

## Re: Mountain View Funding measure feedback

Tucker, Sheila

Tue 5/1/2018 4:47 PM

To: Archana Shah <ashah@synergyhousing.com>;

Cc: Rich, Dan <Dan.Rich@mountainview.gov>;

Good afternoon Archana,

On behalf of the City of Mountain View, I want to thank you for your feedback on a potential ballot measure to increase the City's Transient Occupancy Tax (TOT). No decision has been made by the Council yet and your input is highly valuable to the City's future planning; I have shared it with the City Council.

Businesses, including hotels, thrive in Mountain View because of smart investments made by our predecessors to establish well maintained infrastructure. Unfortunately, Mountain View's anticipated transportation and infrastructure needs will outpace the current available funding sources. Our City leaders are working on evaluating options for funding the City's needs.

Those that visit Mountain View each year bring traffic congestion and increase demand for public safety, and other City infrastructure and services. Our current TOT is 10% and has not increased in 27 years. Six cities in the County have TOT's higher than Mountain View including our neighboring cities, Palo Alto, Sunnyvale and Los Altos. Keeping Mountain View hotels competitive in the region is certainly a factor we consider. At the same time, the potential revenue generated could help fund critical transportation and infrastructure needs, benefiting residents and visitors.

If you would like to give additional feedback directly to the City Council, it is anticipated that they will consider next steps at their June 5, 2018 meeting and then action to place any such measure on the ballot is expected on June 26, 2018. Thank you again.

Best regards,  
Sheila

**Sheila Tucker, Project Manager**

City of Mountain View

Phone: 408-313-6219

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**From:** Archana Shah <ashah@synergyhousing.com>

**Sent:** Monday, April 30, 2018 5:03 PM

**To:** Tucker, Sheila; City.Council

**Subject:** Mountain View Funding measure feedback

Hello Sheila,

Following is our feedback.

Message to the City of Mountain View:

Although a tax increase may seem like it makes sense to the City of Mountain View, I ask that they consider the benefits of staying competitive. As the base cost of Apartments and Hotel's continue to rise in Mountain View, increasing the tax will continue to push Mountain View's business travelers and vacationers to nearby surrounding cities where the base cost of the like are already much lower. The short travel distance will not have any impact on the choice of the traveler, where in fact, the TOTAL COST of their short term stay, most certainly will.

Please let us know what you think of our concern.





Thank you,  
Archana



**Archana Shah | Accountant Senior**

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## Revenue Projection Models for Potential Restructuring of Business License Tax

### General Assumptions:

1. There are 5,385 active business licenses in Mountain View (combine multiple locations).
2. About 3,661 businesses have self reported approximately 64,442 employees working in Mountain View as of 4/20/18.
3. There are 1,724 businesses with a business license not located in Mountain View.
4. For modeling purposes, we used the CAFR for the number of employees for the top ten employers.
5. Combined several businesses with different locations but with the same owner.
6. Non-profits, including qualified medical facilities, are exempt from the tax and therefore not included.
7. These are estimates, based on business license data as of 4/20/18, or the CAFR. Numbers are likely to shift once companies are being taxed on a per employee basis.

### Definitions:

Incremental: employer pays for all employees, except the first 50, at the same rate based on the number of employees category.

Progressive: employer pays for all employees, except the first 50, at each incremental rate as the number of employees increases.

### Summary of Models

Model	Type	\$5M Models				\$10M Models			
		Base Rate	Flat Rate Employees	Cap	Largest Employer	Base Rate	Flat Rate Employees	Cap	Largest Employer
Model 1	Incremental	\$150	50	\$1.5M	\$1.5M	\$250	50	\$3.0M	\$3.0M
Model 2	Progressive	\$200	50	\$1.5M	\$1.5M	\$300	50	\$3.0M	\$3.0M
Model 3	Progressive	\$200	50	None	\$2.2M	\$300	50	None	\$5.4M
Model 4	Flat Per Employee Rate	\$75	0	None	\$1.7M	\$151	0	None	\$3.5M

Note: Rate increases could be phased in, if desired.

