



KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

To: Pat Cashman
City of Oakland

From: Keyser Marston Associates, Inc.

Date: December 7, 2012

Subject: Property Tax and Economic Impacts - Oakland Army Base

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
REED T. KAWAHARA
DAVID DOEZEMA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMÉY

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

In accordance with your request, Keyser Marston Associates, Inc. (KMA) has evaluated the annual property tax revenues and economic impacts to be generated by the Army Base Gateway Redevelopment Project set forth in the Lease Disposition and Development Agreement (LDDA), effective December 4, 2012 for the Oakland Global Trade and Industry Center project ("Oakland Global" or "Project"), which includes the City Gateway area and Port railyard. The purpose of the analysis is to provide information to the Oversight Board of the Successor Agency to the Oakland Redevelopment Agency regarding the tax revenues and economic benefits that will be generated by the Project.

I. Approach and Key Assumptions

Development Scenarios – KMA has analyzed the property tax and economic benefits that would be generated upon the build-out of a range of development scenarios. Scenario 1 represents the City development program provided by the LDDA, which includes the Gateway development area and the Port Railyard. Scenario 2 represents an expansion to be implemented by the Port, which is enabled by Scenario 1 and could only occur if Scenario 1 infrastructure improvements are developed first. Scenario 3 represents the status quo, or a “no project” alternative.

Scenario 1 – Completion of the Project (the City Gateway and the Port Railyard) in accordance with the LDDA;

Scenario 2 – Completion of the entire Oakland Global program, including the Port's Logistic area and the Seventh Street grade separation improvements. As noted

above, the completion of Scenario 1 infrastructure improvements is a necessary precondition for the feasibility of Scenario 2. Although the City does not control the Port's development under this Scenario, it is part of the California Transportation Commission (CTC) grant supporting Scenario 1 and is considered in order to provide a full picture of the taxable income potential for the Project.

Scenario 3 – A third scenario is maintaining the status quo on the LDDA development area with no project moving forward. This scenario assumes retention of existing tenants which are predominately storage and trucking related and generate a nominal amount of property taxes.

Table 1 provides additional details regarding new development under Scenarios 1 and 2.

While a performance schedule has been established for the commencement of the various components of infrastructure improvements, a schedule for the completion of specific vertical improvements has not yet been established other than the requirement that all vertical improvements are to be complete by no later than June 30, 2020, consistent with the CTC grant requirements. The schedule will be driven by market conditions. Given this consideration, the full amount of property tax revenues and permanent job-creation will not be fully realized until after the project is fully completed, which may not occur until 2020. It is anticipated that some development will be complete by 2015, and will gradually come on-line through this five-year period, which will provide a corresponding gradual increase in property tax revenues to the taxing agencies and permanent jobs to the region.

Distribution of Property Taxes – For purposes of this analysis, it has been assumed that property tax revenues resulting from the 1% base property tax levy are distributed to affected taxing agencies in accordance with the “normal” process for allocation of property tax and not subject to the flow of funds that applies for dissolved redevelopment agencies. It is assumed that property tax funds will not be deposited into the Redevelopment Property Tax Trust Fund, will be outside the purview of the Successor Agency/redevelopment dissolution process, and are not encumbered by any debt of the former Redevelopment Agency. We recommend that the Alameda County Auditor Controller be consulted to verify this assumption. Alternatively, if property taxes are deposited into the Redevelopment Property Tax Trust Fund of the former Redevelopment Agency, the taxing agencies would instead receive a combination of pass-through payments and a proportionate share of unencumbered “residual” funds.

Assessed Value of Oakland Global – For purposes of this analysis, the assessed property values have conservatively been estimated, consisting of the sum of direct

To: Pat Cashman

December 7, 2012

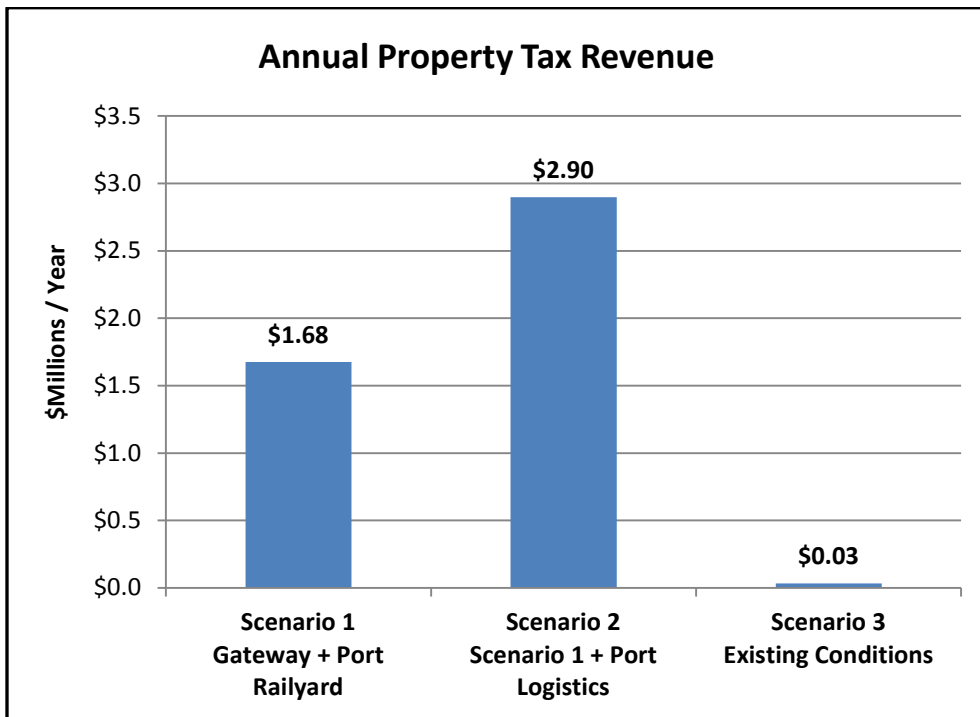
Subject: Property Tax and Economic Impacts – Oakland Army Base Page 3

vertical construction costs and an estimated land value. The land value estimate is after planned horizontal improvements are in place; therefore, horizontal improvement costs (remediation, demolition, utilities, and backbone infrastructure) are not additive to the estimated assessed value. The Railyard itself may be assessed if, for example, it is leased to a private sector railroad. However, railroads are assessed by the State Board of Equalization with all of the assets of the railroad bundled together. The State generally assesses railroads using an income approach applied on a State-wide level. As a result, it is unclear whether any increase in local property tax revenue would be generated from the Railyard, so none has been assumed in the analysis.

II. Preliminary Findings and Conclusions

A. Annual Property Tax Revenues to Taxing Agencies

Upon completion and reflection on the tax rolls, Scenario 1 (Gateway and Port Railyard) is estimated to annually generate approximately \$1.7 million of local property taxes. With the addition of the Port Logistics development, Scenario 2 is estimated to generate approximately 70% more annual property tax revenue, totaling \$2.9 million per year. Currently the City Oakland Global LDDA development site on the former Oakland Army Base generates only a nominal amount of property tax (approximately \$0.03 million per year).



