DRAFT

PARKMERCED FISCAL AND ECONOMIC IMPACT ANALYSIS OVERVIEW

Prepared for:

CITY OF SAN FRANCISCO
MAYOR'S OFFICE OF ECONOMIC DEVELOPMENT

JANUARY 2011

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January 6, 2011

Michael Yarne
Mayor's Office of Economic Development
City Hall, Room 448
San Francisco, CA 94102

Re: Parkmerced Fiscal and Economic Impact Analysis Overview - DRAFT

Dear Mr. Yarne,

CBRE Consulting is pleased to present this draft overview fiscal and economic impact analysis of the Parkmerced project in San Francisco. This analysis was prepared upon the request of the San Francisco Mayor's Office of Economic Development. The analysis was conducted to provide an overview analysis of the prospective fiscal and economic impacts of the redevelopment and significant expansion of the Parkmerced residential community in San Francisco.

It has been a pleasure working with you on this interesting project. Please let us know if there are any questions or comments on the analysis included herein.

Sincerely,

Amy L. Herman, AICP
Senior Managing Director

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I. INTRODUCTION AND SUMMARY OF FINDINGS

PURPOSE OF ANALYSIS

CBRE Consulting was retained to perform a fiscal and economic impact analysis of the Parkmerced project (the "Project") to provide input to the City and County of San Francisco's evaluation of the Project as part of its approval process. This Project includes the redevelopment and expansion of the residential units at this existing residential community, as well as the addition of commercial and other non-residential components over an approximate 20-year time horizon. Given the time allotment to conduct the fiscal and economic impact analyses, these analyses are generalized in nature, and are intended to provide an indication of the type and magnitude of the Project's impact rather than specific projections. In addition, the phasing assumptions in the analysis are illustrative; the actual Project phasing and associated fiscal impacts may vary from those presented herein.

The fiscal and economic impact analyses were conducted in concert with CBRE Consulting's pro forma review and community improvement analysis. Many of the Project assumptions were derived from the pro forma shared with CBRE Consulting for the purpose of this review, which is addressed in separate documentation to the Mayor's Office of Economic and Workforce Development. Due to the nature of the development planning process, the pro forma reflects a dynamic modeling process, with changes made as warranted based upon market, financial, cost, and other key components. Accordingly, the assumptions appropriated for the fiscal and economic impact analyses, and included herein, may change over time. This dynamic nature further reinforces the need to consider the findings from the fiscal and economic impact analyses general, rather than detailed indications of the Project's forecasted performance.

In preparing this report, CBRE Consulting assumes the reader has basic familiarity with the Project. Accordingly, detailed Project information is not included herein, aside from the information necessary to provide a basis for the fiscal and economic impact analyses.

PROJECT PHASING

This analysis is based on the 20-year development projections set forth in Parkmerced's Draft EIR. That document contained four "Illustrative Development Phases," which are based on the Developer's best estimates for the likely pace of the build-out of the private and public improvements contemplated in the Development Agreement. Accordingly, each of the "Phases" listed in this analysis corresponds to the last year of each of the Illustrative Development Phases set forth in the Draft EIR. It should be emphasized, however, that the four Illustrative Development Phases are merely reasonable projections of the potential timing and scope of the Project buildout, and are not fixed development phases or schedules. On the contrary, the draft Parkmerced Development Agreement specifically provides the developer flexibility in the order and timing of the proposed private development, including allowing discretion in what amount of net new development will be included in each Development Phase. The City, in turn, has the right to review and approve each Development Phase Application to ensure that any Community Improvements, including any San Francisco Municipal Transportation Agency (SFMTA) transit improvements, proposed for each Development Phase are provided in proportion to the cumulative amount of private development to occur in each Development Phase, and that the timing and phasing of the Community Improvements are consistent with the operational needs and plans of all affected City agencies, and are phased in such a way as to not interfere with the utility and transportation systems operated and maintained by the City.

GENERAL FUND FISCAL IMPACTS

The results of the General Fund fiscal impact analysis for Parkmerced are presented in Exhibit 1 on the following page. These findings present the estimated revenues and costs accruing to the City and County of San Francisco during a representative year in each Illustrative Development Phase. This representative year is typical the final year in each Illustrative Development Phase. These costs and revenues are anticipated to occur on an ongoing basis even after the Project reaches buildout. There are additional one-time revenues estimated, including transfer taxes attributable to the first time sale of the Project's for sale units, construction-related sales and uses taxes, and payroll taxes for the Project's construction workers.

Annual Impacts

The General Fund fiscal impact analysis estimates that Parkmerced will generate revenues to the City and County of San Francisco General Fund totaling up to $9.6 million annually during Illustrative Development Phase I, increasing to up to $36.8 million annually during Illustrative Development Phase IV.

The General Fund costs over the same time periods are estimated to total up to $5.6 million annually during Phase I and up to $19.2 million annually during Phase IV. The differences, comprising the net annual fiscal revenues, total the following:

- up to $4.0 million annually net revenue during Illustrative Development Phase I;
- up to $9.1 million net revenue during Illustrative Development Phase II;
- up to $14.1 million net revenue during Illustrative Development Phase III; and
- up to $17.5 million net revenue during Illustrative Development Phase IV.

These figures are inclusive of the maximum revenues and costs attributable to each respective phase, since all units built during the phase will be complete in the final year.

While not precise, it is likely that the estimated continued net fiscal impact during Project buildout will be only slightly less than the estimated $17.5 million Phase IV figure, in 2010 dollars. The reason the net impact will be slightly less is attributable to the construction-period sales tax revenues on construction worker taxable retail sales that will no longer accrue to the City and County of San Francisco when construction is complete and the Project moves into stabilization.

These findings, while general in nature, suggest a strong likelihood that the Project will result in a net fiscal impact to the General Fund of the City and County of San Francisco. However, some limitations to the analysis may affect the degree of the Project's estimated net benefit.

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Revenue or Cost Item	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Buildout (2)
Fiscal Revenues					
General Fund Property Tax (3)	$6,529,145	$12,774,935	$19,571,047	$24,145,036	$24,145,036
Property Tax In Lieu of Vehicle License Fees (4)	$1,175,616	$2,285,182	$3,476,159	$4,268,301	$4,268,301
Property Transfer Tax (5)	$0	$503,141	$1,344,503	$2,266,851	$2,266,851
Sales Tax from Resident Spending (6)					
Inclusionary Rental Units	$3,720	$4,932	$6,556	$8,717	$8,717
All Other Net New Units	$269,611	$484,798	$738,444	$926,842	$926,842
Sales Tax from Worker Spending (7)	$8,816	$20,269	$23,632	$25,782	$25,782
Sales Tax from Construction Worker Spending (7)	$152,013	$152,778	$163,387	$143,607	0
Telephone Users Tax (8)	$176,324	$323,612	$485,061	$604,272	$604,272
Access Line Tax (8)	$129,299	$237,306	$355,698	$443,115	$443,115
Water Users Tax (8)	$1,873	$4,947	$6,068	$6,623	$6,623
Gas Electric Steam Users Tax (8)	$30,585	$80,767	$99,057	$108,128	$108,128
Payroll Tax (8)	$409,918	$942,454	$1,098,821	$1,198,789	$1,198,789
Business Tax (8)	$5,529	$14,600	$17,906	$19,545	$19,545
Licenses, Permits, and Franchise Fees (8)	$103,172	$184,778	$281,051	$352,961	$352,961
Fines, Forfeitures, and Penalties (8)	$16,842	$30,163	$45,878	$57,616	$57,616
VLF Realignment to Health and Welfare (9)	$201,900	$361,595	$549,995	$690,717	$690,717
Sales Tax Realignment to Health and Welfare (9)	$434,538	$778,242	$1,183,723	$1,486,591	$1,486,591
Total	$ 9,648,901	$ 19,184,499	$ 29,446,986	$ 36,753,494	$ 36,609,887
Fiscal Costs					
General Administration and Finance (9)					
Elections	$56,596	$101,361	$154,172	$193,619	$193,619
Assessor/Recorder	$11,180	$20,023	$30,455	$38,248	$38,248
Administrative Services / Other	$25,655	$45,947	$69,887	$87,768	$87,768
Public Safety					
Police (8)	$2,066,377	$3,700,807	$5,629,011	$7,069,251	$7,069,251
Fire (8)	$1,008,464	$1,850,858	$2,774,247	$3,456,056	$3,456,056
911 (9)	$74,138	$132,778	$201,958	$253,631	$253,631
Public Health (9)	$28,992	$52,130	$78,852	$99,219	$99,219
Public Works (8)	$90,405	$165,922	$248,700	$309,822	$309,822
Human Welfare and Neighborhood Development (8)	$374,931	$671,488	$1,021,349	$1,282,671	$1,282,671
Culture and Recreation (8)					
Recreation and Park	$564,900	$1,011,715	$1,538,842	$1,932,570	$1,932,570
Libraries	$375,288	$672,127	$1,022,320	$1,283,891	$1,283,891
Sub-total	$4,676,925	$8,425,156	$12,769,793	$16,006,747	$16,006,747
Fiscal Cost Contingency (20%) (9)	$935,385	$1,685,031	$2,553,959	$3,201,349	$3,201,349
Total	$5,612,310	$10,110,187	$15,323,752	$19,208,096	$19,208,096
Net Fiscal Impact - Total	$4,036,591	$9,074,312	$14,123,235	$17,545,398	$17,401,791
One-time Fiscal Revenues					
Property Transfer Tax (10)	$5,869,981	$5,902,562	$6,825,686	$4,403,844	$0
Construction-related Sales and Use Taxes (11)	$1,515,677	$1,751,898	$2,175,026	$2,205,834	$0
Payroll Tax from Construction Workers (12)	$7,068,077	$7,103,642	$7,596,941	$6,677,229	$0
Total	$14,453,735	$14,758,102	$16,597,653	$13,286,906	$0

Source: CBRE Consulting.

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Notes:
(1) This analysis, like the Fehr & Peers' Draft Transit Operating Plan, is based on the 20-year development projections set forth in the Parkmerced project's Draft EIR. That document contained four "Illustrative Development Phases," which are based on the Developer's best estimates for the likely pace of the build-out of the private and public improvements contemplated in the Development Agreement. Accordingly, each of the "Phases" listed in this analysis corresponds to the last year of each of the illustrative Development Phases set forth in the Draft EIR. It should be emphasized, however, that the four Illustrative Development Phases are merely reasonable projections of the potential timing and scope of the Project buildout, and are not fixed development phases or schedules. On the contrary, the draft Parkmerced Development Agreement specifically provides the Developer flexibility in the order and timing of the proposed private development, including allowing discretion in what amount of net new development will be included in each Development Phase. The City, in turn, has the right to review and approve each Development Phase Application to ensure that any Community Improvements, including any SFMTA transit improvements, proposed for each Development Phase are provided in proportion to the cumulative amount of private development to occur in each Development Phase, and that the timing and phasing of the Community Improvements are consistent with the operational needs and plans of all affected City Agencies, and are phased in such a way as to not interfere with the utility and transportation systems operated and maintained by the City.
(2) A representative buildout year is included. The buildout analysis excludes revenues associated with the contruction period, e.g., sales and use tax associated with one-time sales and use tax and construction worker taxable retail sales. These construction period revenues are shown in previous benchmark years.
(3) Derived from the property valuation estimates in Exhibit 7 and the property tax rate assumptions in Exhibit 8.
(4) See calculations in Exhibit 11.
(5) The recurring transfer tax analysis assumes payment associated with the resale of all the for-sale units once every 7 years. This analysis assumes the resale of cumulative projects developed through the current phase. Accordingly, transfer tax payments in years following full buildout of Parkmerced will increase associated with all for-sale project units. An example of the calculation used for this analysis is the amount for Phase III, which is equivalent to the following:
(the one-time transfer tax from Phase I + (the one-time transfer tax from Phase II *3/5))* 1/7. The 3/5 adjustment pertains to the length of the phase versus the frequency of assumed home sales (1/7 years).
(6) The sales tax estimates are inclusive of estimated property tax in lieu of sales and use tax.
(7) See worker taxable retail spending assumptions in Exhibit 4.
(8) See Exhibit 9.
(9) A 20% cost contingency factor accomodates additional costs not reflected in the preceding analysis.
(10) See Exhibit 10.
(11) The one-time transfer tax analysis assumes payment associated with the initial sale of the for-sale units based upon their total estimated valuation, including land.
(12) Construction sales and use taxes are based on construction expenditures less select categories such as interest, city development fees, and bonding costs. The share of costs assumed to be taxable matches the assumptions prepared by Economic & Planning Systems, Inc., in its Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project' in May 2010. See Table A-2 in this document, footnote 14, which estimates that 30% of construction costs are materials and 50% of sales are captured in San Francisco.
(13) Assumes payroll tax payment on the average construction worker wage estimated in Exhibit 4.

