
Other Expenses	\$16,300	\$5,100
<i>Subtotal</i>	<i>\$66,100</i>	<i>\$15,600</i>
<b>Net Revenue per Acre</b>	<b>\$26,400</b>	
<b>Net Revenue as Share of Total Revenue per Acre</b>	<b>29%</b>	

(a) This item includes both property tax and property tax in lieu of vehicle license fee, which were calculated separately for Downtown.

(b) Police Department expenditures are net of parking enforcement costs, which were shifted to the Transportation Department after FY 2015-2016.

(c) The Transportation Department's citywide expenditures correspond to the amount found in the proposed budget for 2017-2018, while all other citywide costs and revenues correspond to figures from the 2015-2016 budget actuals. This is due to the fact that the Transportation Department wasn't created until the second half of 2016.

Note: Totals may not sum due to rounding.

Source: Strategic Economics, 2017.



## Fiscal Contributions of Development in Downtown

Strategic Economics analyzed the General Purpose Fund revenues and expenses associated with four development prototypes. To allow for comparisons, the apartment, office, and hotel buildings were all assumed to be approximately 20 stories. The retail space was modeled as a single story, which might be included on the ground floor of a mixed-use building.<sup>5</sup> The findings of the analysis are summarized below. Detailed results are shown in Figure 5 on a per acre basis, and in Figure 6 on a per square foot (of built area) basis.

**All of the development types studied generate a net positive fiscal contribution to the General Purpose Fund.** All four land use prototypes generate higher revenues than service costs. Net revenues as a percent of total revenues – i.e., the amount of revenue remaining after deducting service costs – range from 48 percent for the residential use to 96 percent for hotel use.

**Hotels and office space generate the highest net revenues on a per-acre basis, followed by multifamily residential and retail uses.** Expressed on a per-acre basis, the hotel use generates \$5.7 million of annual net revenue, versus \$2.3 million for office and \$1.2 million for residential. Retail generates only \$166,000 in net revenues per acre, though this reflects the much lower density of the single-story retail prototype.

**On a per square foot basis, hotels and retail space generate significantly higher net revenues than residential and office uses.** As shown in Figure 6, net revenues from the hotel are over \$13 per square foot, versus roughly \$5 per square foot for retail, \$3 to \$4 per square foot for office, and \$2 per square foot for residential.

**While retail and hotel uses have a strong positive fiscal impact, their market is limited relative to office and residential.** The results of the fiscal analysis reinforce a popular perception that hotels and retail uses are a boon for a city's fiscal health. Despite this benefit, the magnitude of regional market demand for retail and hotel space is much lower than overall demand for housing and office uses. While Downtown is likely to attract more hotel and retail development in the future, it is important to recognize the limitations on their growth.

**The multifamily residential apartment prototype requires the most services among the land use prototypes, but the cost of these service needs is balanced out by property tax revenues, business license tax revenues, and sales tax revenues associated with resident spending.** The housing prototype studied is estimated to require \$2.15 in service costs per square foot annually, but generate \$4.09 per square foot in revenues. A residential rental tower concentrates a high amount of taxable value on a single property, while also generating business license tax revenue from apartment rental income. It is important to recognize that not all residential developments would necessarily result in a positive fiscal impact. As noted earlier in this memo, some types of residential development, such as affordable housing, may contribute less to City revenues, but offer other significant benefits.

**Office uses generate relatively high General Purpose Fund revenues while incurring low service costs.** Office uses are estimated to generate \$4.79 in revenue per square foot and require \$1.22 per square foot in service costs annually. Nearly 60 percent of revenues are generated by taxes linked to property value,

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<sup>5</sup> It is important to note that each prototype's fiscal impact is assessed in isolation from the other prototypes. The results are not additive between the different prototypes. For example, resident spending attributed to the housing prototype bears no relationship to sales captured by the retail prototype.

including property tax, property tax in-lieu of vehicle-license fee revenue,<sup>6</sup> and property transfer tax. One-third of estimated revenues are generated by business license taxes, which Oakland levies on gross receipts. This unique tax helps ensure that office-based businesses are beneficial to Oakland public finances.

**Retail uses generate high General Purpose Fund net revenues *per square foot*, but limited revenues *per acre* due to their (relatively) limited scale; net revenues also vary depending on the type of business occupying the space.** The tested retail prototype would typically be incorporated into the ground floor space of a mixed-use building (with a few exceptions, Downtown retail does not commonly include multiple stories of retail space). Nearly half of the estimated revenue associated with the retail prototype is from sales tax. While retail is usually a net fiscal benefit for a city, the type of tenant has a major impact on both revenues and service expenses. For example, a relatively small percentage of sales at grocery stores and salons are subject to sales tax since food (excluding prepared food, such as that provided at restaurants) and services are not subject to this tax.<sup>7</sup> Some potential tenants could also create high demand for emergency services; for example, Fire Department representatives interviewed for this study noted that nightlife uses – such as bars and concert venues – generate significantly more emergency service calls compared to a retail store.

**Hotels generate strong fiscal benefits due to the transient occupancy tax. For the hotel prototype studied, approximately 75 percent of revenue comes from this tax.** Hotels also generate business license tax revenue, as well as sales tax revenue from on-site sales to visitors. People staying in hotels generate additional sales tax revenue when they shop and dine in the City. While hotels are strong contributors to City revenues, it is important to note that hotel performance – and therefore associated transient occupancy tax and sales tax revenue – is prone to fluctuations depending on economic cycles. Due to data limitations, the prototype analysis may also understate emergency service demands generated by hotels. However, hotel revenues are still likely to exceed any additional service costs.

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<sup>6</sup> Since 2004, the State of California has swapped additional property tax revenues in exchange for city and county vehicle license fee revenue. The property tax payment provided in-lieu of the VLF grows proportionally to a city's assessed value.

<sup>7</sup> Oakland does, however, receive business license tax revenue from sales, regardless of whether sales tax is applicable.

**Figure 5: General Purpose Fund Revenues and Expenses, Per Acre of Land**

	<u>Apartments</u>		<u>Office</u>		<u>Retail*</u>		<u>Hotel</u>	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
<b>Revenue</b>								
Property Tax	\$1,171,500	44%	\$1,116,600	36%	\$49,400	26%	\$733,700	12%
Property Transfer Tax	\$414,700	16%	\$395,300	13%	\$17,500	9%	\$259,700	4%
Sales Tax	\$67,900	3%	\$38,300	1%	\$84,900	45%	\$71,100	1%
Property Tax In Lieu of VLF	\$327,600	12%	\$312,300	10%	\$13,800	7%	\$205,200	3%
Business License Tax	\$353,300	13%	\$1,040,500	34%	\$16,800	9%	\$91,200	2%
Transient Occupancy Tax	\$0	0%	\$0	0%	\$0	0%	\$4,522,800	76%
Other Recurring Revenues	\$338,500	13%	\$190,500	6%	\$5,400	3%	\$55,200	1%
<b>Total Revenues</b>	<b>\$2,673,500</b>	<b>100%</b>	<b>\$3,093,300</b>	<b>100%</b>	<b>\$187,800</b>	<b>100%</b>	<b>\$5,938,900</b>	<b>100%</b>
<b>Expenditures</b>								
Police	\$767,900	55%	\$432,700	55%	\$12,000	55%	\$125,500	55%
Fire	\$490,200	35%	\$276,200	35%	\$7,700	35%	\$80,100	35%
Other Recurring Expenditures	\$143,600	10%	\$80,800	10%	\$2,300	10%	\$23,400	10%
<b>Total Expenditures</b>	<b>\$1,401,700</b>	<b>100%</b>	<b>\$789,700</b>	<b>100%</b>	<b>\$22,000</b>	<b>100%</b>	<b>\$229,100</b>	<b>100%</b>
<b>Net Revenue per Acre of Land</b>	<b>\$1,271,800</b>		<b>\$2,303,600</b>		<b>\$165,800</b>		<b>\$5,709,800</b>	
<b>Net Revenue as % of Total Revenue</b>	<b>48%</b>		<b>74%</b>		<b>88%</b>		<b>96%</b>	

Note: Totals may not sum due to rounding.

\*The retail prototype consists of only a single-story of space, as opposed to the roughly 20 stories for the other uses.