<b>Models with \$5M Revenue Target</b>							
<b>Cost to Employers Comparing Potential Mountain View (MV) Revenue Models to Nearby Cities</b>							
<b>#Emp</b>	<b>MV Model 1</b>	<b>MV Model 2</b>	<b>MV Model 3</b>	<b>MV Model 4</b>	<b>Sunnyvale Model</b>	<b>San Jose Model</b>	<b>Redwood City Model</b>
1	\$150	\$200	\$200	\$75	\$37	\$195	\$105
51	\$200	\$300	\$275	\$3,825	\$681	\$2,155	\$2,205
101	\$4,230	\$5,310	\$4,030	\$7,575	\$1,301	\$5,145	\$4,305
251	\$22,260	\$21,820	\$16,035	\$18,825	\$3,159	\$12,645	\$5,256
501	\$63,290	\$51,830	\$37,290	\$37,575	\$6,256	\$30,135	\$5,256
1,001	\$161,820	\$116,840	\$82,295	\$75,075	\$11,769	\$60,135	\$5,256
5,001	\$990,350	\$676,850	\$462,295	\$375,075	\$11,769	\$150,000	\$5,256
Cap	\$1,500,000	\$1,500,000	None*	None*	\$11,769	\$150,000	\$5,256

Notes:

Models 1-4 generate approximately \$5 million (excluding additional revenue anticipated for out of town businesses).

\*Largest employer's cost is approximately \$2.2 million for Model 3 and \$1.7 million for Model 4.

<b>Models with \$10M Revenue Target</b>							
<b>Cost to Employers Comparing Potential Mountain View (MV) Revenue Models to Nearby Cities</b>							
<b>#Emp</b>	<b>MV Model 1</b>	<b>MV Model 2</b>	<b>MV Model 3</b>	<b>MV Model 4</b>	<b>Sunnyvale Model</b>	<b>San Jose Model</b>	<b>Redwood City Model</b>
1	\$250	\$300	\$300	\$151	\$37	\$195	\$105
51	\$350	\$400	\$400	\$7,701	\$681	\$2,155	\$2,205
101	\$8,410	\$5,480	\$5,420	\$15,251	\$1,301	\$5,145	\$4,305
251	\$44,470	\$32,560	\$23,445	\$37,901	\$3,159	\$12,645	\$5,256
501	\$131,040	\$97,650	\$59,725	\$75,651	\$6,256	\$30,135	\$5,256
1,001	\$342,610	\$272,740	\$147,255	\$151,151	\$11,769	\$60,135	\$5,256
5,001	\$2,129,180	\$2,032,830	\$967,290	\$755,151	\$11,769	\$150,000	\$5,256
Cap	\$3,000,000	\$3,000,000	None*	None*	\$11,769	\$150,000	\$5,256

Notes:

Models 1-4 generate approximately \$10 million (excluding additional revenue anticipated for out of town businesses).

\*Largest employer's cost is approximately \$5.4 million for Model 3 and \$3.5 million for Model 4.

**Business License Revenue Model 1a - "Incremental with Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$150								
1-50	Base Rate	3,546	96.86%	14,838	23.03%		\$531,900	\$150	\$150
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$50	\$82,000	\$200	\$2,650
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$80	\$346,890	\$4,230	\$16,150
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$110	\$234,910	\$22,260	\$49,650
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$140	\$378,740	\$63,290	\$133,150
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$170	\$1,704,980	\$161,820	\$841,650
5,001+( <sup>1</sup> )	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$200	\$1,500,000	\$990,350	\$1,500,000
Cap	\$1,500,000								
Out of Area( <sup>2</sup> )	Base Rate	1,724				\$150	\$258,600	\$150	\$150
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$5,038,020</b>		

1. The number of employees is 7,549 at the \$1.5 M cap.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 1b - "Incremental with Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$250								
1-50	Base Rate	3,546	96.86%	14,838	23.03%		\$886,500	\$250	\$250
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$100	\$161,100	\$350	\$5,250
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$160	\$691,830	\$8,410	\$32,250
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$220	\$469,470	\$44,470	\$99,250
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$290	\$784,290	\$131,040	\$275,750
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$360	\$3,610,140	\$342,610	\$1,782,250
5,001+( <sup>1</sup> )	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$430	\$3,000,000	\$2,129,180	\$3,000,000
Cap	\$3,000,000								
Out of Area( <sup>2</sup> )	Base Rate	1,724				\$250	\$431,000	\$250	\$250
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,034,330</b>		