One-time Fiscal Revenues

The one-time fiscal revenues will comprise a notable revenue source to the City and County of San Francisco during the Project's approximately 20-year build-out. These estimated revenues total:

- $14.5 million during Illustrative Development Phase I;
- $14.8 million during Illustrative Development Phase II;
- $16.6 million during Illustrative Development Phase III: and
- $13.3 million during Illustrative Development Phase IV.

The most tentative component of these revenues is the smallest – the construction-related sales and use taxes. These are revenues that can accrue to the City and County of San Francisco if certain reporting requirements are followed by the construction contractors, and if individual construction contracts are of a certain size to qualify. Even absent these revenues, however, the anticipated one-time revenues are substantial, and total more than $10.0 million for most construction years.

TRANSPORTATION FISCAL IMPACTS

The net results of the transit fiscal impact analysis for MTA are presented in Exhibit 13 for the representative years of each Illustrative Development Phase. There are two transit scenarios presented: Existing Service with Mitigation; and TEP Service Plan with Mitigation. The Existing Service scenario includes the net addition of some but not a large number of vehicles and associated capital vehicle, capital facility, and operational costs. The TEP Service Plan scenario includes a substantially greater number of new vehicles, and hence much greater costs for the three cost components. However, for the TEP Service Plan to be realized, a new $25 million maintenance and layover facility is required, to be funded by MTA. Thus, a third transit scenario is presented relative to net annual estimated transit expenditures, with this third scenario comprising the TEP Service Plan with Mitigation with a credit for MTA's annual amortized cost of developing the required $25 million facility. This "credit" is presented as a general accounting technique to show and reflect the level of funding MTA will need to contribute to build the facility.

The net impact varies annually. For the Existing Service with Mitigation scenario, the costs are positive for all four Illustrative Development Phase benchmark years. For the TEP Service Plan with Mitigation (with and without the facility costs) the costs for some benchmark years are negative. For all scenarios, the net figures are lumpy due to the timing of capital costs for vehicles and facilities. This is especially the case starting in year 10 for the TEP Service Plan with Mitigation, when light rail capital expenditures are assumed to begin.

For the three scenarios, the Illustrative Development Phase benchmark year net revenues are:

Net Annual Estimated Transit Expenditures, in millions (in 2010 dollars)

Transit Plan	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Build out
Existing Service Plan w/Mitigation	$1.9	$0.3	$2.6	$4.3	$3.1
TEP Service Plan w/Mitigation	$2.2	-$2.7	-$0.8	$0.8	-$0.4
TEP Service Plan w/Mitigation and Facility Credit	$3.9	-$1.0	$0.8	$2.3	$1.2

Upon completion of Project construction, the net annual estimated fiscal impact for transit will stabilize at $3.1 million in net revenues for the Existing Service Plan with Mitigation, at a low of -$400,000 for the TEP Service Plan with Mitigation, and at $1.2 million in net revenues for the TEP Service Plan with Mitigation and new maintenance and layover facility credit. Over time, however, these figures may vary depending upon the timing of replacement vehicles placed into service and the rate at which their costs are amortized.

Additional transit-related revenues will likely accrue to MTA associated with eco-passes provided to residents by the Developer. These revenues are estimated to rise to $0.9 million annually by the time Parkmerced is fully redeveloped.

ECONOMIC IMPACTS

The planned expansion and redevelopment of Parkmerced would provide significant economic benefits to the City and County of San Francisco. Economic impacts measure the effects of economic stimuli or new demand for goods and services in the local economy. New demand in this case is created by the construction activity as well as new permanent business activity. The secondary impacts of supplier expenditures and local spending by construction employees are called multiplier effects. Multiplier effects are a way of representing the larger effects on the local economy of an initial increase in demand.

These positive impacts, all estimated in 2010 dollars, include the following:[1]

- The Project would generate significant non-recurring construction impacts. Hard and soft construction costs for infrastructure, site development, and residential and other construction are estimated at $6.3 billion, of which $5.1 billion would create local economic impacts. This construction activity, which is anticipated to occur over a 20-year timeframe, would generate an economic impact of $7.1 billion throughout San Francisco, directly and indirectly supporting about 35,000 jobs and $2.6 billion in payroll (see Figure 1).

FIGURE 1
PROJECT SUMMARY

	Total	Phase I	Phase II	Phase III	Phase IV
Construction Costs*					
Infrastructructure	$469,118,167	$135,690,902	$148,697,622	$111,232,535	$73,497,108
Hard Costs	$3,856,854,270	$729,299,862	$847,486,035	$1,117,072,495	$1,162,995,878
Soft Costs	$772,984,372	$145,460,393	$171,748,365	$221,712,535	$234,063,079
Economic Impacts of Construction					
Output	$7,146,109,133	$1,522,770,891	$1,678,435,068	$1,996,220,492	$1,948,682,682
Jobs	34,934	8,696	8,721	9,327	8,190
Income	$2,588,542,526	$647,266,566	$645,556,273	$690,840,998	$604,878,689
On-Going Annual Impacts					
Output	$312,939,811	na	na	na	na
Jobs	2,153	na	na	na	na
Income	$118,042,481	na	na	na	na

*Excludes costs such as interest, bonding and city development fees that do not create local economic impacts.

[1] A construction budget dated 9/11/10 was the foundation for this economic impact analysis.

- In addition to the construction impacts, this Project could create an estimated 1,600 new permanent jobs with a combined payroll estimated at $82.0 million. The retail and office businesses within Parkmerced would make local supplier purchases that would support additional economic activity beyond the direct impacts listed above. Also, their employees would spend a portion of their income locally, creating economic impacts at other local businesses. The new demand created by supplier purchases and employee spending would result in an annual economic impact of $309.9 million in the City and County of San Francisco, directly and indirectly supporting about 2,150 total jobs. This jobs impact reflects the approximately 1,600 jobs and an additional 550 indirect and induced jobs.

- Overall, the Project would have a significant positive impact throughout San Francisco. It would create a model for sustainable urban development as well as generating new jobs and supporting local business activity in the community.

II. GENERAL FUND FISCAL IMPACT ANALYSIS OVERVIEW

The fiscal impact analysis of Parkmerced examines the prospective General Fund fiscal revenues and costs of the Project for a representative year in each of the four Illustrative Development Phases of Project development. The analysis in this chapter focuses exclusively on the General Fund of the City and County of San Francisco, and does not include other servicing entities, such as public transportation or special funds. The following chapter discusses the Project's transportation fiscal impacts.

APPROACH TO THE ANALYSIS

CBRE Consulting adopted an approach to the fiscal impact analysis designed to provide a general understanding of the Project's net fiscal impact on the General Fund without requiring extensive, in-depth analysis. As such, the analysis includes general findings that provide an indication of the nature of the Project's fiscal impacts but not a detailed forecast of the Project's performance. Accordingly, a number of simplifying assumptions are included in the analysis, all of which are documented herein.

The analysis is structured to examine the Project's impacts for a representative year in each Illustrative Development Phase, corresponding with the phases of Project construction. Each phase has a 5-year duration, with the exception of the last phase, which is 6 years. The timing for the Illustrative Development Phases extends from 2012 to 2032. The representative year selected for each Illustrative Development Phase comprises the final year in each phase. As such, this year reflects the maximum revenues and costs attributable to each respective phase, since all units built during the phase will be complete in the final year.

In keeping with the simplifying approach to the analysis, the findings are presented in 2010 dollars, despite the long duration. The findings for the final phase, corresponding to years 16-21, can provide a general proxy for the Project results at stabilization. In addition, the phasing assumptions in the analysis are illustrative; the actual Project phasing and associated fiscal impacts may vary from those presented herein.

The overall approach to the analysis is an average cost approach. This is the most expeditious approach for a fiscal impact analysis but is also one that can result in under or over estimation of both project costs and revenues. In this approach, costs are derived by determining an average cost to provide existing services on a per capita basis for the relevant population served, which is then applied to the comparable population base for the project under study. A similar approach is used for revenues. The alternative, which comprises the case study or marginal cost approach, involves obtaining detailed estimates from service department representatives based on project specifics, such the number and cost of fire department personnel and overhead required to provide fire services to the new project. This approach was not pursued for this analysis because it would entail a more lengthy time commitment than was available and access to a number of City of San Francisco department representatives, which also entails a time factor.

The Parkmerced Project that is the subject of this analysis essentially comprises an infill development opportunity, with the overall development envelope remaining the same but with a higher level of density. Projects of this nature, that are already served by existing services and infrastructure, often do not have substantial impacts on a marginal basis, especially relative to costs. Therefore, CBRE Consulting believes it is conservative to conduct the analysis on a marginal cost basis. To reinforce this conservatism, and to compensate for any risks of under estimation with the average cost approach, CBRE Consulting strove throughout the analysis to make conservative assumptions, thus potentially under estimating revenues and over estimating costs.

The analysis was conducted in a series of linked excel-based worksheets. Exhibits generated from these worksheets are included in the Appendix.

STUDY RESOURCES

The fiscal impact analysis relied upon a few key resources. These resources are all identified in the sources and notes to the exhibits used to conduct the analysis and provide the results. These resources are as follows:

- *Materials provided by Parkmerced Investors, LLC.* These materials, provided by the Project developer, include a property tax log, portions of the development pro forma, a construction budget, summary development worksheets, and counts of parking meters planned for the Project. The development pro forma components and construction budgets were vetted by CBRE Consulting, and are the subject of a separate analysis. Thus, many of the assumptions were derived from the development pro forma.

- *The Project's Draft Environmental Impact Report (DEIR)*. Of particular relevance to the fiscal impact analysis was information about the Project definition, population and employment estimates, and anticipated service requirements, especially police services, as detailed in the DEIR.

- *City and County of San Francisco resources*. These include the Mayor's Proposed May Budget 2010-2011 and the City and County's Comprehensive Annual Financial Report, as well as information provided by a range of City departments and on-line resources, such as the Controller's Office and the Office of the Assessor-Recorder.

- *Third party resources*. These sources include the Association of Bay Area Governments, the U.S. Bureau of Labor Statistics, the U.S. Bureau of the Census, County Business Patterns, and the International Council of Shopping Centers.

- *The fiscal and economic impact analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project.* This analysis was conducted by Economic & Planning Systems, Inc., (EPS) and completed in May 2010. In order to leverage existing resources, this document was relied upon to identify major cost and revenue categories, to provide a basis for approaching the estimation of select costs and revenues, and as a basis for some specific costs and revenues, adjusted for inflation by CBRE Consulting. The EPS analysis was conducted in fiscal year 2009 dollars. A fiscal cost contingency is factored into the Parkmerced analysis to accommodate some fiscal costs not accounted for the in EPS analysis for the Candlestick Point/Hunters Point Shipyard Redevelopment Project.

- *Transit Operating Plan.* This plan was prepared for the Project by Fehr & Peers, Transportation Consultants. The plan describes the transit service plan for the Project, including elements of the plan and the expected costs associated with operating that service.

- *Public Transportation Agency resources.* The budget for the San Francisco Municipal Transportation Agency (MTA) provided source information for revenue estimates and San

Francisco County Transportation Authority documents provided additional information on revenues sources. Additional information was provided directly by MTA staff.

All of these resources are identified as warranted in the series of exhibits that document the fiscal impact analysis.

PROJECT ASSUMPTIONS

The assumptions underlying the fiscal impact analysis are presented in Exhibits 2 through 8, which can be found in the Appendix. A summary of these exhibits and their primary purpose are as follows:

- *Exhibit 2, Summary of Development Program by Phase.* This exhibit summarizes unit count information by type of unit and Illustrative Development Phase, and includes assumptions regarding the distribution of units between inclusionary and market rate for both the rental product and the for-sale product. The pacing of the non-residential development is also included, based upon a development program provided by Parkmerced Investors, LLC. Key assumptions include the development of the replacement rent-controlled units at the same pace as the demolition of the existing garden units.

- *Exhibit 3, Cumulative Analysis of Development Program by Phase.* This exhibit provides a building block for the estimation of fiscal revenues and costs by Illustrative Development Phase. This includes the residential and non-residential development. Assumptions regarding occupied space for the non-residential uses are from a subsequent exhibit.