Source: Strategic Economics, 2017.

**Figure 6: General Purpose Fund Revenues and Expenses, Per Square Foot of Land**

	<u>Apartments</u>		<u>Office</u>		<u>Retail</u>		<u>Hotel</u>	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
<b>Revenue</b>								
Property Tax	\$1.79	44%	\$1.73	36%	\$1.51	26%	\$1.68	12%
Property Transfer Tax	\$0.63	16%	\$0.61	13%	\$0.54	9%	\$0.60	4%
Sales Tax	\$0.10	3%	\$0.06	1%	\$2.60	45%	\$0.16	1%
Property Tax In Lieu of VLF	\$0.50	12%	\$0.48	10%	\$0.42	7%	\$0.47	3%
Business License Tax	\$0.54	13%	\$1.61	34%	\$0.51	9%	\$0.21	2%
Transient Occupancy Tax	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$10.38	76%
Other Recurring Revenues	\$0.52	13%	\$0.30	6%	\$0.17	3%	\$0.13	1%
<b>Total Revenues</b>	<b>\$4.09</b>	<b>100%</b>	<b>\$4.79</b>	<b>100%</b>	<b>\$5.75</b>	<b>100%</b>	<b>\$13.63</b>	<b>100%</b>
<b>Expenditures</b>								
Police	\$1.18	55%	\$0.67	55%	\$0.37	55%	\$0.29	55%
Fire	\$0.75	35%	\$0.43	35%	\$0.23	35%	\$0.18	35%
Other Recurring Expenditures	\$0.22	10%	\$0.13	10%	\$0.07	10%	\$0.05	10%
<b>Total Expenditures</b>	<b>\$2.15</b>	<b>100%</b>	<b>\$1.22</b>	<b>100%</b>	<b>\$0.67</b>	<b>100%</b>	<b>\$0.53</b>	<b>100%</b>
<b>Net Revenue per Square Foot of Development</b>	<b>\$1.95</b>		<b>\$3.57</b>		<b>\$5.07</b>		<b>\$13.11</b>	
<b>Net Revenue as % of Total Revenue</b>	<b>48%</b>		<b>74%</b>		<b>88%</b>		<b>96%</b>	

Note: Totals may not sum due to rounding.

Source: Strategic Economics, 2017.

## Other Unique Fiscal Considerations in Downtown

This section summarizes other issues raised by representatives of City departments during interviews.

**A portion of the property tax revenues generated in the Downtown are currently being used to pay down the City's remaining redevelopment debt obligations.** Most of Downtown is located within former redevelopment project areas. Since the State of California dissolved redevelopment agencies in 2011, a portion of the property tax generated is dedicated to pay down existing redevelopment obligations (primarily debt service on previously-issued bonds), as determined by the State via the Recognized Obligation Payment Schedule (ROPS). Remaining property tax revenue is then distributed to taxing entities within the former redevelopment project area, including the City. It is difficult to determine the exact amount of Downtown property tax revenue that is diverted to the ROPS, since all former redevelopment project areas in Oakland have been merged into a single district for the purpose of paying remaining obligations. The amount paid to the ROPS versus the City also changes over time.

**The Fire Department's Downtown stations are heavily burdened with service calls compared to other areas; calls for service are also rapidly increasing.** The three fire stations serving the Downtown area account for 21 percent of citywide responses to calls for service, yet these stations make up only 15 percent of the department's full time equivalent staff. Fire Department staff indicated that these stations are heavily burdened, and that increases in service capacity may be needed in the future to serve continued growth in Downtown. Service calls in Downtown have also increased due to increased nightlife activity and increased medical calls for people experiencing homelessness.

**Similar to the Fire Department, cost estimates for Police Department services reflect current budget-constrained service levels.** During interviews for this study, Police Department representatives noted that service levels are driven by available funding and staffing rather than meeting a preferred service standard. Representatives also noted that that current service levels fall well below what the department believes necessary to satisfactorily serve Oakland.

## IMPLICATIONS FOR THE DOWNTOWN OAKLAND SPECIFIC PLAN

**Decisions regarding regulations and policy in the Specific Plan should consider Downtown's significant role in supporting provision of public services throughout the City.** As a net contributor to Oakland's finances, Downtown's existing mix of land uses provides funding that supports Citywide services for residents. This relationship is mutually supportive, since the economic health of Downtown itself is influenced by the success of Oakland residents and workers.

**Generally, growth of a mix of residential and commercial uses in Downtown Oakland is good for Oakland's municipal finances.** All of the land uses tested were found to generate a net fiscal benefit to Oakland's General Purpose Fund when constructed in Downtown. The results demonstrate the potential fiscal benefit of promoting growth in the Downtown, which, with some exceptions, already features a robust base of services and infrastructure to support denser land uses.

**The fiscal analysis illustrates the importance of preserving and growing employment-focused land uses in Downtown Oakland.** As demonstrated in the land use analysis, hotel, office, and retail uses were the most significant net contributors to City revenues on a per square foot basis. Decisions for the DOSP should consider whether, where, and how to prioritize parts of Downtown for employment-oriented uses. This will help to provide opportunities to expand and preserve City revenues in the future, as well as to provide space for new jobs.

**The Specific Plan should consider whether growth will require expansions to existing service capacity.** The analysis generally compared relative impacts of different land uses, but was not a test of a comprehensive growth program. As the full buildout program is determined for the Specific Plan, the City should examine whether growth will trigger significant increases in service needs.

**Fiscal considerations should inform land use decisions in the Specific Plan, but are just one of many equally important inputs.** Pursuing fiscally-positive land uses in the DOSP can be very attractive: increased revenues can provide increased funding, which in turn can be used to implement programs focused on other priorities relevant to Downtown and the City as a whole. Examples include implementation of day-to-day delivery of services that reduce barriers to accessing employment opportunities, implementation of plans focused on human capital and economic development, and programs supporting growth or preservation of arts and culture.

The findings of this memo illustrate that land uses and regulation of allowable land uses do have very real fiscal implications for the City. However, fiscal considerations alone should not drive the planning process, given that a focus on the most fiscally-positive uses would emphasize commercial development over other needs, such as housing. Instead, the need to generate positive net public revenues at any given site must be balanced against other City priorities. This is particularly true for City-owned properties, over which the City can exert more control to achieve its goals.

**Finally, the fiscal analysis captures whether net revenues are generated to support City services, but equity outcomes are determined by how public spending and services are prioritized, physically located, and provided.** The Specific Plan policies can provide guidance on funding priorities for the Plan Area – such as policies supporting targeted reduction of barriers to entrepreneurial activity, or locating City services in easily-accessible Downtown locations. However, year-to-year funding decisions at the City level will be the primary determinate of whether City resources are budgeted to support equity goals. Departmental and programming decisions should also consider the relationships between different spending

decisions; for example, spending on youth programs, workforce development, or arts and culture uses can potentially reduce public safety costs by providing productive opportunities for Oakland's residents.

## APPENDIX: DETAILED ASSUMPTIONS AND METHODOLOGY

### Calculating the Fiscal Impact of *Existing Uses* in the Downtown

#### Base Assumptions

**General Purpose Fund impact:** The analysis estimates potential impacts to the City’s General Purpose Fund. Impacts on other revenues and expenditures (such as enterprise funds, school districts, special revenue funds, and independent districts) were not evaluated.

**Ongoing operations, maintenance, and service costs:** The analysis evaluates the costs associated with providing ongoing City services to Downtown under current conditions. These services include police, fire, and other operations and maintenance costs. The analysis does not assess the costs of capital improvements (i.e., new infrastructure and facilities).

**Budget year:** The analysis is based on the City of Oakland’s budget actuals for the 2015-2016 fiscal year (**Figure 7**).

**2016 dollars:** All results are reported in 2016 dollars.

**Base for per capita calculations:** **Figure 8** shows the service population in the City of Oakland and in Downtown, used to establish a base for understanding the per capita costs and revenues shown later in this section. The “service population” refers to an equivalent population, incorporating residents and employees, for which a city provides services. Each worker is counted as producing one-third of the impacts of a resident for analytical purposes, since workers are assumed to require fewer services in general.