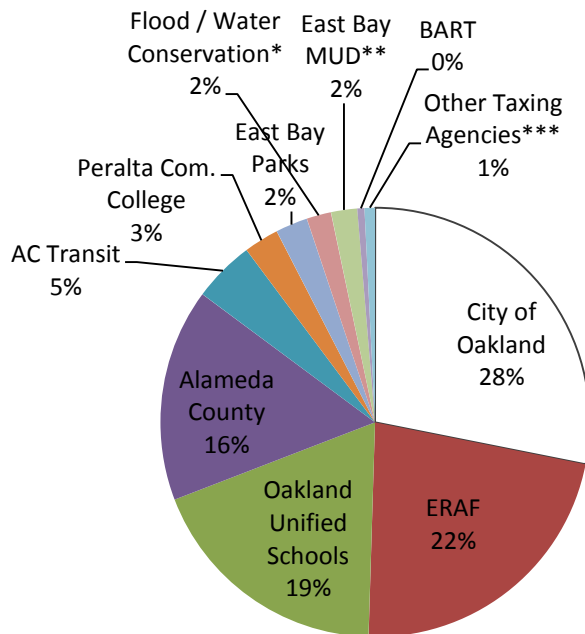
As illustrated below and on Table 2, the taxing agencies that receive the largest portion of property taxes are: 1) the City of Oakland (28%); 2) the Oakland Unified School District (19%), 3) Alameda County (16%) and 4) AC Transit (5%). Under the full build-out program (Scenario 2), annual property taxes to these taxing agencies are estimated as follows:

- City of Oakland: \$815,000
- Oakland Unified: \$541,000
- Alameda County: \$464,000
- AC Transit: \$134,000

The estimated distribution of property taxes by taxing agency for each scenario is summarized in the table pie chart below (percentage shares constant in all scenarios).

Annual Projected Property Tax Revenue by Taxing Agency

| | Scenario 1 Gateway + Port Railyard | Scenario 2 Scenario 1 + Port Logistics | Scenario 3 Existing Conditions |
|--------------------------|---|---|---|
| City of Oakland | \$ 471,200 | \$ 814,600 | \$ 9,100 |
| Oakland Unified Schools | \$ 312,800 | \$ 540,800 | \$ 6,000 |
| Alameda County | \$ 268,200 | \$ 463,700 | \$ 5,200 |
| AC Transit | \$ 77,600 | \$ 134,100 | \$ 1,500 |
| Peralta Com. College | \$ 44,200 | \$ 76,400 | \$ 900 |
| East Bay Parks | \$ 40,500 | \$ 70,100 | \$ 800 |
| Flood & Water Conserv.* | \$ 31,100 | \$ 53,800 | \$ 600 |
| East Bay MUD** | \$ 33,000 | \$ 57,100 | \$ 700 |
| BART | \$ 9,000 | \$ 15,600 | \$ 200 |
| Other Taxing Agencies*** | \$ 13,200 | \$ 22,900 | \$ 200 |
| ERAF | \$ 374,500 | \$ 647,500 | \$ 7,200 |
| Total | \$ 1,675,300 | \$ 2,896,600 | \$ 32,400 |



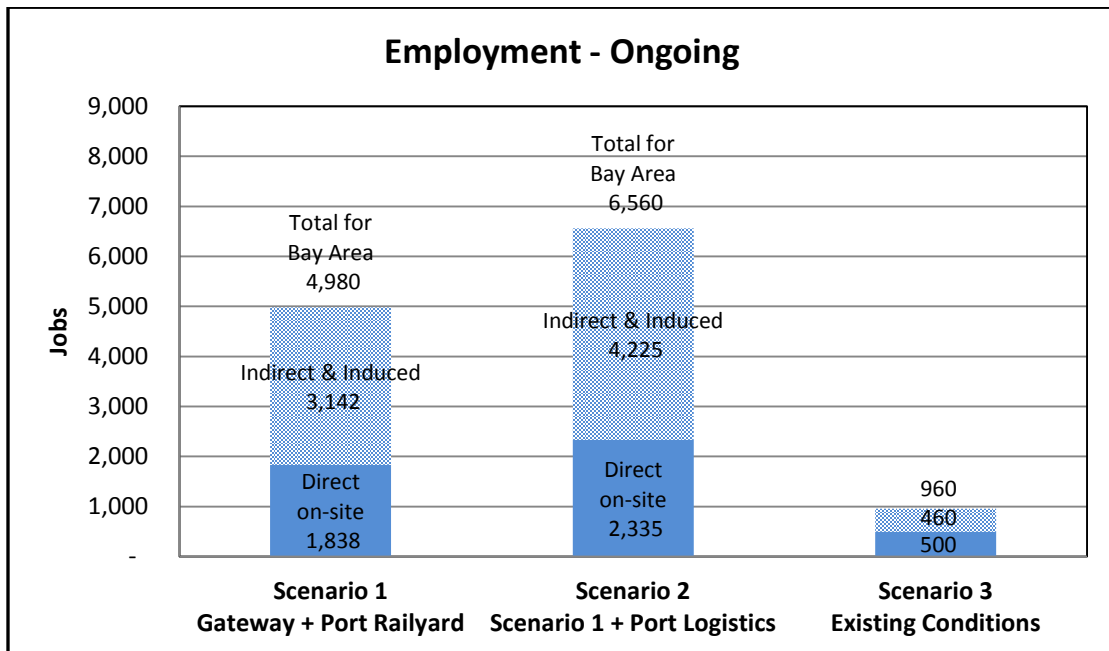
* Includes Flood Control Zone 12.

** Includes Special District #1

*** Includes BAAQMD, County Superintendent of Schools, Mosquito Abatement, and Oakland Zoo.

B. Ongoing Jobs to be Created by Oakland Global

As indicated in the Master Plan, the TIGER grant application, and other pertinent documents, Oakland Global will be a key job-generator for Oakland. Once completed and fully operational, Oakland Global is estimated to generate between 1,840 (Scenario 1) and 2,335 (Scenario 2) full-time permanent on-site jobs. These jobs will be held by residents of Oakland and other communities in the Bay Area. The on-site operations will indirectly support an additional 3,140 to 4,225 full-time equivalent jobs throughout the region resulting in a total employment impact for the region of between 4,980 and 6,560 jobs.