1. The number of employees is 7,026 at the \$3.0 M cap.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 2a - "Progressive with Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$200								
Range									
1-50	Base Rate	3,546	96.86%	14,838	23.03%	0	\$709,200	\$200	\$200
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$100	\$158,200	\$300	\$5,200
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$110	\$457,230	\$5,310	\$21,700
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$120	\$239,020	\$21,820	\$51,700
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$130	\$323,930	\$51,830	\$116,700
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$140	\$1,305,560	\$116,840	\$676,700
5,001+ <sup>(1)</sup>	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$150	\$1,500,000	\$676,850	\$1,500,000
Cap	\$1,500,000								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$5,037,940</b>		

1. The number of employees is 10,490 at the \$1.5 M cap.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 2b - "Progressive with Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$300								
Range									
1-50	Base Rate	3,546	96.86%	14,838	23.03%	0	\$1,063,800	\$300	\$300
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$100	\$164,000	\$400	\$5,300
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$180	\$623,040	\$5,480	\$32,300
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$260	\$414,860	\$32,560	\$97,300
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$350	\$704,550	\$97,650	\$272,300
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$440	\$3,536,360	\$272,740	\$2,032,300
5,001+ <sup>(1)</sup>		1	0.03%	23,324	36.19%	\$530	\$3,000,000	\$2,032,830	\$3,000,000
Cap	\$3,000,000								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$300	\$517,200	\$300	\$300
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,023,810</b>		

1. The number of employees is 6,826 at the \$3.0 M cap.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 3a - "Progressive without Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$200								
Range									
1-50	Base Rate	3,546	96.86%	14,838	23.03%	0	\$709,200	\$200	\$200
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$75	\$121,550	\$275	\$3,950
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$80	\$339,090	\$4,030	\$15,950
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$85	\$173,360	\$16,035	\$37,200
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$90	\$229,890	\$37,290	\$82,200
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$95	\$903,980	\$82,295	\$462,200
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$95	\$2,202,980	\$462,295	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$5,024,850</b>		

1. Largest company would pay \$2.2M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 3b - "Progressive without Cap"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate	\$300								
Range									
1-50	Base Rate	3,546	96.86%	14,838	23.03%	0	\$1,063,800	\$300	\$300
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$100	\$164,000	\$400	\$5,300
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$120	\$484,260	\$5,420	\$23,300
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$145	\$268,370	\$23,445	\$59,550
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$175	\$395,875	\$59,725	\$147,050
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$205	\$1,768,720	\$147,255	\$967,050
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$240	\$5,364,810	\$967,290	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$300	\$517,200	\$300	\$300
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,027,035</b>		

1. Largest company would pay \$5.4M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 4a - "Flat Per Employee Rate"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
1-50	Employee Count	3,546	96.86%	14,838	23.03%	\$75	\$1,112,850	\$75	\$3,750
51-100	Employee Count	58	1.58%	4,366	6.78%	\$75	\$327,450	\$3,825	\$7,500
101-250	Employee Count	39	1.07%	6,213	9.64%	\$75	\$465,975	\$7,575	\$18,750
251-500	Employee Count	7	0.19%	2,476	3.84%	\$75	\$185,700	\$18,825	\$37,500
501-1,000	Employee Count	4	0.11%	2,901	4.50%	\$75	\$217,575	\$37,575	\$75,000
1,001-5,000	Employee Count	6	0.16%	10,324	16.02%	\$75	\$774,300	\$75,075	\$375,000
5,001+	Employee Count	1	0.03%	23,324	36.19%	\$75	\$1,749,300	\$375,075	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$75	\$129,300	\$75	\$75
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$4,962,450</b>		

1. Largest company would pay \$1.7M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 4b - "Flat Per Employee Rate"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
1-50	Employee Count	3,546	96.86%	14,838	23.03%	\$151	\$2,240,538	\$151	\$7,550
51-100	Employee Count	58	1.58%	4,366	6.78%	\$151	\$659,266	\$7,701	\$15,100
101-250	Employee Count	39	1.07%	6,213	9.64%	\$151	\$938,163	\$15,251	\$37,750
251-500	Employee Count	7	0.19%	2,476	3.84%	\$151	\$373,876	\$37,901	\$75,500
501-1,000	Employee Count	4	0.11%	2,901	4.50%	\$151	\$438,051	\$75,651	\$151,000
1,001-5,000	Employee Count	6	0.16%	10,324	16.02%	\$151	\$1,558,924	\$151,151	\$755,000
5,001+	Employee Count	1	0.03%	23,324	36.19%	\$151	\$3,521,924	\$755,151	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$151	\$260,324	\$151	\$151
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$9,991,066</b>		

1. Largest company would pay \$3.5M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).