**Figure 7: General Purpose Fund Budget Actuals, Fiscal Year 2015-2016**

	FY 2015-16 Budget Actuals	Percentage of Total
<b>Revenues</b>		
Property Tax	\$158,692,829	28%
Real Estate Transfer Tax	\$89,594,472	16%
Business License Tax	\$75,504,456	14%
Sales Tax	\$55,234,590	10%
Service Charges	\$52,938,469	9%
Utility Consumption Tax	\$50,966,465	9%
Fines & Penalties	\$21,741,255	4%
Transient Occupancy Tax	\$19,814,310	4%
Interfund Transfers	\$14,922,885	3%
Parking Tax	\$10,219,541	2%
Miscellaneous Revenue	\$5,396,634	1%
Licenses & Permits	\$1,590,174	0%
Grants & Subsidies	\$1,524,122	0%
Interest Income	\$924,898	0%
Vehicle License Fee	\$165,671	0%
Local Tax	\$40,013	0%
<b>Total</b>	<b>\$559,270,784</b>	<b>100%</b>
<b>Expenditures</b>		
Police	\$243,794,125	44%
Fire	\$125,849,563	23%
Non-Departmental	\$67,521,713	12%
Finance	\$20,648,550	4%
Oakland Parks & Recreation	\$16,410,592	3%
City Administrator	\$15,324,806	3%
Information Technology	\$11,633,112	2%
Oakland Public Library	\$11,500,788	2%
City Attorney	\$7,734,706	1%
Human Services	\$6,401,949	1%
Economic & Workforce Development	\$4,957,651	1%
Human Resources Management	\$4,753,068	1%
City Council	\$4,579,548	1%
Mayor	\$2,313,197	0%
Oakland Public Works	\$2,229,808	0%
City Auditor	\$1,809,608	0%
City Clerk	\$1,688,911	0%
Public Ethics Commission	\$612,713	0%
Housing & Community Development	\$508,502	0%
Race & Equity	\$83,832	0%
Planning & Building	\$31,569	0%
<b>Total</b>	<b>\$550,388,311</b>	<b>100%</b>

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Figure 8: Existing Service Population, 2015-2016**

<b>City of Oakland</b>	
Residents	408,073
Employees	180,723
Employee Factor	0.33
Employee Service Population	59,639
<b>Total Service Population, City of Oakland</b>	<b>467,712</b>
<b>Downtown</b>	
Residents	23,113
Employees	65,048
Employee Factor	0.33
Employee Service Population	21,466
<b>Total Service Population, Downtown</b>	<b>44,579</b>

Source: U.S. Census, American Community Survey, 5-Year Estimates, 2011-2015; California Economic Development Department, 2016; Strategic Economics, 2017.

### Estimating Revenues

This section summarizes assumptions and calculations for property tax, real estate transfer tax, property tax in lieu of vehicle license fees, business license tax, parking tax, transient occupancy tax, sales tax, and other revenues.

#### *Property Tax, Real Estate Transfer Tax, and Property Tax In Lieu of Vehicle License Fee (VLF) Revenues*

**Property tax:** Per California’s Proposition 13, the base property tax rate in Oakland is one percent of assessed property value. The apportionment of the one percent revenue varies by “tax rate area” (TRA). In Downtown, most parcels are in TRA number 17-022, within which the City receives 28.25% of the one percent tax revenue (after accounting for shifts to the Educational Revenue Augmentation Fund), per data provided by the Alameda County Clerk-Recorder’s Office.<sup>8</sup> The property tax rate was applied to the assessed value of taxable property in Downtown to determine property tax revenue as shown in Figure 9. Tax exempt properties were not considered in this calculation.

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<sup>8</sup> Note that the other TRAs in Downtown have very similar apportionments of the one percent in property tax. For steps in the calculation of the shift to the Educational Revenue Augmentation Fund, see the Alameda County Clerk-Recorder’s Office website: <http://www.acgov.org/auditor/tax/districtRpts16/ERAFadj-procedure.pdf>.

**Figure 9: Property Tax Revenue by Land Use, in 2016 Dollars**

<b>Land Use</b>	<b>Property Tax Revenue</b>	<b>Share of Total Property Tax Revenue</b>
Office	\$7,882,200	46%
Multifamily Residential	\$5,709,500	33%
Mixed Use	\$1,057,200	6%
Commercial	\$912,800	5%
Industrial	\$551,900	3%
Vacant	\$343,700	2%
Parking	\$249,900	1%
Hotel	\$240,900	1%
Institutional	\$110,200	1%
Single-Family Residential	\$100,700	1%
<b>Total Property Tax Revenue</b>	<b>\$17,159,000</b>	<b>100%</b>

Note: Totals may not sum due to rounding.

Source: Alameda County Assessor, 2016; Strategic Economics, 2017.

**Real estate transfer tax:** As shown in **Figure 10**, the annual real estate transfer tax revenue in Downtown was calculated by multiplying the City's total real estate transfer tax revenue in 2015-2016 by Downtown's share of the City's assessed value.

**Figure 10: Annual Real Estate Transfer Rate Revenue, in 2016 Dollars**

City of Oakland Total Assessed Value	\$47,423,896,000
Downtown Assessed Value	\$6,074,109,700
Downtown's Share of Citywide Assessed Value	13%
City of Oakland Real Estate Transfer Tax Revenue	\$89,594,500
<b>Downtown Real Estate Transfer Tax Revenue</b>	<b>\$11,475,400</b>

Source: Alameda County Assessor, 2016; City of Oakland Comprehensive Annual Financial Report, for the year ended June 30, 2016; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Property tax in-lieu of VLF:** Since 2004, the State of California has swapped additional property tax revenues in exchange for city and county Vehicle License Fee (VLF) revenue. The property tax payment provided in-lieu of the VLF grows proportionally to a city's assessed value. **Figure 11** shows the calculation of property tax in-lieu of VLF revenue per dollar of assessed value, based on Oakland's total estimated assessed value in FY 2004-2005 and the in-lieu payment from the state for the same year. Annual property tax in-lieu of VLF revenue was calculated by multiplying the 2016 assessed value in Downtown by the percentage equivalent of \$.79 per thousand dollars of assessed value.

### **Figure 11: Property Tax In-Lieu of VLF Revenue, in 2016 Dollars**

Total Citywide Assessed Value (FY 2004-05)	\$29,642,053,558
Citywide VLF Property Tax In-lieu Revenue	\$23,417,171
VLF Property Tax In-lieu Per \$1,000 in Assessed Value	\$0.79

Downtown Assessed Value FY 2015-2016	\$6,074,109,700
<b>Downtown Property Tax In Lieu of VLF Revenue</b>	<b>\$4,798,500</b>

Sources: Alameda County Assessor, 2016; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; California State Controller's Office, retrieved from California City Finance, May 2017; Strategic Economics, 2017.

### Business License Tax Revenue

The City of Oakland charges a business license tax generally calculated based on gross receipts at a rate that varies by type of business activity.<sup>9</sup> As shown in **Figure 12**, Downtown's share of the City of Oakland's total payroll was multiplied by the City of Oakland's business license tax revenue to estimate the revenues associated with Downtown. Payroll was used as a proxy for Downtown's share of business license tax revenue since gross receipts and actual business license tax revenue data are not readily available at specific geographies.

### **Figure 12: Business License Tax Revenue (2016 Dollars)**

City of Oakland Total Payroll	\$2,936,611,600
Downtown Total Payroll	\$1,341,953,300
Downtown's Share of Citywide Payroll	46%

City of Oakland Business License Tax Revenue FY 2015-2016	\$75,504,500
<b>Downtown Business License Tax Revenue</b>	<b>\$34,503,500</b>

Source: California Employment Development Department, 2017; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

### Parking Tax Revenue

The City of Oakland provided the share of citywide parking tax revenue that is collected in Downtown. As **Figure 13** shows, this share was multiplied by the City's total parking tax revenue to estimate the parking tax revenue attributable to Downtown.