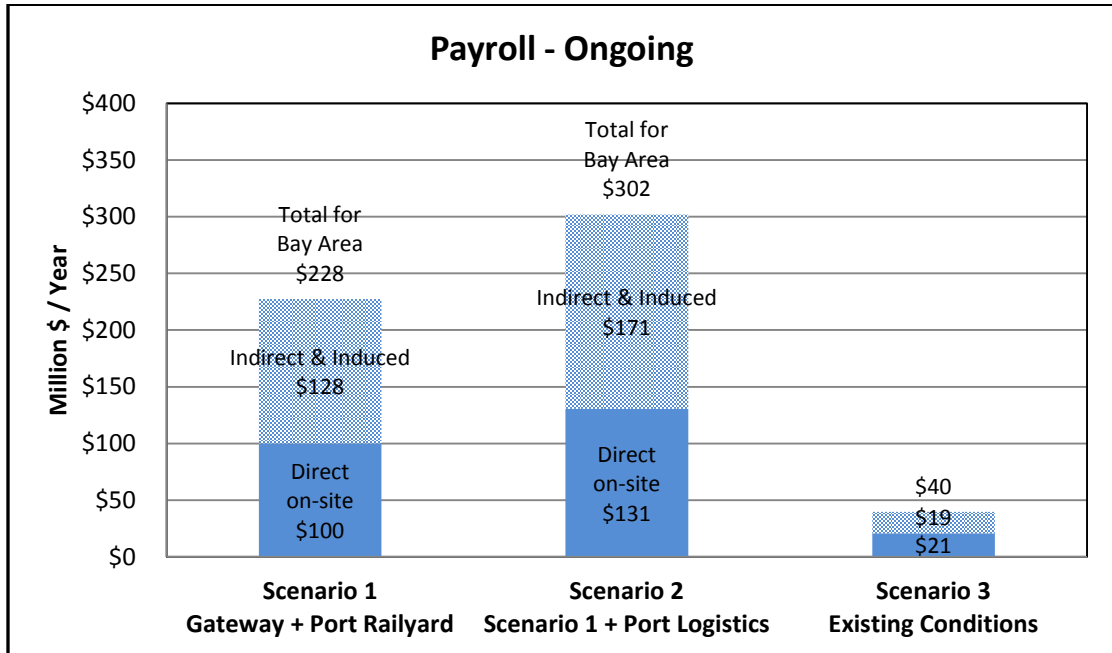


Employment created by Oakland Global (Scenarios 1 and 2) significantly exceeds the approximately 500 permanent jobs associated with existing uses¹ which are estimated to indirectly support an additional 460 jobs throughout the Bay Area for a total of 960 jobs (Scenario 3).

¹ Does not include temporary jobs associated with construction staging for the Bay Bridge replacement project.

C. Ongoing Employee Income to be Created by Oakland Global

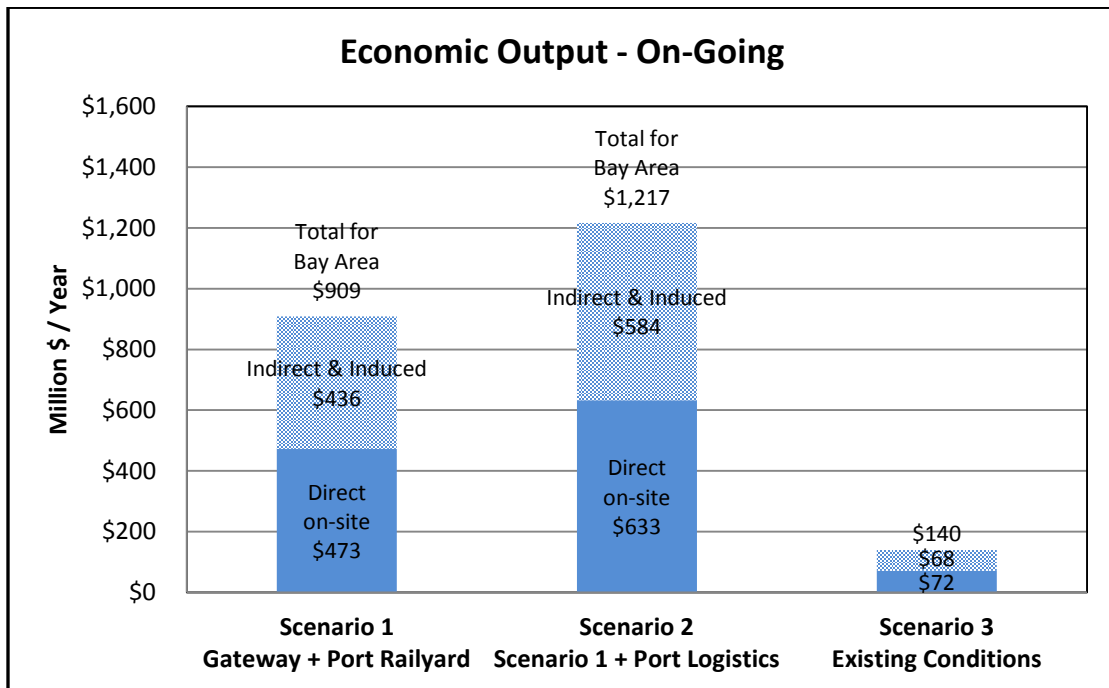
Annual direct payroll from on-site jobs in Oakland will total approximately \$100 million to \$130 million. Including indirect and induced employment throughout the region, Oakland Global will generate a total of approximately \$230 million to \$300 million of employee income.



Estimated income created by Oakland Global (Scenarios 1 and 2) significantly exceeds the existing \$21 million in on-site employee income and \$40 million in income inclusive of indirect and induced employment throughout the region (Scenario 3).

D. Ongoing Output/Gross Receipts of Oakland Global Businesses

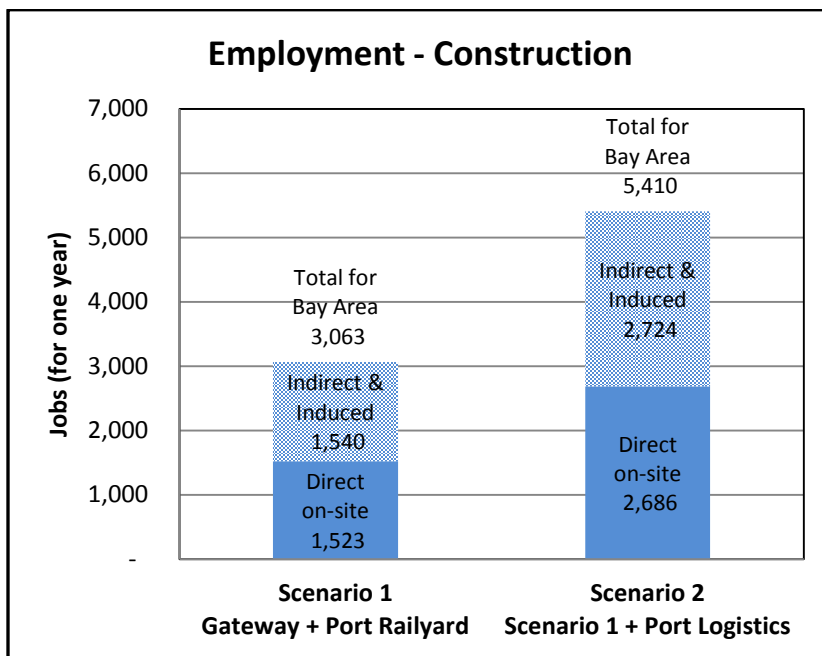
Based on regional statistics for rail transportation and warehouse industries, it is estimated that on-site Oakland Global businesses will directly generate from \$470 million to \$630 million in annual gross receipts. These gross receipts will stimulate economic output throughout the region. The total impact on regional output is estimated to range from \$900 million to \$1.2 billion per year.