- *Exhibit 4, Demographic, Employment, Retail Spending, and Employee Wage Assumptions.* The fundamental assumptions included in this exhibit provide the basis for the estimation of residents and jobs associated with the Project and drive many of the fiscal impact analysis revenue estimates. The population density and Project employment estimates are from the Project's DEIR and the average taxable retail spending assumptions for residents and workers and estimated worker wages were developed by CBRE Consulting, with documentation maintained in CBRE Consulting's files but not included herein. Notably, the on-site retail space is assumed to primarily be supported by Project residents and workers. Thus, the analysis conservatively does not impute any taxable sales revenue to this Project component, instead focusing on projected taxable spending by residents and on-site workers.[2]

- *Exhibit 5, Net New Development Cumulative Population and On-Site Employment and Phased Construction Jobs Estimates.* The purpose of this exhibit is to derive the cumulative population and employment estimates by Illustrative Development Phase needed to support the fiscal revenues and cost analysis and to derive relevant service population estimates. For services provided to both residents and employees, the analysis includes a service population estimate, which comprises all residents plus one-half the employees, on the assumption that employees do not require the same level of service as residents. This is generally perceived to be an industry-standard assumption. The construction job estimates were generated by the economic impact analysis component of this study, and are documented in the next chapter in this report.

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[2] This assumption is conservative because it is highly likely that some sales achieved by the Project's retail component will be generated external to the Project, such as nearby San Francisco State students and staff.

- *Exhibit 6, Property Valuation Assumptions.* CBRE Consulting developed estimates of the value for the various components of the Project as a basis for estimating the property tax revenues. Information on existing property values were derived from a property tax log provided by Parkmerced Investors, LLC. Since Parkmerced Investors, LLC currently owns the property and the underlying land, the analysis assumes the land will continue with this ownership except for the for-sale residential units. Thus, a land value was derived pertaining to the demolished garden units, so only incremental improvement costs for the equivalent units could be estimated. The remaining valuations and operational assumptions were derived from the developer's pro forma or estimated by CBRE Consulting in the process of reviewing the pro forma. The analysis assumes no value for the inclusionary rental units, as the development pro forma indicates a negative to zero value for these units. This is a very conservative assumption relative to the property tax estimation since the units will ultimately be assigned a value for tax roll purposes.

- *Exhibit 7, Cumulative Net New Property Valuation Estimates*. This exhibit applies the Exhibit 6 valuation assumptions to the Project components and estimates the cumulative value over the development horizon.

- *Exhibit 8, Tax Rate and Other Revenue and Financial Assumptions.* Basic assumptions, such as an estimate of the City's current service population, existing or projected tax rates, and an estimated inflation rate, are documented on this exhibit. The inflation rate is applied to service costs derived from the EPS analysis for Candlestick Point/Hunters Point Shipyard, which was conducted in fiscal year 2009 dollars, as well as other assumptions provided in 2009 dollars.

AVERAGE COST AND REVENUE ESTIMATES

For this study, there were two primary sources for deriving the average cost and revenue estimates – the City budget and the EPS analysis for Candlestick Point/Hunters Point. The categories included in the analysis are those most germane to the General Fund, and also parallel the categories included in the aforementioned EPS study. In this regard, the EPS study, which was reviewed by representatives of the City and County of San Francisco prior to the approval of the EIR for the Candlestick Point/Hunters Point project, was a guide to the relevant categories. The exhibits pertaining to these estimates, and other relevant cost and revenue estimates, are as follows:

- *Exhibit 9, General Fund Annual Average Revenue and Cost Calculations.* This exhibit includes General Fund costs or revenues for fiscal year 2010/2011 and shows the derivation of average cost or revenue figures for the analysis. The relevant population basis to which to apply the cost or revenue is identified. The total utility user's tax figures tie to the budget amount, but the distribution is based upon figures in the EPS study as CBRE Consulting did not identify individual line item revenues. The Police service costs pertain to the 36 police officers estimated to meet the Project's needs in the DEIR. An average cost per police officer was then derived from the budget. The Human Welfare and Neighborhood Development costs are adjusted downward using a variable versus fixed cost approach because many of the costs in this category were deemed by CBRE Consulting not to be relevant to the Parkmerced population. EPS used a similar variable vs. fixed cost approach in its analysis, except they used a higher percentage applied to a much lower expenditure. CBRE Consulting could not identify the source for the cited expenditure in the EPS study and thus an alternative approach was developed along similar lines.

- *Exhibit 10, General Fund Revenue and Cost Calculations Derived from Economic & Planning Systems Analysis for Candlestick Point/Hunters Point Shipyard Redevelopment Project.* This exhibit shows the average cost and revenue figures derived from the EPS study. These are cost and revenue figures that were derived by EPS in some other method besides a straight average cost methodology, including some factors estimated specifically for the Candlestick Point/Hunters Point project by EPS or City department representatives. In these cases, CBRE Consulting either replicated the methodology or calculated average cost factors that were then updated by inflation. The resulting average cost and revenue figures are included in this exhibit, but the detailed calculations are maintained in CBRE Consulting's project files.

- *Exhibit 11, Motor Vehicle In Lieu Fee Estimate.* This revenue component is derived from the Project's anticipated contribution to increased property valuation throughout the City and County of San Francisco. A fundamental assumption in the analysis pertains to the existing like revenues received by San Francisco for fiscal year 2010/2011.

- *Exhibit 13, Transportation Fiscal Impact Analysis.* This exhibit includes revenue and costs estimates relevant to the transportation aspects of the Project. These estimates are embedded in the analysis and fully explained in the footnotes. These include revenues attributable to residential units, transit boardings, number of vehicles placed in service to serve the Project, etc. It further includes costs amortized over the anticipated lifecycle of the respective vehicles placed into service. Cost impacts for two transportation scenarios are presented: Existing Service with Mitigation; and TEP Service Plan with Mitigation.

NET GENERAL FUND FISCAL IMPACT FINDINGS

The results of the General Fund fiscal impact analysis for Parkmerced are presented in Exhibit 12 (which is a duplicate of the earlier referenced Exhibit 1). These findings present the estimated revenues and costs accruing to the City and County of San Francisco General Fund for the representative years in each Illustrative Development Phase. The Illustrative Development Phase IV estimates reflect costs and revenues anticipated to occur on an ongoing basis even after the Project reaches stabilization. In addition, Exhibit 12 includes some revenues anticipated to occur on a one-time basis. These revenues include transfer taxes attributable to the first time sale of the Project's for sale units (versus recurring revenues anticipated upon unit resale, which are included in the ongoing revenue estimates), construction-related sales and uses taxes, and payroll taxes for the Project's construction workers. The assumption regarding construction-related sales and use taxes parallels a similar assumption developed by EPS in its fiscal impact analysis for the Candlestick Point/Hunters Point Shipyard redevelopment project.

Net General Fund Fiscal Impact Attributable to Ongoing Revenues and Costs

The General Fund fiscal impact analysis estimates that the Parkmerced Project will generate revenues to the City and County of San Francisco General Fund totaling up to $9.6 million annually during Illustrative Development Phase I, increasing to up to $36.8 million annually during Illustrative Development Phase IV.

The General Fund costs over the same time periods are estimated to total up to $5.6 million annually during Phase I and up to $19.2 million annually during Phase IV. The differences, comprising the net annual fiscal revenues, total the following:

- up to $4.0 million net revenue annually during Illustrative Development Phase I;
- up to $9.1 million net revenue during Illustrative Development Phase II;
- up to $14.1 million net revenue during Illustrative Development Phase III; and
- up to $17.5 million net revenue during Illustrative Development Phase IV.

These figures are inclusive of the maximum revenues and costs attributable to each respective phase, since all units built during the phase will be complete in the final year.

While not precise, it is likely that the estimated continued net fiscal impact during Project stabilization will be only slightly less than the estimated $17.5 million Phase IV figure, in 2010 dollars. The reason the net impact will be slightly less is attributable to the construction-period sales tax revenues on construction worker taxable retail sales that will no longer accrue to the City and County of San Francisco when construction is complete and the Project moves into stabilization.

As referenced earlier, this analysis is intended to give a general sense of the net fiscal impact of the Project. The figures are not precise estimates, and changes could occur if many of the cost and revenue factors are developed with more precision. Nonetheless, the findings suggest a strong likelihood that the Project will result in a net fiscal impact to the General Fund of the City and County of San Francisco. However, some limitations to the analysis, discussed below, may affect the degree of the Project's estimated net benefit.

One-time Fiscal Revenues

The one-time fiscal revenues will comprise a notable revenue source to the City and County of San Francisco during the Project's approximately 20-year build-out. These estimated revenues total the following:

- $14.5 million during Illustrative Development Phase I;
- $14.8 million during Illustrative Development Phase II;
- $16.6 million during Illustrative Development Phase III: and
- $13.3 million during Illustrative Development Phase IV.

The most tentative component of these revenues is the smallest – the construction-related sales and use taxes. These are revenues that can accrue to the City and County of San Francisco if certain reporting requirements are followed by the construction contractors, and if individual construction contracts are of a certain size to qualify. Even absent these revenues, however, the anticipated one-time revenues are substantial, and total more than $10.0 million for most years of the construction effort.

FISCAL IMPACT LIMITATIONS

As cited earlier, the fiscal impact analysis was conducted as a generalized analysis complete with simplifying assumptions. There are a wide range of additional revenue and cost considerations that could be taken into account that may change the net fiscal impact balance. Some of these considerations would result in higher revenues while others would result in higher costs. A summary of some of these considerations is as follows:

Revenue Factors

- The property tax analysis includes transfer tax on only the for-sale residential units. If some portion of other land development components are ultimately sold, transfer tax revenues would then accrue to the City and County of San Francisco.

- The analysis does not include any increase in valuation, such that would occur with the maximum 2.0 percent allowable increase pursuant to Proposition 13 or that would occur based upon increased valuation upon sale.

- Some of the value of the Project's residential units are assumed to have $0 value for purpose of the property tax estimation. For tax roll purposes some value will likely be assigned to these uses, and thus the property tax revenues are underestimated.

- The motor vehicle in lieu fee estimate is based upon an existing revenue figure for fiscal year 2009/2010. Adjusting the analysis with a fiscal year 2010/2011 figure could increase or decrease the amount estimated.

Cost Factors

- The analysis does not take into account long-term service cost inflation, which may or may not be greater than the estimated rate of inflation.

- The Project's DEIR indicates the need for a police substation to serve the Project and possibly a fire substation. There are provisions within the Project to provide for these capital facilities. The fiscal impact analysis may or may not include sufficient costs to cover the operational costs for these facilities.

- The Project will entail service costs that are not covered through the General Fund. These were beyond the scope of the analysis to estimate, but could be substantial.

III. TRANSPORTATION FISCAL IMPACTS

The Transportation fiscal impact analysis of Parkmerced examines the prospective San Francisco Municipal Transportation Agency (SFMTA) fiscal revenues and costs of the Project for a representative year in each of the Project's four Illustrative Development Phases and at stabilization. The analysis in this chapter focuses exclusively on the revenues and costs attributable to transportation, documented in Exhibit 13. As with the General Fund analysis, the May 2010 EPS analysis for Candlestick Point/Hunters Point Shipyard Redevelopment project provided a basis for approaching the estimation of select costs and revenues for SFMTA, and as a basis for some specific costs and revenues.

TRANSIT REVENUES

Ongoing Transit Revenues

There are numerous ongoing revenue sources for SFMTA associated with the Parkmerced Project. All of the ongoing revenue sources are identified and documented in Exhibit 13. The revenues are derived from multiple sources, including fare box recovery, advertising on SFMTA vehicles, sales tax, metered parking, estimated fines, and an allocation of unrestricted City and County of San Francisco General Fund revenues. The basis for each revenue source varies, and includes the following:

- the number of residential units;
- estimated annual boardings associated with the Project;
- the number of net new buses and light rail vehicles anticipated to serve the Project;
- the number of net new parking meters located within Parkmerced;
- taxable sales generated by project residents and on-site employees;
- the project's service population; and
- the estimated General Fund revenues generated by the Project.

Information on the number of annual boardings, number of vehicles anticipated to serve the Project, and the number of net new parking meters was obtained from other documents prepared for the Project (annual boardings and number of buses and light rail vehicles) or the Project developer (parking meter count). The basis for all other revenue sources is internal to the fiscal impact analysis presented earlier.

The results of the SFMTA transit revenue estimates are presented in Exhibit 13. There is a modest range in the results depending upon the scenario examined, including two different transit options identified by Fehr & Peers in its analysis. These options include the Existing Service Plan with Mitigations and the TEP Service Plan with Mitigations (see discussion below). The fiscal variation is attributable to the number of net new vehicles placed in service and the associated advertising revenue.

The results indicate estimated annual ongoing revenues of about $2.3 million during year 5 of the Illustrative Development Phase I, increasing to about $8.0 million in the final year of the Illustrative Development Phase IV. At buildout, the ongoing revenues estimate is projected to drop modestly, but remain at about $8.0 million. The decline in revenues is due to a reduction in sales tax revenues attributable to the cessation of sales tax revenues associated with construction period taxable retail spending by Project construction workers.

One-time Transit Revenues

There will also be one-time revenues associated with the one-time sales and use taxes generated during the construction period. These revenues are based upon a share of sales and use taxes associated with spending on construction materials, and will cease when construction is complete. These revenues, presented in Exhibit 13, total $0.8 million in year 5 of the Illustrative Development Phase I, and increase to $1.1 million in the final year of construction at the end of Illustrative Development Phase IV. These revenues will not recur subsequent to Project buildout.