### **Figure 13: Parking Tax Revenue (2016 Dollars)**

City of Oakland Parking Tax Revenue FY 2015-2016	\$10,219,500
Downtown Share of Parking Tax Revenue	28%

<b>Downtown Parking Tax Revenue</b>	<b>\$2,884,000</b>
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Source: City of Oakland, 2017; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

### Transient Occupancy Tax Revenue

Similar to the calculations for parking tax revenue, the City of Oakland provided Downtown's share of citywide transient occupancy tax revenue. Multiplying the City's total transient occupancy tax revenue by

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<sup>9</sup> For more information, see the City of Oakland Finance and Management Agency website: [http://www.oaklandnet.com/government/fwawebsite/revenue/revenue\\_biztax.htm](http://www.oaklandnet.com/government/fwawebsite/revenue/revenue_biztax.htm).

this percentage yielded the amount of transient occupancy tax revenue attributable to Downtown (**Figure 14**).

**Figure 14: Transient Occupancy Tax Revenue (2016 Dollars)**

City of Oakland Transient Occupancy Tax Revenue FY 2015-2016	\$19,814,300
Downtown Share of Transient Occupancy Tax Revenue	25%
<b>Downtown Transient Occupancy Tax Revenue</b>	<b>\$4,929,800</b>

Source: City of Oakland, 2017; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

Sales Tax Revenue

The City of Oakland provided Downtown’s share of the City’s total sales tax revenues. This share was multiplied by the citywide sales tax revenue to estimate Downtown’s contribution, as shown in **Figure 15**.

**Figure 15: Sales Tax Revenue (2016 Dollars)**

City of Oakland Sales Tax Revenue FY 2015-2016	\$55,234,600
Downtown Share of Sales Tax Revenue	14%
<b>Downtown Sales Tax Revenue</b>	<b>\$7,650,300</b>

Source: City of Oakland, 2017; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

Other Recurring Revenues

All other sources of revenue were estimated on a per capita basis. To estimate revenues on a per capita basis, Strategic Economics applied a service population factor to each revenue category, representing the relative proportion of revenues attributable to Oakland residents (1.0) and employees (0.33). These per capita factors were multiplied by the Downtown’s residents and employees to arrive at the revenues associated with the area’s current service population (**Figure 16**). It must be noted that VLF revenues, which account for 0.03 percent of total revenues in the 2015-2016 budget actuals, do not appear in subsequent budget years.

**Figure 16: Annual Recurring Revenue Per Capita Calculations, City of Oakland (2016 Dollars)**

	FY 2015-16 Budget Actuals	Service Pop. Factors		Revenue Per Capita	
		Resident	Employee	Resident	Employee
Vehicle License Fee	\$165,671	1.00	0.33	\$0.4	\$0.1
Utility Consumption Tax	\$50,966,465	1.00	0.33	\$109.0	\$36.0
Local Tax	\$40,013	1.00	0.33	\$0.1	\$0.0
Licenses & Permits	\$1,590,174	1.00	0.33	\$3.4	\$1.1
Fines & Penalties	\$21,741,255	1.00	0.33	\$46.5	\$15.3
Interest Income	\$924,898	1.00	0.33	\$2.0	\$0.7
Service Charges	\$52,938,469	1.00	0.33	\$113.2	\$37.4
Grants & Subsidies	\$1,524,122	1.00	0.33	\$3.3	\$1.1
Miscellaneous Revenue	\$5,396,634	1.00	0.33	\$11.5	\$3.8
Interfund Transfers	\$14,922,885	1.00	0.33	\$31.9	\$10.5
<b>Total Per Capita Revenues</b>				<b>\$321</b>	<b>\$106</b>

Sources: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Figure 17: Estimated Annual Recurring Revenue in Downtown (2016 Dollars)**

Service Population	
Residents	23,113
Employees	65,048
Revenue Per Service Population	
Residents	\$7,423,000
Employees	\$6,894,000
<b>Total</b>	<b>\$14,317,000</b>

Source: U.S. Census, American Community Survey, 5-Year Estimates, 2011-2015; California Economic Development Department, 2016; Strategic Economics, 2017.

## Expenditure Estimates

Strategic Economics consulted with departmental staff (including Police, Fire, Transportation, Public Works, Parks, Recreation and Youth Development, and Library) to determine preferred approaches and assumptions for estimating the annual service costs for Downtown. Based on departmental feedback, a more detailed “case study” approach was used to calculate service costs attributable to Downtown for the Police, Fire and Transportation departments.

### *Police Department Expenditures*

To estimate the General Purpose Fund costs associated with the provision of police services in Downtown, the Police Department provided the share of calls for service located in the area. As shown in **Figure 18**, this share was multiplied by the Police Department’s total expenditures to obtain Downtown’s contribution to Police costs. It should be noted that the cost of providing parking enforcement services was subtracted from the Police Department’s expenditures, since this function has been shifted to the newly created Department of Transportation. By subtracting this cost from the Police Department’s budget, and estimating transportation costs separately, the analysis avoids double counting.

#### **Figure 18: Police Department Annual Expenditures Estimate (2016 Dollars)**

City of Oakland Police Expenditures FY 2015-2016	\$243,794,100
Cost of Providing Parking Enforcement Services FY 2015-2016	\$5,027,200
City of Oakland Police Expenditures Net of Parking Enforcement Costs	\$238,766,900

Downtown Share of Citywide Calls for Service to Police Dept. 12%

**Downtown Police Department Expenditures \$29,765,900**

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Oakland Police Department, 2017; Strategic Economics, 2017.

### *Fire Department Expenditures*

Based on the recommendation of the Oakland Fire Department, Strategic Economics applied Downtown’s share of citywide Full-Time Equivalent (FTE) employees to represent the General Purpose Fund cost associated with fire protection and emergency medical services in Downtown. This share was multiplied by the Fire Department’s total expenditures to arrive at Downtown’s Fire Department expenditures, as detailed in **Figure 19**.

**Figure 19: Fire Department Annual Expenditures Estimate (2016 Dollars)**

City of Oakland Fire Expenditures FY 2015-2016	\$125,849,600
Downtown Share of Fire Department's Filled FTEs	15%

**Downtown Fire Department Expenditures** **\$19,001,400**

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Oakland Fire Department, 2017; Strategic Economics, 2017.

**Transportation Department Expenditures**

Most of the General Purpose Fund expenditures associated with Oakland's newly created Department of are related to parking enforcement activities, which were previously managed by the Police Department. Based on conversations with Transportation Department staff, Strategic Economics estimated the cost of providing services to Downtown based on the area's share of citywide daily person hours attributable to the parking enforcement beats servicing the Downtown area. Given that much of the City's metered parking is located in Downtown, this share is 37 percent. This figure was multiplied by the Transportation Department's proposed expenditures for 2017-2018 to arrive at an estimate of the cost of providing transportation services in Downtown (**Figure 20**).

**Figure 20: Transportation Department Annual Expenditure Estimate (2016 Dollars)**

Transportation Department Proposed Budget FY17-18	\$10,396,300
Downtown Share of Daily Person Hours for Parking Enforcement Beats	37%

**Downtown Transportation Department Expenditures** **\$3,847,100**

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Oakland Transportation Department, 2017; Strategic Economics, 2017.

**Other Recurring Costs**

All other General Purpose Fund Downtown service costs were incorporated into the analysis on a per capita basis, with the agreement of the major departments involved. While some departments (such as Library and Parks and Recreation) operate specific facilities within Downtown, many of these facilities are used by residents and workers outside of the area. As with the revenues, Strategic Economics applied a service population factor to each expense category, representing the relative proportion of expenses attributable to Oakland residents (1.0) and employees (0.33), as **Figure 21** shows. **Figure 22** presents the results for Downtown, obtained by multiplying the per capita resident and employee expenses by the number of residents and employees in the area.