Estimated gross receipts for Oakland Global businesses (Scenarios 1 and 2) significantly exceed the existing \$72 million in direct on-site gross receipts and \$140 million inclusive of indirect and induced economic activity throughout the region (Scenario 3).

E. Construction Jobs Created by Oakland Global

As detailed in the Master Plan, development costs for Scenario 1 are estimated to total \$560 million, which is estimated to support approximately 1,520 direct construction jobs on-site in the City of Oakland² for a full year. Development costs for Scenario 2 are estimated to reach \$1 billion, which is estimated to support approximately 2,690 direct on-site construction jobs in the City of Oakland for a full year.³ Through purchases of supplies from other businesses and the expenditures of construction employees, it is estimated that, regionally, the construction of Oakland Global will generate between 3,060 and 5,410 jobs for a full-year. While the construction impacts are not permanent, they will bring a significant boost to Oakland and the region.



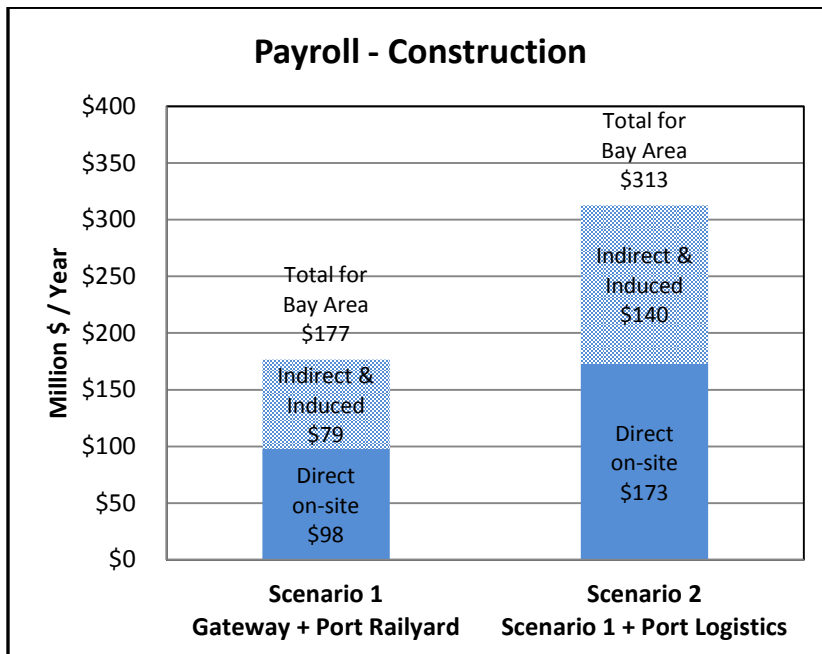
No construction jobs are created under Scenario 3, which would retain existing uses and does not involve new construction.

² The majority of the estimated direct construction-related jobs would be on on-site in Oakland (90% or more). The remaining approximately 10% of jobs for construction related professional services may be located in Oakland and/or other cities throughout the Bay Area.

³ Ibid.

F. Income Created by Construction of Oakland Global

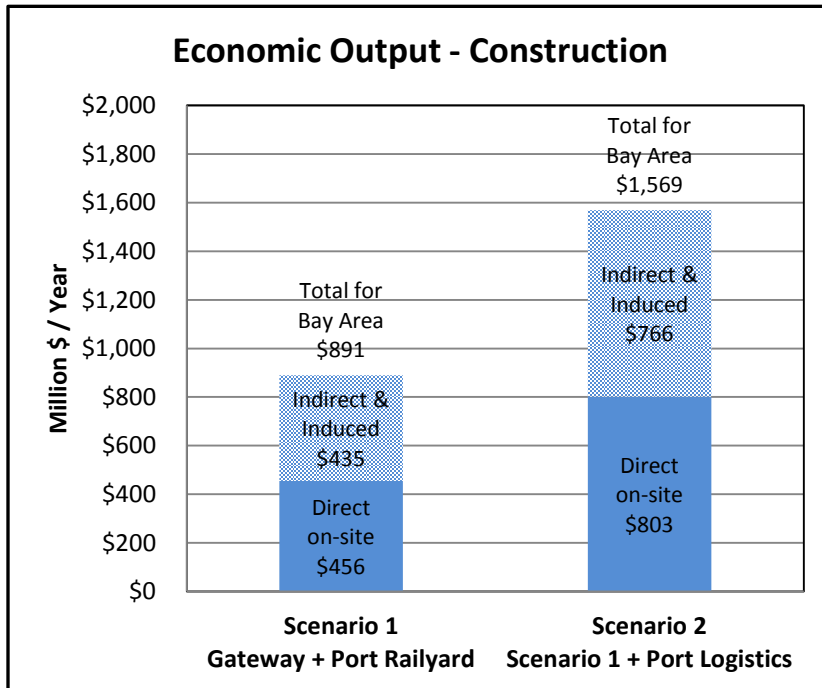
Direct employee payroll for the 1,520 to 2,690 on-site construction jobs in Oakland is estimated to range from \$98 million to \$173 million. The weighted average annual wage of construction and professional services workers who would be employed in developing Oakland Global currently approximates \$64,000. Including indirect and induced impacts throughout the region, the construction of Oakland Global is estimated to generate a total of \$177 million to \$313 million in employee payroll.



No construction-related payroll is generated under Scenario 3 which would retain existing uses and does not involve new construction.

G. Output/Gross Receipts Created by Construction of Oakland Global

Construction firms engaged in development of Oakland Global are estimated to support other businesses throughout the region through the purchases of construction materials and the expenditures of construction employees. Total regional output is estimated to range from \$890 million to \$1.6 billion.



No construction-related increase in gross receipts or economic output is generated under Scenario 3 which would retain existing uses and does not involve new construction.