TRANSIT COSTS

This study includes analysis of transit costs associated with the net new buses and light rail vehicles by transit line anticipated to serve the Project. The number of vehicles and associated costs were developed by Fehr & Peers, transportation consultants to the Project. Fehr & Peers estimated costs for several scenarios, including the Existing Service Plan and the SFMTA's Transit Effectiveness Project (TEP), both with and without mitigation. Pursuant to guidance from the City and County of San Francisco, this analysis brackets the costs by using the costs and associated assumptions tied to both the Existing Service Plan and the TEP Service Plan, both with Mitigation. For the Existing Service Plan with Mitigation, the analysis assumes a total of 6 net new vehicles, including 2 buses and 4 light rail vehicles (LRV). There are also 2 buses and 12 LRV's included that comprise replacement vehicles, thus costs for a total of 6 vehicles are included in the analysis. For the TEP Service Plan with Mitigation, the analysis assumes a total of 13 net new vehicles, including 4 buses and 9 light rail vehicles (LRV). There are also 2 buses and 7 LRV's included that comprise replacement vehicles, thus costs for a total of 22 vehicles are included in the analysis.

The costs estimated by Fehr & Peers include operations and maintenance, new vehicle capital costs, and new vehicle facility costs. All of the assumptions used for this analysis are tied to the Fehr & Peers Draft Transit Operating Plan, September 2010. To estimate costs, CBRE included all annual operations and maintenance costs estimated by Fehr & Peers, updated to 2010 dollars (original figures were presented in fiscal year 2006/2007 dollars). Capital costs were then included based on an amortization schedule by transit line, which varied by type of capital cost. The first year of the amortized cost per transit line reflects the first year of service for the associated vehicle. The amortization schedules matched assumptions developed by EPS for the Candlestick Point/Hunters Point Shipyard Redevelopment Project, and are documented in Exhibit 13. Inclusion of these capital costs is highly conservative, as all of the costs identified may not be exclusive to Parkmerced. Another contributor to the underlying conservatism in the analysis are the aforementioned replacement costs for buses after the end of about 12 years, which is the forecasted lifecycle of a bus.

A representative sampling of the estimated transit costs is included in Exhibit 13. These costs are representative because the estimated costs vary year to year, based upon the number of vehicles in service, associated capital costs, and amortization schedule. The costs range considerably between the Existing Service Plan with Mitigation and the TEP Service Plan with Mitigation. These costs range from $0.8 million to $1.1 million during year 5 of Illustrative Development Phase I to $4.8 million to $8.4 million in the final year of construction at the end of Illustrative Development Phase IV. These $4.8 million to $8.4 million figures are also the annual estimates at Project build out.

For the TEP Service Plan with Mitigation, the net impact analysis is offset to account for the need for a new maintenance and layover facility to be constructed by MTA to facilitate implementation of this plan. This facility and the associated cost impacts are discussed in the following section.

NET TRANSIT FISCAL IMPACT ANALYSIS

The net results of the transit fiscal impact analysis for MTA are presented in Exhibit 13 for the representative years of each Illustrative Development Phase. There are two transit scenarios presented: Existing Service with Mitigation; and TEP Service Plan with Mitigation. The Existing Service scenario includes the net addition of some but not a large number of vehicles and associated capital vehicle, capital facility, and operational costs. The TEP Service Plan scenario includes a substantially greater number of new vehicles, and hence much greater costs for the three cost components. However, for the TEP Service Plan to be realized, a new $25 million maintenance and layover facility is required, to be funded by MTA. Thus, a third transit scenario is presented relative to net annual estimated transit expenditures, with this third scenario comprising the TEP Service Plan with Mitigation with a credit for MTA's annual amortized cost of developing the required $25 million facility. This cost amortized over 25 years at 5% interest is $1,773,881. This "credit" is presented as a general accounting technique to show and reflect the level of funding MTA will need to contribute to build the facility.

The net impact varies annually. For the Existing Service with Mitigation scenario, the costs are positive for all four Illustrative Development Phase benchmark years. For the TEP Service Plan with Mitigation (with and without the facility costs) the costs for some benchmark years are negative. For all scenarios, the net figures are lumpy due to the timing of capital costs for vehicles and facilities. This is especially the case starting in year 10 for the TEP Service Plan with Mitigation, when light rail capital expenditures are assumed to begin.

For the three scenarios, the Illustrative Development Phase benchmark year net revenues are:

Net Annual Estimated Transit Expenditures, in millions (in 2010 dollars)

Transit Plan	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Build out
Existing Service Plan w/Mitigation	$1.9	$0.3	$2.6	$4.3	$3.1
TEP Service Plan w/Mitigation	$2.2	-$2.7	-$0.8	$0.8	-$0.4
TEP Service Plan w/Mitigation and Facility Credit	$3.9	-$1.0	$0.8	$2.3	$1.2

Upon completion of Project construction, the net annual estimated fiscal impact for transit will stabilize at $3.1 million in net revenues for the Existing Service Plan with Mitigation, at a low of -$400,000 for the TEP Service Plan with Mitigation, and at $1.2 million in net revenues for the TEP Service Plan with Mitigation and new maintenance and layover facility credit. Over time, however, these figures may vary depending upon the timing of replacement vehicles placed into service and the rate at which their costs are amortized.

Additional transit-related revenues will likely accrue to MTA associated with eco-passes provided to residents by the Developer. These revenues are estimated to rise to $0.9 million annually by the time Parkmerced is fully redeveloped.

IV. ECONOMIC IMPACT ANALYSIS OVERVIEW

The economic benefits resulting from Parkmerced include one-time construction impacts and on-going impacts related to new nonresidential development and jobs. These impacts are quantified in terms of direct and indirect jobs, personal income, and economic activity or output that would be generated by the Project. Economic impacts measure the effects of economic stimuli or expenditures in the local economy. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in San Francisco that benefit from this economic stimuli. All of the economic impact findings are presented in 2010 dollars. As the construction budget prepared by Parkmerced Investors, LLC includes estimated inflation, the economic impact analysis adjusted the construction figures downward to control for the effects of inflation. The following analysis is based upon construction budget information as of September 11, 2010.

CONSTRUCTION IMPACTS

The total economic impact of the construction of Parkmerced on the City and County of San Francisco is estimated at $7.1 billion over the next 20 years. The construction impacts are estimated for each of the four phases of construction. The Project would include a series of infrastructure and transportation improvements and site work, followed by the residential construction as well as amenities, open space, and some office, retail, and other mixed use development.

Total jobs and personal income or payroll from construction, and the total increase in economic activity from new construction expenditures are shown in Figure 2. The Project would result in total development costs of about $6.3 billion, of which about $5.1 billion would create local economic impacts. There were a few cost items excluded from this analysis, such as interest ($791.3 million), City development fees ($390.0 million) and bonding costs ($5.0 million), since they do not directly support new jobs or income. Of the City development fees, representative costs include $26.5 million paid in school impact fees, $7.5 million paid in jobs/housing linkage fees, and $32.2 million paid as a water capacity charge.

As a result of the aforementioned exclusions, the economic impacts are based on total construction costs of $5.1 billion (in estimated 2010 dollars).

FIGURE 2
CONSTRUCTION IMPACT OF PARKMERCED
ON THE CITY OF SAN FRANCISCO

	Direct			Indirect and Induced			Total		
Phase	Construction Expenditures	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
Phase I	$1,010,451,157	5,623	$454,075,711	$512,319,734	3,073	$193,190,856	$1,522,770,891	8,696	$647,266,566
Phase II	$1,167,932,022	5,651	$453,655,853	$510,503,046	3,070	$191,900,421	$1,678,435,068	8,721	$645,556,273
Phase III	$1,450,017,565	6,044	$485,446,129	$546,202,927	3,283	$205,394,869	$1,996,220,492	9,327	$690,840,998
Phase IV	$1,470,556,065	5,312	$425,402,500	$478,126,617	2,878	$179,476,189	$1,948,682,682	8,190	$604,878,689
Total	$5,098,956,809	22,630	$1,818,580,192	$2,047,152,324	12,304	$769,962,334	$7,146,109,133	34,934	$2,588,542,526

Most of the construction activity would occur at the site; however, some of the direct expenditures for professional services, supplies, and various support services would occur in other parts of San

Francisco. The multiplier effect of this construction spending on the City and County of San Francisco could result in a total increase in economic activity of about $7.1 billion over the four phases. The approximately 35,000 direct and indirect jobs created by this construction Project would result in over $2.6 billion in personal income generated in the City and County of San Francisco during the construction period. These construction impacts include local supplier purchases and consumer purchases made by employees throughout San Francisco. Although many of the construction employees may not actually live in San Francisco, the Project would result in significant potential for additional consumer spending in the city and in the larger region.

The multipliers used in this analysis are from IMPLAN, a nationally recognized vendor of economic impact software, and are specific to the City and County of San Francisco. Hence, they only capture the impacts that are projected to occur in San Francisco, not the surrounding region. Industry specific multipliers were used for each category of construction costs, including both hard costs as well as soft costs like architecture, engineering, and project management. Although the impacts are proportional to the total construction costs for each phase, they also vary depending on the mix of costs by type that are included in each phase.

On average, the output multiplier for the construction impacts is 1.4. This means that for every $1.0 million of construction expenditures, an additional $400,000 in economic activity is generated in San Francisco's economy. Similarly, for every direct construction job created, an additional 1.5 jobs are supported at other businesses in San Francisco.

ON-GOING IMPACTS

In addition to the construction impacts, there would be on-going economic impacts resulting from the permanent jobs created by Parkmerced. These include the jobs in retail, professional services, education, maintenance, fitness services, transit, and property management associated with the residential development included in Exhibit 4. The estimated incomes for these jobs are the same as assumed for the fiscal impact analysis, as presented in Exhibit 4. The total economic impacts of the permanent jobs created by this Project are estimated at $309.9 million per year once the Project is complete.

The economic impact results are grouped into direct impacts and total impacts. Direct impacts include employment, payroll, and sales at the businesses in Parkmerced. These businesses make some supplier purchases in the local area, and their employees make local purchases that are captured in the total impact estimates. The total impact includes both the direct impacts and the secondary or indirect impacts created by other local businesses and their employees.

The secondary impacts of supplier expenditures and employee spending are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multipliers effects translate an increase in output (loosely defined for service industries as sales, less profits) into a corresponding increase in jobs and personal income. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

The new permanent jobs generated by Parkmerced could create direct and indirect annual impacts of $309.9 million in San Francisco once the Project is complete (see Figure 3). On-going impacts will increase throughout the construction period as each phase is completed. The development will directly generate about 1,600 jobs and $82.0 million in payroll, based on the assumptions in this analysis. Through the multiplier effect created by local supplier and employee spending, these businesses would indirectly support an additional 550 jobs and $35.2 million in annual payroll throughout San Francisco.