**Figure 21: Other Recurring Costs Per Capita Calculations, City of Oakland (2016 Dollars)**

	FY 2015-16 Budget Actuals	Service Pop. Factors		Costs Per Capita	
		Resident	Employee	Resident	Employee
Non-Departmental	\$67,521,713	1.00	0.33	\$144.4	\$47.6
Finance	\$20,648,550	1.00	0.33	\$44.1	\$14.6
Oakland Parks & Recreation	\$16,410,592	1.00	0.33	\$35.1	\$11.6
City Administrator	\$15,324,806	1.00	0.33	\$32.8	\$10.8
Information Technology	\$11,633,112	1.00	0.33	\$24.9	\$8.2
Oakland Public Library	\$11,500,788	1.00	0.33	\$24.6	\$8.1
City Attorney	\$7,734,706	1.00	0.33	\$16.5	\$5.5
Human Services	\$6,401,949	1.00	0.33	\$13.7	\$4.5
Economic & Workforce Development	\$4,957,651	1.00	0.33	\$10.6	\$3.5
Human Resources Management	\$4,753,068	1.00	0.33	\$10.2	\$3.4
City Council	\$4,579,548	1.00	0.33	\$9.8	\$3.2
Mayor	\$2,313,197	1.00	0.33	\$4.9	\$1.6
Oakland Public Works	\$2,229,808	1.00	0.33	\$4.8	\$1.6
City Auditor	\$1,809,608	1.00	0.33	\$3.9	\$1.3
City Clerk	\$1,688,911	1.00	0.33	\$3.6	\$1.2
Public Ethics Commission	\$612,713	1.00	0.33	\$1.3	\$0.4
Housing & Community Development	\$508,502	1.00	0.33	\$1.1	\$0.4
Race & Equity	\$83,832	1.00	0.33	\$0.2	\$0.1
Planning & Building	\$31,569	1.00	0.33	\$0.1	\$0.0
<b>Total</b>				<b>\$386</b>	<b>\$128</b>

Sources: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Figure 22: Annual Other Recurring Costs in Downtown  
(2016 Dollars)**

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**Service Population**

Residents	23,113
Employees	65,048

**Cost Per Service Population**

Residents	\$8,931,900
Employees	\$8,295,400

<b>Total</b>	<b>\$17,227,300</b>
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Source: U.S. Census, American Community Survey, 5-Year Estimates, 2011-2015; California Economic Development Department, 2016; Strategic Economics, 2017.

## Assumptions and Methodology for the Fiscal Impact Comparison of Development Prototypes

### Base Assumptions

**General Purpose Fund impact:** This analysis estimates potential impacts to the City’s General Purpose Fund.

**Prototypes:** Strategic Economics compared the fiscal impact of four land uses: multifamily residential, office, retail, and hotel. To do so, four development prototypes were created, based in part on typical characteristics of recently approved and proposed development projects in Downtown. The prototypes, described in **Figure 23**, are all assumed to be on half-acre sites and, with the exception of the retail prototype, have a similar number of stories (approximately 20). The retail prototype does not reflect a standalone retail building per se, but instead represents retail space that could potentially be located on the ground floor of a mixed-use building. The multifamily housing prototype was assumed to consist of rental apartments.

**Ongoing operations, maintenance, and service costs:** The analysis evaluates the costs associated with providing ongoing City services to the residents or employees associated with the four development prototypes. The analysis does not assess the costs of capital improvements (i.e., new infrastructure and facilities).

**Budget year:** The analysis was based on the City of Oakland’s budget actuals for the 2015-2016 fiscal year (**Figure 7**).

**2016 dollars:** All results are reported in 2016 dollars.

**Base for per capita calculations:** **Figure 8** shows the service population in the City of Oakland and in Downtown, used to establish a base for understanding the per capita costs and revenues shown later in this section.

**Figure 23: Land Use Development Prototypes**

	Apartments	Office	Retail	Hotel
Site Square Footage	21,780	21,780	21,780	21,780
FAR	15	15	0.75	10
Number of stories	21	20	1	20
Rentable Building Area		258,097	14,702	
Net Unit Square Footage	760			
Number of Units/Rooms	344			379

Source: Strategic Economics, 2017

### *Job and Population Estimates*

Many of the costs and revenues were calculated based on the net increase in population and jobs associated with each of the four prototypes. Therefore, Strategic Economics applied the following assumptions to derive population and job estimates from growth in housing units and commercial space.

**Residential household size:** **Figure 24** shows the service population assumptions which were used to calculate the new residential service population attributable to the housing units. The average persons per household in Downtown is 1.76.

**Jobs per square foot:** **Figure 24** also shows the square feet per employee and per hotel room assumptions which were used to calculate the new workers associated with new office, retail and hotel space.

**Service population:** The service population is an equivalent population, incorporating residents and employees, for which the city provides services. This is used to establish a base for understanding the per capita costs and revenues associated with each prototype, as shown in **Figure 24**.

**Figure 24: Service Population Associated with Housing and Retail Growth**

Average Persons per Household	1.76
Average Office (Square Feet) per Employee	250
Average Retail (Square Feet) per Employee	500
Average Hotel Workers per Room	0.75
<b>Residents and Employees per Prototype</b>	
Apartment Residents <sup>(a)</sup>	575
Office Employees <sup>(b)</sup>	981
Retail Employees <sup>(c)</sup>	28
Hotel Employees <sup>(d)</sup>	284
Employee Factor	0.33
<b>Service Population</b>	
Apartment Prototype	575
Office Prototype	324
Retail Prototype	9
Hotel Prototype	94

<sup>(a)</sup> Residential service population was calculated by multiplying the number of new residential units by an average persons per household of 1.76 and applying a 5% vacancy rate.

<sup>(b)</sup> The number of new office employees was calculated by dividing the proposed office square feet by an office density of 250 square feet per employee and applying a 5% vacancy rate.

<sup>(c)</sup> The number of new retail employees was calculated by dividing the proposed retail square feet by a retail density of 500 square feet per employee and applying a 5% vacancy rate.

<sup>(d)</sup> The number of new hotel employees was calculated by multiplying the proposed number of rooms by the number of employees per room (0.75) and applying a 10% vacancy rate.

Sources: U.S. Census, American Community Survey, 5-Year Estimates, 2011-2015; Strategic Economics, 2017.

### ***Property Occupancy, Turnover, and Assessed Valuation Assumptions***

**Figure 25** shows key land use assumptions by prototype, including the factors for value, density, holding period (sales turnover), vacancy rates, and occupancy rates.

**Holding period:** A holding period is the length of time between changes in ownership of property. The holding period is used to calculate property transfer taxes. Strategic Economics assumed a 15-year period for commercial and rental residential properties.

**Vacancy:** Occupancy and vacancy rates are used to determine the actual revenue and costs generated by properties, given that buildings are not usually fully occupied. The analysis applied long-term vacancy rates typically assumed by developers. Note that the hotel occupancy rate, based on the 2017 year-to-date occupancy rate in Oakland, was not used to value the hotel prototype, but was used to estimate sales tax and transient occupancy tax revenues.

**Market-rate rental housing value:** The multifamily apartment building valuation was calculated based on typical market-rate rents for recently completed apartments, adjusted to \$4.25 per square foot to account for the price premium of a new high-rise rental tower. The rent was reduced to account for vacancies and operating expenses, and then translated to unit valuations based on current typical capitalization rates (cap rates) for multifamily projects; cap rates represent expected return on a real estate investment. The average value per unit is shown in **Figure 25**.

**Commercial value:** The values for office and retail space were derived based on typical capitalization rates and typical rents at comparable projects Downtown, less reductions for vacancies and operating expenses. Office and retail rents were assumed to be \$5 and \$3.50 per square foot, respectively. The value for hotel rooms was produced using the most recently available hotel construction cost estimates.

**Figure 25: Key Land Use Assumptions**

Prototype	Number of Units/ Square Footage/ Number of Rooms	Value (per Unit/ Square Foot/ Room)	Holding Period (Years)	Vacancy	Occupancy	Turnover Rate
<b>Residential (Units)</b>						
Apartments	344	\$602,933	15	5%	95%	7%
<b>Nonresidential</b>						
Office (Net Square Feet)	258,097	\$766	15	5%	95%	7%
Retail (Net Square Feet)	14,702	\$595	15	5%	95%	7%
Hotel* (Rooms)	379	\$342,835	15	0%*	100%	7%

\*Hotel occupancy, which corresponds to the year-to-date occupancy in Oakland for 2017, does not impact the valuation of the prototype, which is based on building costs.

Sources: HVS, Hotel Development Cost Survey 2014/2015, January 2015; CBRE, North America Cap Rate Survey, H2 2016; local comparable projects; Zillow, 2017; CoStar, 2017; Strategic Economics, 2017.

### Estimating Revenues

This section summarizes assumptions and calculations for property tax, property transfer tax, sales tax, vehicle license fees, and sales tax revenues attributable to the prototypes.