III. List of Tables

The calculations made to prepare the property tax and economic impact estimates summarized in this memorandum are presented in the following technical tables:

Table 1: Summary of Proposed Vertical Development Scenarios

Table 2: Distribution of Annual Property Tax Revenue by Taxing Agency

Table 3: Summary of Ongoing and Construction Impacts

Table 4: Economic Benefits from On-Going Operations

Table 5: Economic Benefits from Construction

Table 6: Assessed Property Value

Table 7: Development Costs

Table 8: Ongoing Full Time Employment from Operations

Table 1
Summary of Proposed Vertical Development Scenarios - Gateway, Port Railyard and Port Logistics Areas
Property Tax and Economic Benefits Analysis
Oakland Army Base

| | Scenario 1 | Scenario 2 |
|---|----------------------------|--------------------------------|
| | Gateway + Port Railyard | Scenario 1 + Port Logistics |
| Private Vertical Dvlpmnt Prgrm - GBA¹ | | |
| City West Gateway - Option B | | |
| R&D | 0 | 0 |
| Bulk Warehouse | 146,460 | 146,460 |
| City Central Gateway | | |
| Transload Warehouse | 500,203 | 500,203 |
| Truck Services | 36,846 | 36,846 |
| City North Gateway | | |
| Recycling Facility | 407,160 | 407,160 |
| Truck Services | 827 | 827 |
| City East Gateway | | |
| Transload Warehouse | 442,560 | 442,560 |
| Total City Area | <u>1,534,056</u> | <u>1,534,056</u> |
| Port Area - GBA | | |
| Port Railyard | included | included |
| Port Logistics Transload Warehouse | 0 | 882,881 |
| Total Port Area | <u>0</u> | <u>882,881</u> |
| Total Vertical Building Area - GBA | 1,534,056 | 2,416,937 |
| Distribution by Land Use | | |
| R&D | 0 | 0 |
| Bulk Warehouse | 146,460 | 146,460 |
| Transload Warehouse | 942,763 | 1,825,644 |
| Truck Services | 37,673 | 37,673 |
| Recycling | <u>407,160</u> | <u>407,160</u> |
| Total Vertical GBA | 1,534,056 | 2,416,937 |
| Land Area | | |
| City Area | 5,579,024 | 5,579,024 |
| Port Area | <u>2,900,201</u> | <u>7,269,918</u> |
| Total, SF | 8,479,225 | 12,848,942 |
| Total, Acres | 195 | 295 |

¹ Source of building areas is the "Oakland Global Trade and Industry Center Master Plan."

Table 2
Distribution of Annual Property Tax Revenue by Taxing Agency - City Gateway and Port Logistics Properties
Property Tax and Economic Benefits Analysis
Oakland Army Base

City Gateway Property + Port Railyard - Scenario 1

| | | City Gateway Property + Port Railyard - Scenario 1 | | | | Scenario 1 | Port Logistics | Scenario 2 | Scenario 3 |
|---|----------------|--|------------------|------------------|------------------|-------------------------|--------------------|-----------------------------|---------------------|
| | | West Gateway | Central Gateway | North Gateway | East Gateway | Gateway + Port Railyard | | Scenario 1 + Port Logistics | Existing Conditions |
| Assessed Value Est. (\$Millions) ¹ | | \$22.3 | \$57.0 | \$46.9 | \$41.4 | \$167.5 | \$122.1 | \$289.7 | \$3.2 |
| Base Annual Property Tax | 1.00% | \$222,700 | \$569,700 | \$469,000 | \$414,200 | \$1,675,500 | \$1,221,300 | \$2,896,700 | \$32,400 |
| Distribution by Taxing Agency - TRA 17041 | | | | | | | | | |
| City of Oakland | 28.12% | \$62,600 | \$160,200 | \$131,900 | \$116,500 | \$471,200 | \$343,400 | \$814,600 | \$9,100 |
| ERAF | 22.35% | \$49,800 | \$127,300 | \$104,800 | \$92,600 | \$374,500 | \$273,000 | \$647,500 | \$7,200 |
| Oakland Unified School District | 18.67% | \$41,600 | \$106,400 | \$87,600 | \$77,300 | \$312,800 | \$228,000 | \$540,800 | \$6,000 |
| Alameda County | 16.01% | \$35,700 | \$91,200 | \$75,100 | \$66,300 | \$268,200 | \$195,500 | \$463,700 | \$5,200 |
| AC Transit | 4.63% | \$10,300 | \$26,400 | \$21,700 | \$19,200 | \$77,600 | \$56,500 | \$134,100 | \$1,500 |
| Peralta Community College District | 2.64% | \$5,900 | \$15,000 | \$12,400 | \$10,900 | \$44,200 | \$32,200 | \$76,400 | \$900 |
| East Bay Parks | 2.42% | \$5,400 | \$13,800 | \$11,300 | \$10,000 | \$40,500 | \$29,600 | \$70,100 | \$800 |
| Flood Control Zone 12 | 1.75% | \$3,900 | \$10,000 | \$8,200 | \$7,200 | \$29,300 | \$21,400 | \$50,700 | \$600 |
| County Flood Control and Water Conservation | 0.11% | \$200 | \$600 | \$500 | \$500 | \$1,800 | \$1,300 | \$3,100 | \$0 |
| East Bay MUD | 1.45% | \$3,200 | \$8,300 | \$6,800 | \$6,000 | \$24,300 | \$17,700 | \$42,000 | \$500 |
| EBMUD Special District #1 | 0.52% | \$1,200 | \$3,000 | \$2,400 | \$2,200 | \$8,700 | \$6,400 | \$15,100 | \$200 |
| BART | 0.54% | \$1,200 | \$3,100 | \$2,500 | \$2,200 | \$9,000 | \$6,600 | \$15,600 | \$200 |
| Air Quality Management District | 0.19% | \$400 | \$1,100 | \$900 | \$800 | \$3,200 | \$2,300 | \$5,500 | \$100 |
| County Institution Pupils | 0.15% | \$300 | \$900 | \$700 | \$600 | \$2,500 | \$1,800 | \$4,300 | \$0 |
| County Superintendent Service | 0.09% | \$200 | \$500 | \$400 | \$400 | \$1,500 | \$1,100 | \$2,600 | \$0 |
| County Superintendent Capital | 0.07% | \$200 | \$400 | \$300 | \$300 | \$1,200 | \$900 | \$2,100 | \$0 |
| County Juvenile Hall Education | 0.03% | \$100 | \$200 | \$100 | \$100 | \$500 | \$400 | \$900 | \$0 |
| Mosquito Abatement | 0.08% | \$200 | \$500 | \$400 | \$300 | \$1,300 | \$1,000 | \$2,300 | \$0 |
| Oakland Zoo | 0.18% | \$400 | \$1,000 | \$800 | \$700 | \$3,000 | \$2,200 | \$5,200 | \$100 |
| Total | 100.00% | \$222,800 | \$569,900 | \$468,800 | \$414,100 | \$1,675,300 | \$1,221,300 | \$2,896,600 | \$32,400 |

¹ Estimates are presented on Table 6. Existing conditions represents actual FY 12-13 AV per Alameda County Assessor.