FIGURE 3
ECONOMIC IMPACTS OF PERMANENT JOBS CREATED BY PARKMERCED
ON THE CITY OF SAN FRANCISCO

	Direct			Indirect and Induced			Total		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
Residential (Mgmt)	$60,713,703	140	$9,674,000	$18,190,918	98	$6,319,568	$78,904,621	238	$15,993,568
Retail	$50,242,621	660	$22,044,000	$26,994,506	150	$9,533,387	$77,237,126	810	$31,577,387
Office	$59,993,803	290	$31,175,000	$35,744,368	202	$12,798,058	$95,738,171	492	$43,973,058
Educational	$1,893,154	35	$749,000	$968,752	5	$365,447	$2,861,906	40	$1,114,447
Maintenance	$33,428,931	370	$16,132,000	$14,555,659	83	$5,224,541	$47,984,590	453	$21,356,541
Fitness	$3,209,560	85	$1,683,000	$2,145,026	11	$738,452	$5,354,585	96	$2,421,452
Misc, Transit	$1,246,525	15	$508,500	$528,616	3	$197,563	$1,775,142	18	$706,063
Total	$210,728,297	1,595	$81,965,500	$99,127,845	554	$35,177,016	$309,856,142	2,149	$117,142,516

SUMMARY

The Parkmerced Project would create significant economic benefits, not only in the Parkmerced neighborhood, but also throughout the City and County of San Francisco. The construction activity, which would occur over a 15- to 20-year period, would create a total economic impact of $7.1 billion and support close to 35,000 jobs. In addition, the Project would directly support close to 1,600 permanent office, retail, and other jobs, creating an annual impact of $309.9 million that would contribute to the economic vitality of the local community.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

CBRE Consulting, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although CBRE Consulting, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

APPENDIX: EXHIBITS

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Revenue or Cost Item	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Buildout (2)
Fiscal Revenues					
General Fund Property Tax (3)	$6,529,145	$12,774,935	$19,571,047	$24,145,036	$24,145,036
Property Tax In Lieu of Vehicle License Fees (4)	$1,175,616	$2,285,182	$3,476,159	$4,268,301	$4,268,301
Property Transfer Tax (5)	$0	$503,141	$1,344,503	$2,266,851	$2,266,851
Sales Tax from Resident Spending (6)					
Inclusionary Rental Units	$3,720	$4,932	$6,556	$8,717	$8,717
All Other Net New Units	$269,611	$484,798	$738,444	$926,842	$926,842
Sales Tax from Worker Spending (7)	$8,816	$20,269	$23,632	$25,782	$25,782
Sales Tax from Construction Worker Spending (7)	$152,013	$152,778	$163,387	$143,607	0
Telephone Users Tax (8)	$176,324	$323,612	$485,061	$604,272	$604,272
Access Line Tax (8)	$129,299	$237,306	$355,698	$443,115	$443,115
Water Users Tax (8)	$1,873	$4,947	$6,068	$6,623	$6,623
Gas Electric Steam Users Tax (8)	$30,585	$80,767	$99,057	$108,128	$108,128
Payroll Tax (8)	$409,918	$942,454	$1,098,821	$1,198,789	$1,198,789
Business Tax (8)	$5,529	$14,600	$17,906	$19,545	$19,545
Licenses, Permits, and Franchise Fees (8)	$103,172	$184,778	$281,051	$352,961	$352,961
Fines, Forfeitures, and Penalties (8)	$16,842	$30,163	$45,878	$57,616	$57,616
VLF Realignment to Health and Welfare (9)	$201,900	$361,595	$549,995	$690,717	$690,717
Sales Tax Realignment to Health and Welfare (9)	$434,538	$778,242	$1,183,723	$1,486,591	$1,486,591
Total	$ 9,648,901	$ 19,184,499	$ 29,446,986	$ 36,753,494	$ 36,609,887
Fiscal Costs					
General Administration and Finance (9)					
Elections	$56,596	$101,361	$154,172	$193,619	$193,619
Assessor/Recorder	$11,180	$20,023	$30,455	$38,248	$38,248
Administrative Services / Other	$25,655	$45,947	$69,887	$87,768	$87,768
Public Safety					
Police (8)	$2,066,377	$3,700,807	$5,629,011	$7,069,251	$7,069,251
Fire (8)	$1,008,464	$1,850,858	$2,774,247	$3,456,056	$3,456,056
911 (9)	$74,138	$132,778	$201,958	$253,631	$253,631
Public Health (9)	$28,992	$52,130	$78,852	$99,219	$99,219
Public Works (8)	$90,405	$165,922	$248,700	$309,822	$309,822
Human Welfare and Neighborhood Development (8)	$374,931	$671,488	$1,021,349	$1,282,671	$1,282,671
Culture and Recreation (8)					
Recreation and Park	$564,900	$1,011,715	$1,538,842	$1,932,570	$1,932,570
Libraries	$375,288	$672,127	$1,022,320	$1,283,891	$1,283,891
Sub-total	$4,676,925	$8,425,156	$12,769,793	$16,006,747	$16,006,747
Fiscal Cost Contingency (20%) (9)	$935,385	$1,685,031	$2,553,959	$3,201,349	$3,201,349
Total	$5,612,310	$10,110,187	$15,323,752	$19,208,096	$19,208,096
Net Fiscal Impact - Total	$4,036,591	$9,074,312	$14,123,235	$17,545,398	$17,401,791
One-time Fiscal Revenues					
Property Transfer Tax (10)	$5,869,981	$5,902,562	$6,825,686	$4,403,844	$0
Construction-related Sales and Use Taxes (11)	$1,515,677	$1,751,898	$2,175,026	$2,205,834	$0
Payroll Tax from Construction Workers (12)	$7,068,077	$7,103,642	$7,596,941	$6,677,229	$0
Total	$14,453,735	$14,758,102	$16,597,653	$13,286,906	$0

Source: CBRE Consulting.

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Notes:
(1) This analysis, like the Fehr & Peers' Draft Transit Operating Plan, is based on the 20-year development projections set forth in the Parkmerced project's Draft EIR. That document contained four "Illustrative Development Phases," which are based on the Developer's best estimates for the likely pace of the build-out of the private and public improvements contemplated in the Development Agreement. Accordingly, each of the "Phases" listed in this analysis corresponds to the last year of each of the illustrative Development Phases set forth in the Draft EIR. It should be emphasized, however, that the four Illustrative Development Phases are merely reasonable projections of the potential timing and scope of the Project buildout, and are not fixed development phases or schedules. On the contrary, the draft Parkmerced Development Agreement specifically provides the Developer flexibility in the order and timing of the proposed private development, including allowing discretion in what amount of net new development will be included in each Development Phase. The City, in turn, has the right to review and approve each Development Phase Application to ensure that any Community Improvements, including any SFMTA transit improvements, proposed for each Development Phase are provided in proportion to the cumulative amount of private development to occur in each Development Phase, and that the timing and phasing of the Community Improvements are consistent with the operational needs and plans of all affected City Agencies, and are phased in such a way as to not interfere with the utility and transportation systems operated and maintained by the City.
(2) A representative buildout year is included. The buildout analysis excludes revenues associated with the contruction period, e.g., sales and use tax associated with one-time sales and use tax and construction worker taxable retail sales. These construction period revenues are shown in previous benchmark years.
(3) Derived from the property valuation estimates in Exhibit 7 and the property tax rate assumptions in Exhibit 8.
(4) See calculations in Exhibit 11.
(5) The recurring transfer tax analysis assumes payment associated with the resale of all the for-sale units once every 7 years. This analysis assumes the resale of cumulative projects developed through the current phase. Accordingly, transfer tax payments in years following full buildout of Parkmerced will increase associated with all for-sale project units. An example of the calculation used for this analysis is the amount for Phase III, which is equivalent to the following:
(the one-time transfer tax from Phase I + (the one-time transfer tax from Phase II *3/5))* 1/7. The 3/5 adjustment pertains to the length of the phase versus the frequency of assumed home sales (1/7 years).
(6) The sales tax estimates are inclusive of estimated property tax in lieu of sales and use tax.
(7) See worker taxable retail spending assumptions in Exhibit 4.
(8) See Exhibit 9.
(9) A 20% cost contingency factor accomodates additional costs not reflected in the preceding analysis.
(10) See Exhibit 10.
(11) The one-time transfer tax analysis assumes payment associated with the initial sale of the for-sale units based upon their total estimated valuation, including land.
(12) Construction sales and use taxes are based on construction expenditures less select categories such as interest, city development fees, and bonding costs. The share of costs assumed to be taxable matches the assumptions prepared by Economic & Planning Systems, Inc., in its Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project' in May 2010. See Table A-2 in this document, footnote 14, which estimates that 30% of construction costs are materials and 50% of sales are captured in San Francisco.
(13) Assumes payroll tax payment on the average construction worker wage estimated in Exhibit 4.

Exhibit 2
Parkmerced Fiscal Impact Analysis
Summary of Development Program by Phase

Development Component	Phase I Years 1-5 2012- 2016	Phase II Years 6-10 2017- 2021	Phase III Years 11-15 2022- 2026	Phase IV Years 16-21 2027- 20232	Total
Unit Demolition					
Garden Units	327	434	429	348	1,538
Rental Units Excluding Existing (1)					
Replacement Rent-Controlled (same as demolition)	327	434	429	348	1,538
Inclusionary (4.8% total less replacement units)	25	8	11	15	59
Market Rate (the balance)	500	163	219	290	1,172
Total	852	605	659	653	2,769
For-Sale Units (2)					
Inclusionary (4.8% total)	54	55	62	41	212
Market Rate (the balance)	1,081	1,087	1,257	811	4,236
Total	1,135	1,142	1,319	852	4,448
Existing Tower Units Undergoing Improvement	306	459	612	306	1,683
Commercial Space (square feet)					
Retail	55,120	141,624	17,641	14,702	229,087
Office	40,918	44,703	0	0	85,621
Educational	0	25,000	0	0	25,000
Fitness Facility	0	0	64,000	0	64,000

Sources: Parkmerced Investors,LLC; and CBRE Consulting.

Notes:
(1) The rent-controlled units are assumed to be developed at the same pace as the existing garden units are demolished. The inclusionary units are assumed to comprise 5% of the total unit count less the replacement units. The market rate units comprise the balance of all rental units by phase.
(2) The inclusionary units are assumed to comprise 4.8% of the total unit count, with the market rate units comprising the balance.

Exhibit 3
Parkmerced Fiscal Impact Analysis
Cumulative Analysis of Development Program by Phase

Development Component	Phase I Years 1-5 2012- 2016	Phase II Years 6-10 2017- 2021	Phase III Years 11-15 2022- 2026	Phase IV Years 16-21 2027- 20232	Total
Residential Development					
Garden Units Demolished					
Net Units Demolished	327	434	429	348	1,538
Cumulative Units Demolished	327	761	1,190	1,538	1,538
Replacement Rent Controlled Units (tie to demolition schedule, take out of total rental units)					
Net Units Built	327	434	429	348	1,538
Cumulative Units Built	327	761	1,190	1,538	1,538
Net New Inclusionary Rental Units (4.8% of market-rate rental units less the rent controlled units)					
Net Units Built	25	8	11	15	59
Cumulative Units Built	25	33	44	59	59
Net New Market-Rate Rental Units					
Net Units Built	500	163	219	290	1,172
Cumulative Units Built	500	663	882	1,172	1,172
Net New Inclusionary For-Sale Units (4.8% of total for-sale units)					
Net Units Built	54	55	62	41	212
Cumulative Units Built	54	109	171	212	212
Net New Market-Rate For-Sale Units					
Net Units Built	1,081	1,087	1,257	811	4,236
Cumulative Units Built	1,081	2,168	3,425	4,236	4,236
Net New Inclusionary Unit Development					
Net Units Built	79	63	73	56	271
Cumulative Units Built	79	142	215	271	271
Existing Tower Units					
Units Undergoing Improvement	306	459	612	306	1,683
Cumulative Units Undergoing Improvement	306	765	1,377	1,683	1,683
Non-Residential Development (Square Feet)					
Retail Development					
Net Square Feet Built	55,120	141,624	17,641	14,702	229,087
Cumulative Square Feet Built	55,120	196,744	214,385	229,087	229,087
Cumulative Square Feet Occupied (1)	50,986	181,988	198,306	211,905	211,905
Cumulative Occupied Proportion Built	0.24	0.86	0.94	1.00	1.00
Office Development					
Net Square Feet Built	40,918	44,703	0	0	85,621
Cumulative Square Feet Built	40,918	85,621	85,621	85,621	85,621
Cumulative Square Feet Occupied (1)	37,849	79,199	79,199	79,199	79,199
Cumulative Occupied Proportion Built	0.48	1.00	1.00	1.00	1.00
Educational Space Development					
Net Square Feet Built	0	25,000	0	0	25000
Cumulative Square Feet Built	0	25,000	25,000	25,000	25,000
Cumulative Proportion Built	0.00	1.00	1.00	1.00	1.00
Fitness Facility					
Net Square Feet Built	0	0	64,000	0	64,000
Cumulative Square Feet Built	0	0	64,000	64,000	64,000
Cumulative Proportion Built	0.00	0.00	1.00	1.00	1.00

Sources: Parkmerced Investors, LLC; and CBRE Consulting.

Notes:
(1) See Exhibit 6 for vacancy assumptions.

Exhibit 4
Parkmerced Fiscal Impact Analysis
Demographic, Employment Retail Spending, and Employee Wage Assumptions
2010 Dollars

Assumption	Value		
Population Density			
People per Housing Unit	2.28		
Source: Park Merced May 12, 2010 Draft EIR, page V.C.9.			
Project Employment			
Development Component	***Net New Units/ Sq. Ft.***	***Net New Employees***	***Sq. Ft. Per Employee***
Residential (1)	5,679	140	NA
Retail	230,000	660	348
Office	80,000	290	276
Educational	25,000	35	NA
Maintenance (2)	100,000	370	NA
Fitness Facility	64,000	85	NA
Miscellaneous, Transit (2)	N.A.	15	NA
		1,595	
Source: Park Merced May 12, 2010 Draft EIR, page V.C. 10.			
Average Taxable Retail Spending in San Francisco (3)	***Total Spending Estimate***	***Local Capture Rate***	***Captured SF Taxable Sales***
Inclusionary Rental Units	$22,200	70%	$15,540
Inclusionary For-Sale Units and Market-Rate Rental Units and For-Sale Units	$24,800	70%	$17,360
Source: CBRE Consulting Retail Demand, Sales Leakage, and Spending Attraction Model			

On-site Worker Wages and Annual Taxable Spending

Development Component	***Wages (4)***	***Annual Taxable Spending in SF (5)***
Residential	$69,100	$2,229
Retail	$33,400	$1,077
Office	$107,500	$3,468
Educational	$21,400	$690
Maintenance	$43,600	$1,407
Fitness Facility	$19,800	$639
Misc.	$33,900	$1,094
Construction Workers	$83,800	$2,703

Sources: County Business Patterns for San Francisco, 2008, U.S. Bureau of the Census, adjusted for inflation by CBRE Consulting; Bureau of Labor Statistics, Consumer Price Index; International Council of Shopping Centers (ICSC), 'Office Worker Retail Spending Patterns,' 2004; and CBRE Consulting.