#### ***Property Tax and Real Estate Transfer Tax Revenues***

**Property tax:** Strategic Economics used a similar approach as the one described in the methodology for the analysis of the current fiscal impact of Downtown as a whole. The property tax rate was applied to the assessed value of each prototype to determine property tax revenue as shown in **Figure 26**.

**Figure 26: Assessed Value and Annual Property Tax Revenue by Prototype (2016 Dollars)**

Prototype	Assessed Value of Prototype	Property Tax Revenue
Apartments	\$207,345,600	\$585,700
Office	\$197,628,932	\$558,300
Retail	\$8,747,393	\$24,700
Hotel	\$129,859,763	\$366,800

Source: Strategic Economics, 2017.

**Real estate transfer tax rate:** Oakland receives \$15 of each \$1,000 value of properties sold. As shown in **Figure 27**, the annual property transfer tax revenues by prototype were calculated by multiplying the assessed value of each prototype by the average turnover rate (to estimate the value of property sold annually), and then by the real estate transfer tax rate.

**Figure 27: Annual Real Estate Transfer Tax Assumptions and Estimated Revenue by Prototype (2016 Dollars)**

Prototype	Assessed Value of Prototype	Turnover Rate	Real Estate Transfer Tax Revenue
Apartments	\$207,345,600	7%	\$207,346
Office	\$197,628,932	7%	\$197,629
Retail	\$8,747,393	7%	\$8,747
Hotel	\$129,859,763	7%	\$129,860

Source: Strategic Economics, 2017.

***Property Tax In-Lieu of Vehicle License Fee (VLF) Revenue***

**Property tax in-lieu of VLF:** The approach to estimate the revenue from property tax in lieu of VLF by prototype is similar to the one described in the previous methodology. As shown in **Figure 11**, the property tax in-lieu of VLF rate is of \$0.79 per \$1,000 in assessed value. **Figure 28** shows property tax in-lieu of VLF revenues by prototype, which were calculated by multiplying the assessed value of each prototype by the percentage equivalent of \$.79 per \$1,000.

**Figure 28: Annual Property Tax In-Lieu of Vehicle License Fee Revenue (2016 Dollars)**

Prototype	Assessed Value of Prototype	Property Tax In-Lieu of VLF Revenue
Apartments	\$207,345,600	\$163,803
Office	\$197,628,932	\$156,127
Retail	\$8,747,393	\$6,910
Hotel	\$129,859,763	\$102,589

Source: Strategic Economics, 2017.

## Sales Tax Revenue

Sales tax revenue was estimated based on several approaches, in order to calculate the specific contribution associated with each prototype.

**Sales tax revenue from retail sales:** **Figure 29** shows the assumptions and results of the analysis of sales tax revenue associated with the retail sales from the retail prototype. Annual sales were assumed to average \$500 per square foot of new retail space, based on inflation-adjusted data gathered by the Urban Land Institute and the International Council of Shopping Centers for neighborhood centers in the western United States. Sixty percent of sales were assumed to be taxable; this incorporates a conservative assumption that a significant proportion of the sales in the prototypes will be nontaxable (such as for many food products, as well as personal services such as dry cleaners, hair salons and gyms). The Oakland General Purpose Fund receives one percent of taxable sales in the City. Sales tax revenues associated with retail sales in the retail prototype were calculated by multiplying the square feet of new retail space by the retail occupancy rate, then multiplying this amount by taxable sales per square foot of retail space, and finally multiplying by the one percent tax rate.

**Figure 29: Annual Sales Tax Revenue from Retail Sales in Retail Prototype (2016 Dollars)**

<b>Sales Tax Rate (Percent of Taxable Sales)</b>	<b>1%</b>
<b>Taxable Sales Assumptions for New Retail</b>	
Sales per SF (Neighborhood Serving Retail)	\$500
Percent Taxable	60%
Taxable Sales Per SF	\$300
<b>Sales Tax Revenue Calculations</b>	
Net Retail Square Footage in Retail Prototype	14,702
Occupancy Rate	95%
Taxable Sales from Retail Prototype	\$4,189,900
Sales Tax Revenue from Retail Sales in Retail Prototype	\$41,900

Sources: U.S. Bureau of Labor Statistics, 2015; Strategic Economics, 2017.

**Sales tax revenue from resident and worker spending:** Each prototype is associated with new residents or workers in Downtown, whose spending will generate sales tax revenue. In order to estimate their contribution, Strategic Economics calculated the sales tax revenue per capita generated by residents and workers, as shown in **Figure 30**. The City of Oakland's sales tax revenue for 2015-2016 was first reduced by half to account for spending attributable to Oakland residents and workers (as opposed to outside shoppers). This amount was then divided by the City's service population (corresponding, as explained above, to its residents plus a third of its employees) to obtain the sales tax revenue per capita. This figure was then multiplied by the respective service populations for each prototype to obtain the sales tax revenue from resident and worker spending.

**Figure 30: Sales Tax Revenue from Resident and Worker Spending by Prototype (2016 Dollars)**

**Per Capita Sales Tax Revenue**

City of Oakland Sales Tax Revenue, FY 2015-2016	\$55,234,590
% of Sales Attributable to Residents/Workers	50%
Total Service Population in the City of Oakland (a)	467,712
Sales Tax Revenue Per Capita	\$59

**Service Population by Prototype (b)**

Apartments	575
Office	324
Retail	9
Hotel	94

**Sales Tax Revenue from Resident and Worker Spending**

Apartments	\$34,000
Office	\$19,100
Retail	\$500
Hotel	\$5,600

(a) Oakland's service population corresponds to the sum of the City's employees, multiplied by the employee factor of 0.33, and its residents.

(b) As previously described the service population for the office, retail and hotel prototypes is calculated by multiplying workers by 0.33.

Sources: U.S. Census, American Community Survey, 5-Year Estimates, 2011-2015; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Sales tax revenue from visitor spending associated with the hotel prototype:** Because visitors who stay overnight are likely to spend in the City, Strategic Economics estimated the sales tax revenue associated with hotel visitors. To do so, as shown in **Figure 31**, taxable spending per visitor was estimated based on data from a study produced by Tourism Economics for Visit Oakland in 2017, adjusted to account for the categories of visitor spending that generate sales tax revenue. This figure was applied to the hotel prototype, using assumptions about occupancy and length of stay, to estimate the sales tax revenue associated with the spending of hotel guests.



**Figure 31: Annual Sales Tax Revenue from Visitor Spending Associated with the Hotel Prototype (2016 Dollars)**

<b>Sales Tax Rate (Percent of Taxable Sales)</b>	1%
<b>Taxable Spending per Visitor</b>	
Number of Visitors in Oakland in 2016	3,713,500
Total Visitor Spending in Oakland in 2016	\$627,400,000
All Spending per Visitor	\$169
Percent Taxable	34%
Taxable Spending per Visitor	\$58

**Sales Tax Revenue from Visitor Spending from Hotel Prototype**

Annual Taxable Spending from Visitors at Hotel	\$2,999,700
<b>Sales Tax Revenue from Visitors at Hotel</b>	<b>\$30,000</b>

Note that sales tax revenue from visitor spending associated with the hotel prototype was estimated using assumptions of occupancy rate and length of stay.

Sources: Tourism Economics, "The Oakland Visitor Economy," presentation for Visit Oakland, April 2017; Strategic Economics, 2017.

**Total sales tax revenue by prototype:** Figure 32 summarizes total sales tax revenue calculated for each prototype, as described.

**Figure 32: Total Annual Sales Tax Revenue by Prototype (2016 Dollars)**

<b>Apartments</b>	
Sales Tax Revenue from Residents	\$67,900
<b>Total</b>	<b>\$67,900</b>
<b>Office</b>	
Sales Tax Revenue from Workers	\$38,300
<b>Total</b>	<b>\$38,300</b>
<b>Retail</b>	
Sales Tax Revenue from Retail Spending	\$41,900
Sales Tax Revenue from Workers	\$1,100
<b>Total</b>	<b>\$43,000</b>
<b>Hotel</b>	
Sales Tax Revenue from Workers	\$11,100
Sales Tax Revenue from Visitors	\$30,000
<b>Total</b>	<b>\$41,100</b>

Sources: Strategic Economics, 2017.