Table 3
Summary of Impacts - Gateway, Port Railyards, and Port Logistics Areas
Property Tax and Economic Benefits Analysis
Oakland Army Base

| | Scenario 1 | Scenario 2 | Scenario 3 |
|--|----------------------------|--------------------------------|------------------------|
| | Gateway + Port Railyard | Scenario 1 + Port Logistics | Existing Conditions |
| Local On-Going Annual Property Tax Revenues¹ | \$1,675,300 | \$2,896,600 | \$32,400 |
| On-Going Economic Benefits / Operations² | | | |
| Direct Impact - <i>On-site Impacts</i> | | | |
| Economic Output | \$473 | \$633 | \$72 Million/Yr |
| Payroll | \$100 | \$131 | \$21 Million/Yr |
| Employment | 1,838 | 2,335 | 500 jobs |
| Direct, Indirect, Induced Impact - <i>SF/Oak/Fremont MSA</i> | | | |
| Economic Output | \$909 | \$1,217 | \$140 Million/Yr |
| Payroll | \$228 | \$302 | \$40 Million/Yr |
| Employment | 4,980 | 6,560 | 960 jobs |
| Construction Economic Benefits³ | | | |
| Direct Impact - <i>On-site Impacts</i> | | | |
| Economic Output | \$456 | \$803 | N/A Million |
| Payroll | \$98 | \$173 | N/A Million |
| Employment ⁴ | 1,523 | 2,686 | N/A jobs |
| Direct, Indirect, Induced Impact - <i>SF/Oak/Fremont MSA</i> | | | |
| Economic Output | \$891 | \$1,569 | N/A Million |
| Payroll | \$177 | \$313 | N/A Million |
| Employment ⁴ | 3,063 | 5,410 | N/A jobs |

¹ Estimates are presented on Table 6. Distribution among taxing agencies is presented on Table 2.

² Estimates are presented on Table 4.

³ Estimates are presented on Table 5.

⁴ Estimates are presented on Table 5. Employment impacts represent equivalent full-time jobs over a 1-year construction period.

Table 4
Summary of Economic Benefits from On-Going Operations - Gateway, Railyard, and Port Logistics
Property Tax and Economic Benefits Analysis
Oakland Army Base

| Estimated Economic Impacts from On-Going Operations | Annual Direct Impact | Bay Area Multiplier¹ | Indirect & Induced Impact | Total Annual Impact |
|--|-----------------------------|--|--------------------------------------|----------------------------|
| Economic Output / Gross Sales | | | | |
| Scenario 1 | | | | |
| New | \$441,800,000 ³ | 1.9214 ¹ | \$407,200,000 | \$849,000,000 |
| Retained Existing (Port Property) ⁴ | <u>\$30,700,000</u> | 1.9536 ¹ | <u>\$29,100,000</u> | <u>\$59,700,000</u> |
| Total | \$472,500,000 | | \$436,300,000 | \$908,700,000 |
| Scenario 2 | \$633,400,000 ³ | 1.9214 ¹ | \$583,600,000 | \$1,217,000,000 |
| Scenario 3 | \$71,900,000 ³ | 1.9536 ¹ | \$68,100,000 | \$140,000,000 |
| Employment | | | | |
| Scenario 1 | | | | |
| New | 1,628 ² | 2.8094 ¹ | 2,942 | 4,570 |
| Retained Existing (Port Property) ⁴ | <u>210</u> | 1.9257 ¹ | <u>200</u> | <u>410</u> |
| Total | 1,838 | | 3,142 | 4,980 |
| Scenario 2 | 2,335 ² | 2.8094 ¹ | 4,225 | 6,560 |
| Scenario 3 | 500 ² | 1.9257 ¹ | 460 | 960 |
| Earnings / Payroll | | | | |
| Scenario 1 | | | | |
| New | \$91,200,000 ³ | 2.3093 ¹ | \$119,500,000 | \$210,700,000 ¹ |
| Retained Existing (Port Property) ⁴ | <u>\$8,900,000</u> | 1.8951 ¹ | <u>\$8,000,000</u> | <u>\$16,900,000</u> |
| Total | \$100,100,000 | | \$127,500,000 | \$227,600,000 |
| Scenario 2 | \$130,800,000 ³ | 2.3093 ¹ | \$171,300,000 | \$302,100,000 ¹ |
| Scenario 3 | \$20,900,000 ³ | 1.8951 ¹ | \$18,800,000 | \$39,700,000 ¹ |

Notes:

¹ Bureau of Economic Analysis RIMS II multipliers for the Bay Area (11-County Combined Statistical Area) applicable to rail transportation and warehousing/storage industries.

Multiplier for existing uses are for warehousing/storage and truck transportation industries.

Output, indirect/induced employment, and total payroll figures have been estimated by applying the RIMS II multipliers to the direct job counts.

² Please see Table 8 for calculation of jobs.

³ Estimate derived using RIMS II multipliers based upon estimated direct employment.

⁴ Approximately 65% of existing jobs are located on the Port Parcels of which two thirds are assumed to be retained in Scenario 1 (Gateway + Port Railyard only).

Table 5
Projection of Economic Benefits from Construction - Gateway and Port Railyard and Port Logistics Areas
Property Tax and Economic Benefits Analysis
Oakland Army Base

| | | | | <u>Direct Construction Impact</u> | <u>MSA Multiplier²</u> | <u>Indirect & Induced Impact</u> | <u>Total Impact</u> |
|---|--------------------|--|---|---|---------------------------------------|--|---------------------|
| Estimated Construction Period Economic Impacts | | | | | | | |
| Scenario 1 (Gateway + Port Railyard) | | | | | | | |
| Economic Output (Costs) | millions | | | \$456 | | \$435 | \$891 |
| Construction Trades | | | | \$422 | 1.9458 | \$399 | \$822 |
| Professional Services | | | | \$33 | 2.0625 | \$36 | \$69 |
| Construction Payroll | millions | | | \$98 | | \$79 | \$177 |
| Construction Trades | 20% | | 3 | \$84 | 1.7996 | \$68 | \$152 |
| Professional Services | 40% | | 3 | \$13 | 1.8547 | \$11 | \$25 |
| Construction Employment - One-Year's Duration | | | | 1,523 | | 1,540 | 3,063 |
| Construction Trades | \$61,100 avg. wage | | 4 | 1,382 | 1.9617 | 1,329 | 2,712 |
| Professional Services | \$95,000 avg. wage | | 4 | 141 | 2.4978 | 211 | 352 |
| Scenario 2 (Scenario 1 + Port Logistics) | | | | | | | |
| Economic Output (Costs) | millions | | | \$803 | | \$766 | \$1,569 |
| Construction Trades | | | | \$740 | 1.9458 | \$700 | \$1,440 |
| Professional Services | | | | \$63 | 2.0625 | \$67 | \$129 |
| Construction Payroll | millions | | | \$173 | | \$140 | \$313 |
| Construction Trades | 20% | | 3 | \$148 | 1.7996 | \$118 | \$266 |
| Professional Services | 40% | | | \$25 | 1.8547 | \$21 | \$46 |
| Construction Employment - One Year's Duration | | | | 2,686 | | 2,724 | 5,410 |
| Construction Trades | \$61,100 avg. wage | | 4 | 2,422 | 1.9617 | 2,329 | 4,751 |
| Professional Services | \$95,000 avg. wage | | 4 | 264 | 2.4978 | 395 | 658 |

Notes:

¹ Reflects development cost estimates contained in the "Oakland Global Trade Industry center Master Plan."