Notes:
(1) The analysis conservatively does not incorporate sales and sales tax revenue associated with the on-site retail component. It is assumed that much of the resident and on-site worker taxable retail spending will occur at the on-site retail, and thus double-counting would occur if both on-site taxable retail sales and resident and worker taxable retail sales were analyzed.
(2) There are no separate development components associated with these uses. The jobs associated with these uses are assumed to accrue at the same pace as all on-site residential development.
(3) The average household incomes are assumed to be between $50,000 and $70,000 annually for the inclusionary units and over $70,000 annually for all other net new units. Rent-controlled units do not comprise net new units, and thus retail spending estimates are not relevant. These retail spending estimates are based upon CBRE Consulting's retail spending model calculations and other consumer expenditure survey-based adjustments, and are rounded to the nearest $100. The capture rate assumption was developed by CBRE Consulting, assuming that most, but not all local retail spending will occur in San Francisco. This capture rate recognizes Parkmerced's proximity to Stonestown and the provision of a shuttle to facilitate resident shopping at Stonestown. In addition, the analysis is conservative as no additional sales and sales tax generated by the Parkmerced retail is included in the analysis, i.e., all sales are assumed to be generated by Parkmerced residents and employees.
(4) Wages are estimated by CBRE Consulting based upon a range of NAICS industry codes matched to each category of job.
(5) The office worker spending figure was derived from the source ICSC document for suburban work locations. The spending figures for all other workers are benchmarked to the office figure, proportional to the estimated wages.

Exhibit 5
Parkmerced Fiscal Impact Analysis
Net New Development Cumulative Population and On-site Employment, and Phased Construction Jobs Estimates

Development Component	Phase I Years 1-5 2012- 2016	Phase II Years 6-10 2017 - 2021	Phase III Years 11-15 2022-2026	Phase IV Years 16-21 2027 - 2032
Net New Inclusionary Rental Units (5% of market-rate rental units less the rent controlled units)				
Total Units	25	33	44	59
Occupied Units (1)	24	32	42	56
Occupied Unit Population	55	72	96	128
Net New Market-Rate Rental Units				
Total Units	500	663	882	1,172
Occupied Units (1)	475	629	838	1,113
Occupied Unit Population	1,083	1,435	1,910	2,538
Net New Inclusionary For-Sale Units (5% of total for-sale units)				
Total Units	54	109	171	212
Occupied Units (1)	51	104	162	201
Occupied Unit Population	117	236	370	459
Net New Market-Rate For-Sale Units				
Total Units	1,081	2,168	3,425	4,236
Occupied Units (1)	1,027	2,060	3,254	4,024
Occupied Unit Population	2,341	4,696	7,419	9,175
Net New Inclusionary and Affordable Unit Development				
Total Units	79	142	215	271
Occupied Units (1)	75	135	205	257
Occupied Unit Population	172	308	467	587
Total Housing Unit Development				
Total Units	1,660	2,973	4,522	5,679
Occupied Units (1)	1,577	2,824	4,296	5,395
Occupied Unit Population	3,596	6,440	9,795	12,301
On-site Employment Generation				
Residential (2)	41	73	111	140
Retail (3)	146	522	569	608
Office (3)	137	287	287	287
Educational	0	35	35	35
Maintenance (2)	108	194	295	370
Fitness Facility	0	0	85	85
Misc. (2)	4	8	12	15
Total	396	1,046	1,283	1,400
Project Service Population (4)				
Estimate by Phase	3,794	6,962	10,436	13,001
Construction Jobs (5)				
Direct Construction Jobs Generated	5,623	5,651	6,044	5,312

Sources: CBRE Consulting, including Parkmerced Economic Impact Analysis in association with Applied Economics.

Notes:
(1) The residential units are conservatively assumed to operate at 5.0 % vacancy. See Exhibit 6.
(2) The residential, maintenance, and miscellaneous jobs are assumed to occur at the same rate as the total of all on-site housing unit development.
(3) The retail and office uses are assumed to operate at 7.5% vacancy. See Exhibit 6.
(4) The service population comprises the resident population plus one-half the project employment.
(5) Construction jobs were derived in the separate Economic Impact Analysis prepared for Parkmerced by CBRE Consulting in association with Applied Economics.

Exhibit 6
Parkmerced Fiscal Impact Analysi6
Property Valuation Assumptions

Assumption	Value	
Property Valuation		
Fiscal Year 7/1/09 - 6/30/10 Park Merced Valuation		
Land	$530,293,824	
Improvement	$202,722,520	
Total	$733,016,344	
Estimated Fiscal Year 2010/2011 Valuation (@2% maximum annual increase in valuation)		
Land	$540,899,700	
Improvement	$206,776,970	
Total	$747,676,671	
Source: Parkmerced Investors, LLC, Property Tax Log, September 2010.		
Calculated Values		
Improvement Value per Garden Unit, Fiscal Year 7/1/09 - 6/30/10	$69,179	
Adjusted for Fisal Year 2010-2011 Garden Unit Improvement Value	$70,563	
FY 10/11 Land Value Per Total Planned Unit (8,900 units) (1)	$60,775	
Source: CBRE Consulting.		
Estimated Net New Residential Valuation, Average	***Total Value***	***Value Less Land***
Replacement Rent Controlled Units	$84,000	$23,225
Net New Inclusionary Rental Units (assume no net value)	$0	$0
Net New Market-Rate Rental Units	$347,500	$286,725
Net New Inclusionary For-Sale Units	$268,600	$207,825
Net New Market-Rate For-Sale Units	$798,550	$737,775
Average Improvement Value of Existing Units (2)	NA	$48,192
Sources: Parkmerced development pro forma, September 2010; Parkmerced Investors, LLC; The Concord Group; and and CBRE Consulting		
Commercial Property Valuations, Average		
Retail	$410 per sq. ft.	
Office	$423 per sq. ft.	
Educational (private school)	$384	
Maintenance	NA	
Fitness Facility	$192	
Misc.	NA	
Sources: Parkmerced development pro forma, September 2010; Parkmerced Investors, LLC; and CBRE Consulting.		
Operational Assumptions		
Residential Vacancy Rate	5.0%	
Retail and Office Vacancy Rate	7.5%	
Sources: Parkmerced development pro forma, September 2010; Parkmerced Investors, LLC; and CBRE Consulting.		

Notes:
(1) The calculated value of land is apportioned across the 8,900 total planned units at Parkmerced.
(2) Existing units are assumed to increase in value in accordance with the construction budget per sq. ft. improvement $48
Existing tower units average square footage is as follows: 1,004

Exhibit 7
Parkmerced Fiscal Impact Analysis
Cumulative Net New Property Valuation Estimate
2010 Dollars

Development Component	Phase I Years 1-5 2012- 2016	Phase II Years 6-10 2017 - 2021	Phase III Years 11-15 2022-2026	Phase IV Years 16-21 2027 - 2032
Residential Property Valuation Change				
Demolition of Garden Units	-$23,074,081	-$53,698,397	-$83,969,898	-$108,525,801
Replacement Rent Controlled Units	$7,594,494	$17,674,037	$27,637,456	$35,719,670
Net New Inclusionary Rental Units	$0	$0	$0	$0
Improvements to Existing Tower Units	$14,746,752	$36,866,880	$66,360,384	$81,107,136
Net New Market-Rate Rental Units	$143,305,031	$189,981,527	$252,774,248	$336,027,647
Net New Inclusionary For-Sale Units	$11,222,537	$22,652,898	$35,538,033	$44,058,848
Net New Market-Rate For-Sale Units	$797,534,508	$1,599,495,664	$2,526,878,528	$3,125,213,853
Total	$951,329,241	$1,812,972,609	$2,825,218,751	$3,513,601,352
Non-Residential Property Valuation				
Retail	$22,599,200	$80,665,040	$87,897,850	$93,925,670
Office	$17,308,314	$36,217,683	$36,217,683	$36,217,683
Educational	$0	$9,600,000	$9,600,000	$9,600,000
Maintenance (1)	NA	NA	NA	NA
Fitness Facility	$0	$0	$12,288,000	$12,288,000
Misc. (1)	NA	NA	NA	NA
Total	$39,907,514	$126,482,723	$146,003,533	$152,031,353
Net Property Valuation Change	**$991,236,755**	**$1,939,455,332**	**$2,971,222,284**	**$3,665,632,705**

Source: CBRE Consulting.

Notes:
(1) There are no separate development components associated with these uses. Their values are rolled up into the value of the the entire development.

Exhibit 8
Parkmerced Fiscal Impact Analysis
Tax Rate and Other Revenue and Financial Assumptions

Tax and Other Revenue Component	Value
Existing 2010 San Francisco Service Population Calculation (1)	
Resident Population	810,000
Employment Base	568,730
Service Population	1,094,365
Sources: Association of Bay Area Governments, 'Projections and Priorities 2009: Building Momentum, August 2009; and CBRE Consulting.	
Tax Assumptions FY 2010/2011	
Payroll Tax	1.50%
San Francisco Property Tax Rate (2)	1.16%
City/County General Fund Property Apportionment Factor	56.59%
Sales Tax Rate	1.00%
Transfer Tax Rate per $1,000 value (3)	$6.80
Sources: Office of Economic Analysis, Controller's Office, City and County of San Francisco; Office of the Assessor-Recorder, City and County of San Franciscio.	
Inflation Rate, 2009 - 2010	
Applied to FY 09/10 City and County Service Costs	1.65%
Source: Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers in the 'San Fancisco-Oakland-San Jose MSA,' mid-year 2009 to mid-year 2010.	

Notes:
(1) The service population is conservatively assumed to include all San Francisco residents plus one half the San Francisco employment base.
(2) The proposed property tax rate for the City and County of San Francisco for FY 2010/2011.
(3) The rate is $6.80 per $1,000 value for properties valued between $250,000 and $1,000,000.

Exhibit 9
Parkmerced Fiscal Impact Analysis
General Fund Annual Average Revenue and Cost Calculations

General Fund Line Item	Amount FY 2010/2011	Percent Variable (1)	Average Factor	Average Basis (2)
General Fund Revenues				
Utility Users Tax (3)				
Telephone Users Tax	$50,865,621		$46.48	per service population
Water Users Tax	$2,690,354		$4.73	per employee
Gas Electric Steam Users Tax	$43,920,025		$77.22	per employee
Total (3)	$97,476,000			
Other Taxes				
Access Line Tax	$ 37,300,000		$34.08	per service population
Business Registration License Tax	$ 7,939,000		$13.96	per employee
Other Revenues				
Licenses, Permits, and Franchise Fees	$ 23,242,394		$28.69	per capita
Fines, Forfeitures, and Penalties	$ 3,794,036		$4.68	per capita
General Fund Expenditures				
Public Safety				
Police (4)	$446,541,021		$196,368.08	per officer
Fire	$290,919,514		$265.83	per service population
Public Works (5)	$26,079,793		$23.83	per service population
Human Welfare and Neighborhood Development (6)	$844,636,855	10%	$104.28	per capita
Culture and Recreation (7)				
Recreation and Park (8)	$127,259,413		$157.11	per capita
Libraries (9)	$84,544,033		$104.38	per capita

Sources: City and County of San Francisco, California, 'Mayor's Proposed May Budget 2010-2011;' 'Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project,' Economic & Planning Systems, Inc., May 2010; and CBRE Consulting.