***Business License Tax Revenue***

The business license tax revenue by prototype was estimated using four distinct approaches.

**Business license tax revenue associated with the apartment prototype:** The City of Oakland charges a business license tax on rental income, levied on gross rental receipts. Figure 33 shows the steps taken to calculate the apartment prototype’s contribution to business license tax revenues: the rental rate per net

square foot for the prototype was multiplied by the prototype’s net square footage to obtain the gross rental income, which was in turn multiplied by the City’s rate of 1.395 percent to obtain the business license tax revenue associated with the apartment prototype.

**Figure 33: Business License Tax Revenue from Apartment Prototype (2016 Dollars)**

Business License Tax Rate for Residential Rental Property (on Gross Receipts)	1.395%
Rent per Net Square Foot	\$4.25
Total Net Square Footage in Prototype	261,360
Vacancy Rate	5%
Gross Rental Income	\$12,662,900
<b>Business License Tax Revenue from Apartment Prototype</b>	<b>\$176,600</b>

Source: City of Oakland, 2017; Strategic Economics, 2017.

**Business license tax revenue from office prototype:** Because the City charges different rates depending on the type of business occupying an office space, Strategic Economics estimated business license tax revenue associated with the office prototype using a per capita approach based on estimated business license tax revenue currently generated in Downtown. As shown in **Figure 34**, the estimated business license tax revenue for Downtown (see **Figure 12** for calculations) was divided by the number of workers in the area to obtain an estimate of business license tax revenue per worker in Downtown. This figure was multiplied by the number of workers in the office prototype to estimate the business license tax revenue associated with it.

**Figure 34: Annual Business License Tax Revenue from Office Prototype (2016 Dollars)**

Estimated Business License Tax Revenue in Downtown	\$34,503,500
Number of Workers in Downtown	65,048
Business License Tax Revenue per Worker in Downtown	\$530
Number of Workers in Prototype	981
<b>Annual Business License Tax Revenue from Office Prototype</b>	<b>\$520,200</b>

Source: California Employment Development Department, 2017; City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Business license tax revenue from retail prototype:** Strategic Economics calculated the gross receipts associated with the retail prototype, as shown in **Figure 29**, and applied the City’s business license tax rate for retail sales.

**Figure 35: Annual Business License Tax Revenue from Retail Prototype (2016 Dollars)**

Business License Tax Rate for Retail Sales (on Gross Receipts)	0.12%
Annual Sales per Square Foot	\$500
Net Square Footage in Retail Prototype	14,702
Vacancy Rate	5%
Annual Gross Receipts from Prototype	\$6,983,200
<b>Annual Business License Tax Revenue from Retail Prototype</b>	<b>\$8,400</b>

Source: Urban Land Institute / International Council of Shopping Centers "Dollars and Cents of Shopping Centers," 2008; U.S. Bureau of Labor Statistics, 2015; City of Oakland, 2017; Strategic Economics, 2017.

**Business license tax revenue from hotel prototype:** Strategic Economics estimated business license tax revenue for the hotel prototype based on room revenues plus revenues from other on-site food and retail sales. Room revenues were based on Oakland hotel market data, produced by STR for Visit Oakland. Other revenues were added to this amount (coming, for example, from room service and the hotel restaurant and bar) to arrive at an estimate of annual gross receipts per room. This figure was then multiplied by the number of rooms in the hotel prototype to obtain an estimate of gross receipts. Finally, applying the City’s business license tax rate for hotels to the previous figure yielded the business license tax revenue associated with the hotel prototype, as shown in **Figure 36**.

**Figure 36: Annual Business License Tax Revenue from Hotel Prototype (2016 Dollars)**

Business License Tax Rate for Hotel Revenue (on Gross Receipts)	0.18%
Annual Revenue per Available Room	\$153
Other Revenue per Room	\$31
Total Annual Gross Receipts per Room	\$66,900
Number of Rooms in Hotel Prototype	379
Gross Receipts from Prototype	\$25,333,400
<b>Business License Tax Revenue from Hotel Prototype</b>	<b>\$45,600</b>

Source: STR Hotel Report, Oakland, produced for Visit Oakland, March 2017; City of Oakland, 2017; Strategic Economics, 2017.

***Transient Occupancy Tax Revenue***

The City of Oakland levies a 14 percent transient occupancy tax on hotel room revenues, of which 11 percent is directed to the City’s General Purpose Fund. The remaining 3 percent is a surcharge that was enacted with voter approval of Measure C in July 2009, and is dedicated to community-based institutions such as the Oakland Zoo, Oakland Convention and Visitors Bureau, Chabot Space and Science Center, Oakland Museum of California, and cultural art and festival activities. As shown in **Figure 37**, the average daily rate and the occupancy rate (which are conservative figures, as they are based on the current performance of existing higher-end hotels in Oakland, as opposed to expected revenue from a new hotel) were multiplied by the number of rooms in the prototype and by the number of days in the year to arrive at the annual room revenue for the prototype. This figure was then multiplied by the 11 percent General Purpose Fund transient occupancy tax rate to obtain the revenue associated with the hotel prototype.

**Figure 37: Transient Occupancy Tax Revenue from Hotel Prototype (2016 Dollars)**

Transient Occupancy Tax Rate Net of Measure C	11%
Average Daily Rate	\$199
Average Occupancy Rate	75%
Number of Rooms in Prototype	379
Annual Room Revenue	\$20,558,398
<b>Annual Transient Occupancy Tax Revenue from Hotel Prototype</b>	<b>\$2,261,400</b>

Source: STR Hotel Report, Oakland, produced for Visit Oakland, March 2017; City of Oakland, 2017; Strategic Economics, 2017.

## Other Recurring Revenues

**Calculating other recurring revenue per capita:** Strategic Economics assessed which remaining General Purpose Fund revenues are likely to vary with service population growth (i.e., would increase on a per capita basis as new residents and employees are added), as shown in **Figure 38**. For the revenue sources that vary on a per capita basis, Strategic Economics applied a service population factor to each revenue category, representing the relative proportion of revenues attributable to new residents (1.0) and employees (0.33). These per capita factors were multiplied by the new service population associated with each prototype to arrive at additional revenues associated with residential and worker growth by prototype (**Figure 39**).

**Figure 38: Calculation of Annual Recurring Revenue Per Capita (2016 Dollars)**

	FY 2015-16		Variable Revenues	Service Pop. Factors		Revenue Per Capita		
	Budget	Actuals		Percent Variable	Resident	Employee	Resident	Employee
Vehicle License Fee	\$165,671		100%	\$165,671	1.00	0.33	\$0.4	\$0.1
Utility Consumption Tax	\$50,966,465		100%	\$50,966,465	1.00	0.33	\$109.0	\$36.0
Parking Tax	\$10,219,541		100%	\$10,219,541	1.00	0.33	\$21.9	\$7.2
Local Tax	\$40,013		100%	\$40,013	1.00	0.33	\$0.1	\$0.0
Licenses & Permits	\$1,590,174		100%	\$1,590,174	1.00	0.33	\$3.4	\$1.1
Fines & Penalties	\$21,741,255		100%	\$21,741,255	1.00	0.33	\$46.5	\$15.3
Interest Income	\$924,898		0%	\$0	1.00	0.33	\$0.0	\$0.0
Service Charges	\$52,938,469		100%	\$52,938,469	1.00	0.33	\$113.2	\$37.4
Grants & Subsidies	\$1,524,122		0%	\$0	1.00	0.33	\$0.0	\$0.0
Miscellaneous Revenue	\$5,396,634		0%	\$0	1.00	0.33	\$0.0	\$0.0
Interfund Transfers	\$14,922,885		0%	\$0	1.00	0.33	\$0.0	\$0.0
<b>Total Per Capita Revenues</b>							<b>\$294.3</b>	<b>\$97.1</b>

Sources: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Figure 39: Annual Recurring Revenue by Prototype (2016 Dollars)**

Service Population	
Apartment Prototype (Residents)	575
Office Prototype (Workers)	981
Retail Prototype (Workers)	28
Hotel Prototype (Workers)	284
Variable Cost Per Prototype	
Apartment	\$169,200
Office	\$95,300
Retail	\$2,700
Hotel	\$27,600

Source: Strategic Economics, 2017.