² Bureau of Economic Analysis RIMS II multipliers for the San Francisco/Oakland/Fremont MSA.

³ Based on the 2007 Economic Census. Ratio of net value of construction work and professional services to gross payroll for industrial building construction contractors and architectural and engineering services.

⁴ Per California Employment Development Department data on average pay for construction and professional service workers in Alameda County.

Sources: Bureau of Economic Analysis, Oakland Army Base, RIMS II multipliers.

Table 6
Assessed Property Value - City Gateway and Port Logistics Properties
Property Tax and Economic Benefits Analysis
Oakland Army Base

City Gateway Property + Port Railyard - Scenario 1

| Est. Assessed Value ¹ | City Gateway Property + Port Railyard - Scenario 1 | | | | Scenario 1 | Port Logistics | Scenario 2 | Scenario 3 |
|----------------------------------|--|-----------------|---------------|--------------|-------------------------|----------------|-----------------------------|--|
| | West Gateway | Central Gateway | North Gateway | East Gateway | Gateway + Port Railyard | | Scenario 1 + Port Logistics | Existing Conditions |
| Base Bldg. | \$15,000,000 | \$25,499,436 | \$36,000,000 | \$20,144,640 | \$96,644,000 | \$40,476,000 | \$137,120,000 | actual 12-13 AV Per Assessor \$3,236,000 |
| Site Work | \$0 | \$6,444,000 | \$0 | \$6,048,000 | \$12,492,000 | \$14,662,000 | \$27,154,000 | |
| Tenant Improvement Allowance | \$839,561 | \$2,501,015 | \$0 | \$2,212,800 | \$5,553,000 | \$4,414,000 | \$9,967,000 | |
| Acquisition | \$0 | \$552,690 | \$0 | \$0 | \$553,000 | \$0 | \$553,000 | |
| Land Value (@\$8/sf of land) | \$5,694,504 | \$19,285,464 | \$8,854,704 | \$10,797,520 | \$44,632,000 | \$58,159,000 | \$102,791,000 | |
| Personal Property (@\$5/sf gba) | \$732,300 | \$2,685,245 | \$2,039,935 | \$2,212,800 | \$7,670,000 | \$4,414,000 | \$12,084,000 | |
| Estimated Assessed Value | \$22,266,365 | \$56,967,850 | \$46,894,639 | \$41,415,760 | \$167,544,614 | \$122,125,000 | \$289,669,000 | |
| Per SF of GBA | | | | | | | | |
| Base Bldg. | \$102.42 | \$47.48 | \$88.24 | \$45.52 | \$63.00 | \$45.85 | \$56.73 | |
| Site Work | \$0.00 | \$12.00 | \$0.00 | \$13.67 | \$8.14 | \$16.61 | \$11.23 | |
| TIs | \$5.73 | \$4.66 | \$0.00 | \$5.00 | \$3.62 | \$5.00 | \$4.12 | |
| Acquisition | \$0.00 | \$1.03 | \$0.00 | \$0.00 | \$0.36 | \$0.00 | \$0.23 | |
| Land Value (@\$8/sf of land) | \$38.88 | \$35.91 | \$21.70 | \$24.40 | \$29.09 | \$65.87 | \$42.53 | |
| Personal Property (@\$5/sf gba) | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | |
| Total Assessed Value / sf gba | \$152.03 | \$106.08 | \$114.94 | \$93.58 | \$109.22 | \$138.33 | \$119.85 | |
| Land Area | 711,813 | 2,410,683 | 1,106,838 | 1,349,690 | 5,579,024 | 7,269,918 | 12,848,942 | |
| Bldg. Area | 146,460 | 537,049 | 407,987 | 442,560 | 1,534,056 | 882,881 | 2,416,937 | |

¹ Assessed value estimates are based on the construction budget for vertical improvements contained in the "Oakland Global Trade and Industry Master Plan" and summarized on Table 1. This projection does not include an assessed value for the horizontal improvements, including the port railyard improvements.

Table 7

Estimated Development Costs Oakland Global¹
 Property Tax and Economic Benefits Analysis
 Oakland Army Base