Exhibit 9
Parkmerced Fiscal Impact Analysis
General Fund Annual Average Revenue and Cost Calculations

Notes:
(1) This analysis conservatively does not attribute any costs to variable costs except for the Human Welfare and and Neighborhood Development category, which replicates the referenced EPS analysis. However, the EPS analysis cites a lower budget amount with a higher percentage variable estimate, for a per capita cost of $75.93. The CBRE Consulting estimate includes the entire cost category but with an expectation that a lower percentage will be variable, especially relative to the population anticipated at Parkmerced and its low likelihood of impacting costs in this category.
(2) See Exhibit 8 for the relevant population figures.
(3) The total figure is from the City and County of San Francisco budget. Because detail line item allocation is not presented in the budget, the allocation is based upon the share of total costs per line item pursuant to the sourced EPS analysis in Table A-14 for Candlestick Point/Hunters Point Shipyard.
(4) The Parkmerced EIR identified a need for 36 police officers to serve the project. This per officer cost was derived assuming no change to the existing number of 2,374 uniformed officers as per the EIR (Volume 1), on page V.L.2.
(5) The Parkmerced project will entail a net reduction in linear roadway. Thus, public works costs for the roads internal to the development will be less. However, the analysis conservatively assumes that other City public works service costs will increase due to the project's increased population and employment base. In addition to funds from the General Fund, the Public Works Department also receives funding from other sources. For the purpose of this analysis, only revenue sources that are related to the City and County of San Francisco have been included. These include 'Licenses & Fines', 'Use of Money or Property', 'Fund Balance' and General Fund Support'.
(6) CBRE Consulting's analysis assumes a 10% variable cost factor relevant to the anticipated Parkmerced population.
(7) The EPS analysis for Candlestick Point/Hunters Point Shipyard deviated from an average cost approach, and resulted in lower cost estimates. Because it is difficult to replicate the EPS approach for Parkmerced, this analysis conservatively includes an average cost approach.
(8) The Parkmerced project includes open space and parks that will be serviced privately. CBRE Consulting anticpates that demands on the public recreation system from Parkmerced residents will be less than the citywide average as a result. However, the analysis conservatively assumes costs for this service category in keeping with a citywide average.
(9) The EPS analysis for Candlestick Point/Hunters Point Shipyard had project-specific library cost estimates. Since these are not available for Parkmerced, the analysis conservatively includes an average cost approach per resident.

Exhibit 10
Parkmerced Fiscal Impact Analysis
General Fund Revenue and Cost Calculations Derived from the Economic & Planning Systems Analysis for
Candlestick Point/Hunters Point Shipyard Redevelopment Project (1)

General Fund Line Item	Average Estimate Derived from EPS HP/CP Analysis (1)	Average Basis (2)	Adjusted to FY 2010/2011 (3)
General Fund Revenues			
VLF Realignment to Health and Welfare (4)	$55.24	per resident	$56.15
Sales Tax Realignment to Health and Welfare (4)	$118.89	per resident	$120.85
General Fund Expenditures			
General Administration and Finance			
Elections (5)	$15.48	per resident	$15.74
Assessor/Recorder (6)	$3.06	per service population	$3.11
Administrative Services (6)	$7.02	per service population	$7.14
Public Safety			
911 (7)	$20.28	per resident	$20.62
Public Health (8)	$166.26	per net new affordable and inclusionary unit resident	$169.00

Sources: City and County of San Francisco, California, 'Mayor's Proposed May Budget 2010-2011,'; Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project,' Economic & Planning Systems, Inc., May 2010; and CBRE Consulting.

Notes:
(1) For these cost items CBRE Consulting consulted the referenced Economic & Planning Systems (EPS) report and recreated the EPS methodology based upon Parkmerced characteristics or calculated service costs on the relevant basis, matching the approach in EPS' study.
(2) See Exhibit 8 for the relevant population figures.
(3) Assumes service costs escalate at the rate of inflation. See inflation rate adjustment in Exhibit 8.
(4) See Table 1 in the cited EPS report. The per capita figure was derived by CBRE Consulting pursuant to the EPS analysis.
(5) See Table A-13 in the cited EPS report.
(6) See Table A-14 in the cited EPS report.
(7) See Table A-11 in the cited EPS report.
(8) See Table A-12 in the cited EPS report.

Exhibit 11
Parkmerced Fiscal Impact Analysis
Motor Vehicle In Lieu Fee Estimate
2010 Dollars

Item	Phase I Years 1-5 2012- 2016	Phase II Years 6-10 2017 - 2021	Phase III Years 11-15 2022-2026	Phase IV Years 16-21 2027 - 2032
Current Assessed Valuation				
City and County of San Francisco Total Assessed Valuation, FY 09/10	$140,382,171,000	$140,382,171,000	$140,382,171,000	$140,382,171,000
Estimated Total Assessed Valuation, FY 10/11 (@ 2% maximum annual increase)	$143,189,814,420	$143,189,814,420	$143,189,814,420	$143,189,814,420
Calculation for Increase in Property Tax In Lieu of VLF Revenues				
Estimated Project Net Assessed Value Increase	$991,236,755	$1,939,455,332	$2,971,222,284	$3,665,632,705
Total City and County of San Francisco Assessed Value Including Parkmerced	$144,181,051,175	$145,129,269,752	$146,161,036,704	$146,855,447,125
Percent Increase in Assessed Value due to Project	0.69%	1.34%	2.03%	2.50%
Property Tax In Lieu of VLF Payment FY 2010/2011	$171,000,000	$171,000,000	$171,000,000	$171,000,000
Parkmerced net new development related Property Tax in Lieu of VLF Revenues (1)	$1,175,616	$2,285,182	$3,476,159	$4,268,301

Sources: City and County of San Francisco, Comprehensive Annual Financial Report Year ended June 30, 2009, page 192; Budget and analysis Division, Controller's Office, City and County of San Francisco; and CBRE Consulting.

Notes:
(1) This incremental revenue is calculated by multiplying the 'Percent Increase in Assessed Value due to the Project' by the 'Current Property Tax In Lieu of VLF Payment.'

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Revenue or Cost Item	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Buildout (2)
Fiscal Revenues					
General Fund Property Tax (3)	$6,529,145	$12,774,935	$19,571,047	$24,145,036	$24,145,036
Property Tax In Lieu of Vehicle License Fees (4)	$1,175,616	$2,285,182	$3,476,159	$4,268,301	$4,268,301
Property Transfer Tax (5)	$0	$503,141	$1,344,503	$2,266,851	$2,266,851
Sales Tax from Resident Spending (6)					
Inclusionary Rental Units	$3,720	$4,932	$6,556	$8,717	$8,717
All Other Net New Units	$269,611	$484,798	$738,444	$926,842	$926,842
Sales Tax from Worker Spending (7)	$8,816	$20,269	$23,632	$25,782	$25,782
Sales Tax from Construction Worker Spending (7)	$152,013	$152,778	$163,387	$143,607	0
Telephone Users Tax (8)	$176,324	$323,612	$485,061	$604,272	$604,272
Access Line Tax (8)	$129,299	$237,306	$355,698	$443,115	$443,115
Water Users Tax (8)	$1,873	$4,947	$6,068	$6,623	$6,623
Gas Electric Steam Users Tax (8)	$30,585	$80,767	$99,057	$108,128	$108,128
Payroll Tax (8)	$409,918	$942,454	$1,098,821	$1,198,789	$1,198,789
Business Tax (8)	$5,529	$14,600	$17,906	$19,545	$19,545
Licenses, Permits, and Franchise Fees (8)	$103,172	$184,778	$281,051	$352,961	$352,961
Fines, Forfeitures, and Penalties (8)	$16,842	$30,163	$45,878	$57,616	$57,616
VLF Realignment to Health and Welfare (9)	$201,900	$361,595	$549,995	$690,717	$690,717
Sales Tax Realignment to Health and Welfare (9)	$434,538	$778,242	$1,183,723	$1,486,591	$1,486,591
Total	$ 9,648,901	$ 19,184,499	$ 29,446,986	$ 36,753,494	$ 36,609,887
Fiscal Costs					
General Administration and Finance (9)					
Elections	$56,596	$101,361	$154,172	$193,619	$193,619
Assessor/Recorder	$11,180	$20,023	$30,455	$38,248	$38,248
Administrative Services / Other	$25,655	$45,947	$69,887	$87,768	$87,768
Public Safety					
Police (8)	$2,066,377	$3,700,807	$5,629,011	$7,069,251	$7,069,251
Fire (8)	$1,008,464	$1,850,858	$2,774,247	$3,456,056	$3,456,056
911 (9)	$74,138	$132,778	$201,958	$253,631	$253,631
Public Health (9)	$28,992	$52,130	$78,852	$99,219	$99,219
Public Works (8)	$90,405	$165,922	$248,700	$309,822	$309,822
Human Welfare and Neighborhood Development (8)	$374,931	$671,488	$1,021,349	$1,282,671	$1,282,671
Culture and Recreation (8)					
Recreation and Park	$564,900	$1,011,715	$1,538,842	$1,932,570	$1,932,570
Libraries	$375,288	$672,127	$1,022,320	$1,283,891	$1,283,891
Sub-total	$4,676,925	$8,425,156	$12,769,793	$16,006,747	$16,006,747
Fiscal Cost Contingency (20%) (9)	$935,385	$1,685,031	$2,553,959	$3,201,349	$3,201,349
Total	$5,612,310	$10,110,187	$15,323,752	$19,208,096	$19,208,096
Net Fiscal Impact - Total	$4,036,591	$9,074,312	$14,123,235	$17,545,398	$17,401,791
One-time Fiscal Revenues					
Property Transfer Tax (10)	$5,869,981	$5,902,562	$6,825,686	$4,403,844	$0
Construction-related Sales and Use Taxes (11)	$1,515,677	$1,751,898	$2,175,026	$2,205,834	$0
Payroll Tax from Construction Workers (12)	$7,068,077	$7,103,642	$7,596,941	$6,677,229	$0
Total	$14,453,735	$14,758,102	$16,597,653	$13,286,906	$0

Source: CBRE Consulting.

Exhibits 1 and 12
Parkmerced Fiscal Impact Analysis
Benchmark Year Analysis (1)
General Fund Fiscal Revenues and Costs by Phase
2010 Dollars

Notes:
(1) This analysis, like the Fehr & Peers' Draft Transit Operating Plan, is based on the 20-year development projections set forth in the Parkmerced project's Draft EIR. That document contained four "Illustrative Development Phases," which are based on the Developer's best estimates for the likely pace of the build-out of the private and public improvements contemplated in the Development Agreement. Accordingly, each of the "Phases" listed in this analysis corresponds to the last year of each of the illustrative Development Phases set forth in the Draft EIR. It should be emphasized, however, that the four Illustrative Development Phases are merely reasonable projections of the potential timing and scope of the Project buildout, and are not fixed development phases or schedules. On the contrary, the draft Parkmerced Development Agreement specifically provides the Developer flexibility in the order and timing of the proposed private development, including allowing discretion in what amount of net new development will be included in each Development Phase. The City, in turn, has the right to review and approve each Development Phase Application to ensure that any Community Improvements, including any SFMTA transit improvements, proposed for each Development Phase are provided in proportion to the cumulative amount of private development to occur in each Development Phase, and that the timing and phasing of the Community Improvements are consistent with the operational needs and plans of all affected City Agencies, and are phased in such a way as to not interfere with the utility and transportation systems operated and maintained by the City.
(2) A representative buildout year is included. The buildout analysis excludes revenues associated with the contruction period, e.g., sales and use tax associated with one-time sales and use tax and construction worker taxable retail sales. These construction period revenues are shown in previous benchmark years.
(3) Derived from the property valuation estimates in Exhibit 7 and the property tax rate assumptions in Exhibit 8.
(4) See calculations in Exhibit 11.
(5) The recurring transfer tax analysis assumes payment associated with the resale of all the for-sale units once every 7 years. This analysis assumes the resale of cumulative projects developed through the current phase. Accordingly, transfer tax payments in years following full buildout of Parkmerced will increase associated with all for-sale project units. An example of the calculation used for this analysis is the amount for Phase III, which is equivalent to the following:
(the one-time transfer tax from Phase I + (the one-time transfer tax from Phase II *3/5))* 1/7. The 3/5 adjustment pertains to the length of the phase versus the frequency of assumed home sales (1/7 years).
(6) The sales tax estimates are inclusive of estimated property tax in lieu of sales and use tax.
(7) See worker taxable retail spending assumptions in Exhibit 4.
(8) See Exhibit 9.
(9) A 20% cost contingency factor accomodates additional costs not reflected in the preceding analysis.
(10) See Exhibit 10.
(11) The one-time transfer tax analysis assumes payment associated with the initial sale of the for-sale units based upon their total estimated valuation, including land.
(12) Construction sales and use taxes are based on construction expenditures less select categories such as interest, city development fees, and bonding costs. The share of costs assumed to be taxable matches the assumptions prepared by Economic & Planning Systems, Inc., in its Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project' in May 2010. See Table A-2 in this document, footnote 14, which estimates that 30% of construction costs are materials and 50% of sales are captured in San Francisco.
(13) Assumes payroll tax payment on the average construction worker wage estimated in Exhibit 4.