## Expenditure Estimates

Police and Fire Department services constitute Oakland’s two largest General Purpose Fund expenditures. Strategic Economics consulted with staff in these departments to determine preferred approaches and assumptions to calculate expenditures. Growth of other expenses, which individually comprise smaller shares of the General Purpose Fund, was estimated on a per capita basis.

### *Police Department Expenditures*

Strategic Economics applied the previous estimate of Police Department costs in Downtown to calculate a per capita cost, as shown in **Figure 40**. The Police Department’s total expenditures were discounted by the cost of providing parking enforcement services which was shifted to the newly created Department of Transportation (the cost of which is estimated in the section below). As explained in the methodology for the fiscal impact analysis of Downtown, the area’s share of citywide calls for service to the Police Department was applied to the Police Department’s total expenditures to arrive at the cost of providing police services to Downtown. This amount was divided by Downtown’s service population to obtain the per capita cost of police services in Downtown.

**Figure 41** shows the service population for each prototype. The number of workers in the office, retail and hotel prototypes was multiplied by 0.33 to reflect their lighter impact on City services. The service population for each prototype was multiplied by the per capita cost of providing police services in Downtown to estimate the impact by prototype.

This approach assumes that police costs will vary with an increase in service population, in accordance with conversations with Police Department staff.

#### **Figure 40: Per Capita Cost of Police Services in Downtown Oakland (2016 Dollars)**

City of Oakland Police Expenditures FY 2015-2016	\$243,794,125
Cost of Providing Parking Enforcement Services FY 2015-2016	\$5,027,164
City of Oakland Police Expenditures Net of Parking Enforcement Costs	\$238,766,961
Downtown Share of Citywide Calls for Service to Police Dept.	12%
Downtown Police Department Expenditures	\$29,765,900
Downtown Service Population	44,579
<b>Downtown Per Capita Cost of Providing Police Services</b>	<b>\$668</b>

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Oakland Police Department, 2017; Strategic Economics, 2017.

**Figure 41: Cost of Providing Police Services per Prototype, in 2016 Dollars**

<b>Service Population</b>	
Apartment Prototype (Residents)	575
Office Prototype (Workers)	324
Retail Prototype (Workers)	9
Hotel Prototype (Workers)	94
<b>Variable Cost Per Prototype</b>	
Apartment	\$383,900
Office	\$216,300
Retail	\$6,000
Hotel	\$62,800

Sources: Strategic Economics, 2017.

***Fire Department Expenditures***

Similar to the approach used to calculate the cost of police services, Strategic Economics calculated Fire Department expenditures using a per capita approach based on the cost of providing fire and medical emergency services in Downtown. As shown in **Figure 42**, Fire Department costs attributable to Downtown were calculated based on the area's share of citywide FTE employees. Fire Department costs in Downtown were then divided by the area's service population to arrive at a per capita cost.

**Figure 43** presents the service population per prototype, and the associated Fire Department services. Following input from Fire Department staff, this approach assumes that department costs will increase with new service population.

**Figure 42: Per Capita Cost of Providing Fire Services in Downtown Oakland (2016 Dollars)**

City of Oakland Fire Expenditures FY 2015-2016	\$125,849,563
Downtown Share of Fire Department's Filled FTEs	15%
Downtown Fire Department Expenditures	\$19,001,400
Downtown Service Population	44,579
<b>Downtown Per Capita Cost of Providing Fire Services</b>	<b>\$426</b>

Source: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Oakland Police Department, 2017; Strategic Economics, 2017.

**Figure 43: Cost of Providing Fire Services per Prototype (2016 Dollars)**

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<b>Service Population</b>	
Apartment Prototype (Residents)	575
Office Prototype (Workers)	324
Retail Prototype (Workers)	9
Hotel Prototype (Workers)	94

<b>Variable Cost Per Prototype</b>	
Apartment	\$245,100
Office	\$138,100
Retail	\$3,800
Hotel	\$40,100

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Sources: Strategic Economics, 2017.

***Other Recurring Costs***

Strategic Economics estimated other departmental General Purpose Fund costs on a per capita basis, as shown in **Figure 44**. This approach was vetted by the City’s Public Works, Library, Parks and Recreation, and Transportation departments. As with the calculation of other revenues, Strategic Economics applied a service population factor to each expense category, representing the relative proportion of expenses attributable to new residents (1.0) and employees (0.33).

It should be noted that the Department of Transportation was not created until late 2016, and therefore did not appear in the 2015-2016 budget actuals. Strategic Economics used the proposed 2017-2018 expenditure amount for the department to model the transportation expenditures associated with each prototype. Since most Department of Transportation General Purpose Fund expenditures consist of parking enforcement costs, the addition of the Department to the expenditure list was partially offset by the discounting of the cost of providing parking enforcement services from the Police Department’s costs, as described previously.

The per capita costs were multiplied by the number of residents or employees associated with each prototype to estimate their impact in terms of other recurring costs, as shown in **Figure 45**.



**Figure 44: Annual Recurring Expenditures Per Capita Calculations (2016 Dollars)**

	FY 2015-16 Budget Actuals	Percent Variable	Variable Revenues	Service Pop. Factors		Revenue Per Capita	
				Resident	Employee	Resident	Employee
Transportation*	\$10,396,322	90%	\$9,356,690	1.00	0.33	\$20.01	\$6.60
Non-Departmental	\$67,521,713	0%	\$0	1.00	0.33	\$0.00	\$0.00
Finance	\$20,648,550	50%	\$10,324,275	1.00	0.33	\$22.07	\$7.28
Oakland Parks & Recreation	\$16,410,592	90%	\$14,769,533	1.00	0.33	\$31.58	\$10.42
City Administrator	\$15,324,806	50%	\$7,662,403	1.00	0.33	\$16.38	\$5.41
Information Technology	\$11,633,112	50%	\$5,816,556	1.00	0.33	\$12.44	\$4.10
Oakland Public Library	\$11,500,788	50%	\$5,750,394	1.00	0.33	\$12.29	\$4.06
City Attorney	\$7,734,706	50%	\$3,867,353	1.00	0.33	\$8.27	\$2.73
Human Services	\$6,401,949	90%	\$5,761,754	1.00	0.33	\$12.32	\$4.07
Economic & Workforce Development	\$4,957,651	90%	\$4,461,886	1.00	0.33	\$9.54	\$3.15
Human Resources Management	\$4,753,068	50%	\$2,376,534	1.00	0.33	\$5.08	\$1.68
City Council	\$4,579,548	50%	\$2,289,774	1.00	0.33	\$4.90	\$1.62
Mayor	\$2,313,197	50%	\$1,156,599	1.00	0.33	\$2.47	\$0.82
Oakland Public Works	\$2,229,808	90%	\$2,006,827	1.00	0.33	\$4.29	\$1.42
City Auditor	\$1,809,608	50%	\$904,804	1.00	0.33	\$1.93	\$0.64
City Clerk	\$1,688,911	50%	\$844,456	1.00	0.33	\$1.81	\$0.60
Public Ethics Commission	\$612,713	50%	\$306,357	1.00	0.33	\$0.66	\$0.22
Housing & Community Development	\$508,502	90%	\$457,652	1.00	0.33	\$0.98	\$0.32
Race & Equity	\$83,832	50%	\$41,916	1.00	0.33	\$0.09	\$0.03
Planning & Building	\$31,569	90%	\$28,412	1.00	0.33	\$0.06	\$0.02
<b>Total</b>						<b>\$124.89</b>	<b>\$41.21</b>

\*Figures for the Department of Transportation are based on the proposed budget for FY 2017-2018.

Sources: City of Oakland, Fiscal Year 2017-2019 Proposed Policy Budget, April 2017; Strategic Economics, 2017.

**Figure 45: Annual Recurring Expenditures per Prototype  
(2016 Dollars)**

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<b>Service Population</b>	
Apartment Prototype (Residents)	575
Office Prototype (Workers)	981
Retail Prototype (Workers)	28
Hotel Prototype (Workers)	284

<b>Variable Cost Per Prototype</b>	
Apartment	\$71,800
Office	\$40,400
Retail	\$1,200
Hotel	\$11,700

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Source: Strategic Economics, 2017.