| | City Gateway Planning Areas | | | | | Port Planning Areas | | | | Scenario 1 | Scenario 2 | |
|---|-----------------------------|-----------------|--------------|-------------|--------------|---------------------|---------------|--------------------|--------------------|-----------------------------|------------------|-----------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | CW1 | CE1 &2, CC1,4,5 | CE3,CC2,CC3 | CC6 - 9 | CN1, CN2 | Gateway Subtotal | Port Railyard | PL 1 - 9 Transload | PL 1 - 9 warehouse | Port Subtotal (inc. 7th st) | Columns 6, and 7 | Columns 6 + 10 |
| Land SF | | | | | | 5,579,024 | 2,900,201 | | | 7,269,918 | 8,479,225 | 12,848,942 |
| Gross Building Area | 146,460 | 347,000 | 595,763 | 36,846 | 407,987 | 1,534,056 | | | | 882,881 | 1,534,056 | 2,416,937 |
| Remediation | | | | | | \$5,700,000 | \$3,425,464 | \$2,274,536 | | \$5,700,000 | \$9,125,464 | \$11,400,000 |
| Horizontal Costs | | | | | | | | | | | | |
| Direct Costs | | | | | | \$150,843,068 | \$125,523,137 | | | \$362,371,625 | \$276,366,205 | \$513,214,693 |
| Professional Services | | | | | | \$15,838,522 | \$13,179,929 | | | \$38,049,021 | \$29,018,451 | \$53,887,543 |
| Contingency and Escalation | | | | | | \$37,673,705 | \$31,224,000 | | | \$90,019,832 | \$68,897,705 | \$127,693,537 |
| General Contractor Costs | | | | | | \$12,067,445 | \$10,041,851 | | | \$28,989,730 | \$22,109,296 | \$41,057,175 |
| Other Soft Costs | | | | | | \$12,488,047 | \$9,752,545 | | | \$27,543,087 | \$22,240,592 | \$40,031,134 |
| Subtotal Horizontal | | | | | | \$228,910,787 | \$189,721,462 | | | \$546,973,295 | \$418,632,249 | \$775,884,082 |
| Vertical Development Costs | | | | | | | | | | | | |
| Predevelopment Costs | | \$1,127,750 | \$1,280,890 | | | \$2,408,640 | \$0 | \$1,323,660 | \$1,022,542 | \$2,346,202 | \$2,408,640 | \$4,754,842 |
| Arch. & Structural | | \$520,500 | \$744,704 | | | \$1,265,204 | \$0 | \$610,920 | \$594,501 | \$1,205,421 | \$1,265,204 | \$2,470,625 |
| Civil Engineering | | \$225,550 | \$268,093 | | | \$493,643 | \$0 | \$264,732 | \$214,020 | \$478,752 | \$493,643 | \$972,395 |
| Bldg. Permit Fees | | \$926,490 | \$875,772 | | | \$1,802,262 | \$0 | \$1,087,438 | \$699,133 | \$1,786,571 | \$1,802,262 | \$3,588,833 |
| Utility Fees | | \$347,000 | \$297,882 | | | \$644,882 | \$0 | \$407,280 | \$237,801 | \$645,081 | \$644,882 | \$1,289,963 |
| Jobs/Hsg. Fee | | \$1,265,856 | \$2,445,011 | | | \$3,710,867 | \$0 | \$1,485,757 | \$1,951,867 | \$3,437,624 | \$3,710,867 | \$7,148,491 |
| Environmental | | \$13,880 | \$11,915 | | | \$25,795 | \$0 | \$16,291 | \$9,512 | \$25,803 | \$25,795 | \$51,598 |
| Dev. Fee | | \$1,080,905 | \$1,021,734 | | | \$2,102,639 | \$0 | \$1,268,677 | \$815,656 | \$2,084,333 | \$2,102,639 | \$4,186,972 |
| Title | | \$164,825 | \$162,048 | | | \$326,873 | \$0 | \$193,458 | \$129,363 | \$322,821 | \$326,873 | \$649,694 |
| Transfer Tax | | \$15,268 | \$16,383 | | | \$31,651 | \$0 | \$17,920 | \$13,079 | \$30,999 | \$31,651 | \$62,650 |
| Legal | | \$138,800 | \$119,153 | | | \$257,953 | \$0 | \$162,912 | \$95,120 | \$258,032 | \$257,953 | \$515,985 |
| Con. Ins. | | \$329,650 | \$324,095 | | | \$653,745 | \$0 | \$386,916 | \$258,727 | \$645,643 | \$653,745 | \$1,299,388 |
| Possessory Int. Tax | | \$723,820 | \$735,023 | | | \$1,458,843 | \$0 | \$849,561 | \$586,773 | \$1,436,334 | \$1,458,843 | \$2,895,177 |
| Op. Exp. | | \$166,560 | \$214,475 | | | \$381,035 | \$0 | \$195,494 | \$171,216 | \$366,710 | \$381,035 | \$747,745 |
| Dev. Carry | | \$2,491,460 | \$2,073,255 | | | \$4,564,715 | \$0 | \$2,924,270 | \$1,655,091 | \$4,579,361 | \$4,564,715 | \$9,144,076 |
| Base Bldg. | \$15,000,000 | \$16,656,000 | \$26,213,572 | \$2,774,504 | \$36,000,000 | \$96,644,076 | \$0 | \$19,549,440 | \$20,926,444 | \$40,475,884 | \$96,644,076 | \$137,119,960 |
| Site Work | | \$12,492,000 | | | | \$12,492,000 | \$0 | \$14,662,080 | | \$14,662,080 | \$12,492,000 | \$27,154,080 |
| Tis | \$839,561 | \$1,735,000 | \$2,978,815 | | | \$5,553,376 | \$0 | \$2,036,400 | \$2,378,005 | \$4,414,405 | \$5,553,376 | \$9,967,781 |
| Acquisition | | | | \$552,690 | | \$552,690 | \$0 | \$0 | \$0 | \$0 | \$552,690 | \$552,690 |
| Subtotal, Vertical | \$15,839,561 | \$40,421,314 | \$39,782,820 | \$3,327,194 | \$36,000,000 | \$135,370,889 | \$0 | \$47,443,206 | \$31,758,850 | \$79,202,056 | \$135,370,889 | \$214,572,945 |
| Total Project Costs | | | | | | \$369,981,676 | \$193,146,926 | | | \$631,875,351 | \$563,128,602 | \$1,001,857,027 |
| Costs Included for Economic Impact Estimates ² | | | | | | \$303,563,927 | \$152,170,381 | | | \$498,951,152 | \$455,734,308 | \$802,515,079 |

¹ Development cost estimates reflect construction budget presented in the "Oakland Global Trade and Industry Center Master Plan".

² To provide a conservative analysis, selected soft cost / contingency line items have been excluded for purposes of economic impact estimates as they may not represent local expenditures within the Bay Area economy.

Table 8
Ongoing Full-Time Employment from Operations - Gateway and Port Logistics Properties
Property Tax and Economic Benefits Analysis
Oakland Army Base

| I. Direct Ongoing Jobs | Employment Density ¹ | Scenario 1 | Scenario 2 | Scenario 3 |
|---|------------------------------------|----------------------------|--------------------------------|-------------------------------------|
| | | Gateway + Port Railyard | Scenario 1 + Port Logistics | Existing Conditions ³ |
| R&D | 2.50 | 0 | 0 | |
| Bulk Warehouse, West Gateway | 0.80 | 117 | 117 | |
| Transload Warehouse, Gateway and Port | 0.80 | 754 | 1,461 | |
| Truck Services, Gateway | 0.80 | 30 | 30 | |
| Port Railyard Terminal ¹ | | 401 | 401 | |
| Recycling, North Gateway | 0.80 | <u>326</u> | <u>326</u> | |
| Total Direct On-going Full Time Equivalent Jobs | | 1,628 | 2,335 | 500 |
| II. Indirect and Induced Jobs - San Francisco- Oakland-Fremont MSA | | 2,946 | 4,224 | 460 |
| III. Total Jobs - San Francisco-Oakland- Fremont MSA | | 4,574 | 6,559 | 960 |
| Multiplier² | | 2.809 | 2.809 | 1.926 |

¹ Represent number of on-going full time equivalent jobs per 1,000 square feet of gross building area.
These job generation factors reflect the factors and the rail employment estimates in the "2012 Oakland
Army Base Project Initial Study/Addendum" prepared by LSA in May 2012.

² Weighted average of RIMS II multipliers for San Francisco- Oakland-Fremont MSA, weighted 50% rail transportation and 50% warehouse and storage.
For existing uses, multipliers are based on a weighted average of 70% warehousing and storage and 30% truck transportation which represent the largest share of overall
existing employment although other uses exist such as the Oakland Film Center.

³ Jobs for Scenario 3 (existing conditions) Per "2012 Oakland Army Base Project Initial Study/Addendum" prepared by LSA in May 2012."
Excludes temporary jobs associated with Bay Bridge construction staging / lay down area.