Exhibit 13
Parkmerced Fiscal Impact Analysis
Transportation Fiscal Impacts
Benchmark Year Analysis (1)
2010 Dollars

Revenue or Cost Item	Phase I Year 5 2016	Phase II Year 10 2021	Phase III Year 15 2026	Phase IV Year 21 2032	Buildout (2)
Ongoing Transit Revenues					
Farebox Recovery (3)	$121,660	$217,888	$331,413	$416,208	$416,208
Advertising (4)					
Existing Service Plan w/Mitigation	*$11,916*	*$35,748*	*$35,748*	*$35,748*	*$35,748*
TEP Service Plan w/Mitigation	*$11,916*	*$65,538*	*$71,496*	*$77,454*	*$77,454*
Prop K Sales Tax (5)	$79,886	$121,951	$171,492	$203,311	$176,887
On-Street Metered Parking (6)	$696,149	$1,246,778	$1,896,377	$2,381,584	$2,381,584
Parking Tax (7)	NA	NA	NA	NA	NA
Parking Fees and Fines (8)	$343,874	$631,120	$945,984	$1,178,473	$1,178,473
State Sales Tax, AB 1107 (9)	$27,135	$41,424	$58,251	$69,059	$60,084
TDA Sales Tax (10)	$108,540	$165,694	$233,005	$276,237	$240,336
Other (11)	$35,011	$64,257	$96,315	$119,986	$119,986
General Fund (12)	$820,157	$1,630,682	$2,502,994	$3,124,047	$3,111,840
Subtotal					
Existing Service Plan w/Mitigation	$2,244,327	$4,155,542	$6,271,579	$7,804,653	$7,721,146
TEP Service Plan w/Mitigation	$2,244,327	$4,185,332	$6,307,327	$7,846,359	$7,762,852
One-time Transit Revenues (13)					
Prop K Sales Tax (5)	$278,885	$322,349	$400,205	$405,873	$0
State Sales Tax, AB 1107 (9)	$94,730	$109,494	$135,939	$137,865	$0
TDA Sales Tax (10)	$378,919	$437,975	$543,757	$551,459	$0
Subtotal	$752,533	$869,817	$1,079,901	$1,095,197	$0
Transit Expenditures					
Existing Service w/Mitigation (14)					
Operations and Maintenance	$838,046	$2,640,995	$2,640,995	$2,640,995	$2,640,995
Amortized Capital Facility Costs	$71,817	$397,074	$397,074	$397,074	$397,074
Amortized Capital Vehicle Costs	$203,086	$1,764,040	$1,865,583	$1,764,040	$1,764,040
	$1,112,949	$4,802,109	$4,903,652	$4,802,109	$4,802,109
TEP Service Plan w/Mitigation (15)					
Operations and Maintenance	$608,669	$3,308,027	$3,691,991	$3,710,713	$3,710,713
Amortized Capital Facility Costs	$71,817	$803,645	$839,554	$839,554	$839,554
Amortized Capital Vehicle Costs	$203,086	$3,715,232	$3,816,775	$3,816,775	$3,816,775
	$883,572	$7,826,905	$8,348,320	$8,367,042	$8,367,042
Net Annual Transportation Impact (16)					
Existing Service Plan w/mitigation	**$1,883,912**	**$223,250**	**$2,447,827**	**$4,097,741**	**$2,919,037**
TEP Service Plan w/mitigation	**$2,113,289**	**-$2,771,755**	**-$961,093**	**$574,513**	**-$604,191**
TEP Service Plan w/mitigation and facility credit (17)	**$3,887,100**	**-$997,944**	**$812,718**	**$2,348,325**	**$1,169,621**
Additional Prospective Revenue Source					
Eco-Pass (18)	$455,462	$891,150	$1,402,446	$947,529	$947,529

Sources: Fehr & Peers, e-mail communication; 'Parkmerced Project Transit Cost Estimates,' DRAFT August 17, 2010; 'Fiscal and Economic Impact Analysis of the Candlestick Point/Hunters Point Shipyard Redevelopment Project,' Economic & Planning Systems, Inc., May 2010; 'Proposed Operating Budget for Budget Years 2010-2011 and 2011-2012,' San Francisco Municipal Transportation Agency (SFMTA), April 2010; 'Prop K Expenditure Plan,' San Francisco County Transportation Authority, approved 2003; 'Transit Operating Plan,' Parkmerced Project, Draft September 2010, Fehr & Peers; AECOM Memorandum, April 12, 2010, 'Parkmerced Conceptual Transportation Plan Cost Estimates;' Parkmerced Investors, LLC; SFMTA Staff, data provided during a November 15, 2010 project meeting; e-mail communication from Steven Lee, December 3, 2010; and CBRE Consulting.

Exhibit 13
Parkmerced Fiscal Impact Analysis
Transportation Fiscal Impacts
Benchmark Year Analysis (1)
2010 Dollars

Notes:
(1) This analysis, like the Fehr & Peers' Draft Transit Operating Plan, is based on the 20-year development projections set forth in the Parkmerced project's Draft EIR. That document contained four "Illustrative Development Phases," which are based on the Developer's best estimates for the likely pace of the build-out of the private and public improvements contemplated in the Development Agreement. Accordingly, each of the "Phases" listed in this analysis corresponds to the last year of each of the Illustrative Development Phases set forth in the Draft EIR. It should be emphasized, however, that the four Illustrative Development Phases are merely reasonable projections of the potential timing and scope of the Project buildout, and are not fixed development phases or schedules. On the contrary, the draft Parkmerced Development Agreement specifically provides the Developer flexibility in the order and timing of the proposed private development, including allowing discretion in what amount of net new development will be included in each Development Phase. The City, in turn, has the right to review and approve each Development Phase Application to ensure that any Community Improvements, including any SFMTA transit improvements, proposed for each Development Phase are provided in proportion to the cumulative amount of private development to occur in each Development Phase, and that the timing and phasing of the Community Improvements are consistent with the operational needs and plans of all affected City Agencies, and are phased in such a way as to not interfere with the utility and transportation systems operated and maintained by the City.
(2) A representative buildout year is included. The buildout analysis excludes revenues associated with the contruction period, e.g., sales and use tax associated with one-time sales and use tax and construction worker taxable retail sales. These construction period revenues are shown in previous benchmark years.
(3) This analysis assumes 717,600 annual boardings associated with the project at buildout, an average farebox of $0.58, and phasing of boardings proportional with the rate of new unit development. The boardings and fare rate are pursuant to City of San Francisco estimates, documented in 'Parkmerced Project Transit Cost Estimates,' DRAFT August 17, 2010.
(4) Advertising based on Muni's Fiscal Year 2010-2011 budget, with advertising revenue from vehicles totaling $4.2 million, spread across an estimated 1,200 vehicles. The analysis results in per vehicle advertising revenues of $3,500. The revenue is allocated based upon the rate at which net new vehicles are anticipated to be introduced, rounded down to the nearest whole number. These figures are 2, 6, 6, and 6 for the Existing Service Plan benchmark years and 2, 11, 12, and 13 for the TEP Service Plan benchmark years. The MTA budget includes $14.3 million in advertising revenue, of which MTA indicated during an 11/15/10 project meeting that $4.2 million is generated by vehicle revenue.
(5) Based upon a projected one-half cent sales tax, with 36.8% allocated to transit system maintenance and renovation, applied to the estimated taxable sales generated by the project. This is equivalent to the (sales tax revenues estimated in Exhibits 1 and 12) * 0.50 * 0.368.
(6) Parkmerced has 1,440 meters planned for the development upon buildout. The analysis assumes these meters will be phased in concurrent with the anticipated rate of project development. The applicable per meter rate was provided by SF MTA for the "All Other Areas" zone of San Francisco for FY 29009-2010. This is one of seven discrete zones analyzed by SFMTA. The rate provided by SFMTA was $1,637, which CBRE Consulting then adjusted by inflation for 2010 dollars. The resulting per meter figure is $1,653.88.
(7) Any parking spaces with non-metered parking revenues will generate parking tax revenues to the extent a parking fee is established. The analysis does not include any estimates because this component of the development program has not been fully developed, with potential parking rates not fully established.
(8) Traffic fines based on FY 2010/2011 MTA revised budget of $95.0 million, spread across the City and County of San Francisco's service population, resulting in an $86.81 revenue estimate per service population. This revised budget figure was provided to CBRE Consulting on November 15, 2010 during a meeting with SFMTA staff. This per service population figure diverges slightly from the EPS approach, which spread the cost across all residents and employees. The revenue is allocated proportional with the rate of new unit development. The revised budget figure reflects a trend in lower citation revenue concurrent with a trend towards increased numbers of metered parking spaces (i.e., meter revenue increases while citation revenue declines).
(9) Based on one-half cent sales tax, allocated 25% to transit, of which one-half goes to MTA, i.e., equivalent to 6.25% of 1.0%.
(10) Transportation Development Act (TDA) sales tax based on one-quarter of one cent.
(11) Allocated per service population, includes boot fines, court fees, abandoned vehicles, etc. Based on MTA budget amount of $10.1 million for fiscal year 2010/2011, spread across the City and County of San Francisco's service population, resulting in a $9.23 revenue estimate per service population. This diverges slightly from the EPS approach, which spread the cost across all residents and employees. The revenue is allocated proportional with the rate of new unit development.
(12) MTA receives an allocation of the unrestricted City and County General Fund revenues. This has been estimated by MTA at 8.0 to 9.0 percent, which is assumed at the rate of 8.5 percent for the purpose of this analysis. This is applied to the General Fund revenue estimate included in Exhibits 1 and 13.

Exhibit 13
Parkmerced Fiscal Impact Analysis
Transportation Fiscal Impacts
Benchmark Year Analysis (1)
2010 Dollars

Notes, continued:

(13) One-time revenues are associated with the construction period effort. These revenues pertain to the additional sales taxes pertinent to the one-time sales and use taxes generated by construction materials purchasing and construction worker retail sales. These revenues will not recur during project buildout.
(14) Transit expenditures are based upon costs estimated by Fehr & Peers. See Table 6 in the cited Fehr & Peers document. This analysis incorporates the Fehr & Peers analysis for the Existing Service Plan, with Mitigation. This plan includes the placement of two new buses into service in illustrative year 5. The plan also includes replacement for these buses in year 15 and year 17. Thus, the analysis includes capital costs for 4 buses, 2 of which are net new. In addition, the Existing Service Plan with mitigation includes the addition and acquisition of 12 LRV's in year 10 of the illustrative development program, of which 4 are net new (i.e., 8 will be taken out of service at this time). In total there will be 6 net new vehicles. The Fehr & Peers operations and maintenance costs were adjusted to 2010 dollars as the initial estimates were provided in fiscal year 2006 dollars. The capital costs for facilities and vehicles were amortized, with the amortization period starting in the year a vehicle or capital facility was put into service. The amortization schedule included 30 years for facilities, 12 years for buses, and 25 years for light rail vehicles. An interest rate of 5% was assumed, similar to EPS.
(15) Transit expenditures are based upon costs estimated by Fehr & Peers. See Table 6 in the cited Fehr & Peers document. This analysis incorporates the Fehr & Peers analysis for the TEP Service Plan, with Mitigation. This plan includes the placement of one new bus into service in each of the following illustrative years: 1, 5, 12, and at buildout. The plan also includes replacement for two of these buses after the end of 12 years. Thus, the analysis includes capital costs for 6 buses, 4 of which are net new. In addition, the TEP Service Plan includes the addition and acquisition of 16 LRV's in year 10 of the illustrative development program, of which 9 are net new (i.e., 7 will be taken out of service at this time). In total there will be 13 net new vehicles. The Fehr & Peers operations and maintenance costs were adjusted to 2010 dollars as the initial estimates were provided in fiscal year 2006 dollars. The capital costs for facilities and vehicles were amortized, with the amortization period starting in the year a vehicle or capital facility was put into service. The amortization schedule included 30 years for facilities, 12 years for buses, and 25 years for light rail vehicles. An interest rate of 5% was assumed, similar to EPS.
(16) The net transit impact figures are representative for the benchmark years cited. The net impact varies from year to year. The lumpiness in the net figure is attributable to the timing of capital costs for vehicles and facilities. This is especially the case starting year 10, when the light rail capital expenditures are assumed to begin. The final year of the illustrative last phase is a proxy for buildout. As noted in footnote (1), the cited years are reflective of "Illustrative Development Phases," and the timing and scope of the Project build-out may vary.
(17) This line applies a $1,773,881 credit to the TEP Service Plan with Mitigation. This credit is equivalent to the annual cost of a $25 million maintenance and layover facility required to be provided by MTA to facilitate implementation of the TEP Service Plan. This cost is amortized over 25 years at a 5% interest rate. This credit recognizes that provision of the TEP Service Plan will only be possible if this new facility is built, and is provided here as a general accounting technique to show and reflect the level of funding MTA will need to contribute to build the facility.
(18) This includes a $20 per month reduced-fee transit pass per unit for all units, including existing units, with 80% allocated to Muni and 20% allocated to BART, as provided by Fehr & Peers. The analysis assumes every unit participates in this program. The fee is allocated proportional with the rate of new unit development.