

Comment of Margaret Rossoff on behalf of No Coal in Oakland regarding job creation in the construction and operation of the Oakland Bulk and Oversized Terminal

At the September 21, 2015, Oakland City Council hearing, the developer's lead spokesman implied that a ban on coal exports would place nearly 12,000 jobs at risk. On September 30, the San Francisco Chronicle repeated this framing of the issue, suggesting that a ban on coal could "disrupt—potentially derailing—a major development that promises nearly 12,000 jobs." The clear implication of these statements is that 12,000 jobs may be sacrificed if the Council stops Oakland from becoming the site of a major West Coast coal export terminal. Many stakeholders, including members of the building trades unions, have been led to believe that any interference with Terminal Logistic Solution's prospective deal to ship millions of tons of coal each year will cost thousands of good union jobs.

The coal proponents' fearmongering is unsupported by the facts. Most importantly, there is no evidence at all that coal will provide Oakland with more jobs than any of the other 15,000 commodities that can be shipped through Oakland's new export facility.

The specter of nearly 12,000 jobs at risk is based on a misrepresentation of a 2012 economic impact analysis ("EIA") prepared for the City of Oakland by Keyser Marston Associates ("KMA"), a San Francisco-based real estate consulting firm.¹ An economic impact analysis is commonly conducted when there is public concern about the potential impacts of a proposed project, such as a new baseball stadium, manufacturing plant, or airport. An EIA examines the effect of a project on the economy in a specified area, ranging from a single neighborhood to the entire globe. It forecasts impacts on economic factors of importance to its intended audience. An EIA prepared for a municipal government will typically consider the impact of the project on tax revenues, employment, and economic growth. A common purpose of an EIA is to persuade politicians and community stakeholders of a project's value.

The 2012 KMA memorandum projected that Oakland Global, not just the bulk commodities export terminal, but the entire Oakland Global project²—fully built out— would generate 11,970 jobs, including 2,686 one-year construction jobs in

¹ A copy of the KMA memorandum is attached as Exhibit 1.

² As explained in the KMA memo, KMA "evaluated the annual property tax revenues and economic impact 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 the Port railyard."

Oakland; 2,353 permanent operations jobs in Oakland; and 6,949 “indirect and induced” jobs somewhere in the Oakland, San Francisco, Fremont region.

Coal proponents have left the impression that all 11,970 of these projected jobs are at risk if the Council should decide to ban coal exports.³

This is contradicted by the KMA memo itself. Of the 2,335 permanent Oakland operations jobs projected by KMA,⁴ only 117 are associated with the West Gateway Bulk Terminal, also known as the Oakland Bulk and Oversized Terminal (OBOT). OBOT is the facility that would service coal exports or exports of other bulk commodities if coal exports are banned. The minimal size of OBOT’s permanent labor force is not surprising as CCIG and TLS have declared their intention to build and operate a highly-automated, “state of the art” facility.⁵

How can a terminal that will produce only 117 permanent direct jobs become the subject of dire threats about the impact of denying it permission to ship one commodity out of the 15,000 bulk commodities for which it could be used?

The answer is that the bulk terminal is only one part of the redevelopment plan. Other components include a “state-of-the-art”⁶ logistics and warehousing center managing the flow and redistribution of cargo at the adjacent Port of Oakland; a rail yard servicing the Port; a 17-acre parking and service center for trucks; and a recycling center. None of these developments depends on OBOT’s construction, much less its dedication to coal exports.

According to KMA, the projected direct ongoing jobs from each of the Project components are shown in Table 1 on the next page.

³ Remarks of Gregory McConnell, Oakland City Council hearing, September 21, 2015 (“We’re talking about creating a bulk commodities terminal that will be capable of making Oakland’s deep water port competitive throughout the western United States and throughout the world. Once fully built out, it will create 11,970 jobs as well as \$300 million in annual regional income.”)

⁴ See Table 8.

⁵ TLS states that it will use “bottom-release rail cars” to drop incoming coal into a “deep underground transfer compartment,” then transfer the coal to covered and enclosed storage facilities via covered and enclosed conveyance systems, finally transferring and conveying the coal from the storage facilities “*directly* into waiting ships” via an “encapsulated system.” Letter dated July 15, 2015, from Jerry A. Bridges to Libby Schaaf, at p. 2.

⁶ The logistics and warehousing facilities analyzed by KMA consist of two components: a development on City land and a development on Port land.

Table 1. Job Creation by Project Component

Project Component	Full-time permanent on-site jobs
Bulk Terminal	117
Logistics and Warehousing Facilities	1,461
Truck Service Center	30
Port Railyard	401
Recycling Center	326
Total	2,335

Source: KMA Memorandum, Table 8.

The bulk terminal is expected to contribute 5% of the total permanent employment.

There is no comparable breakdown of direct construction jobs by Project component. According to KMA, the number of direct on-site jobs for a complete build-out of the Project is estimated as equivalent to 2,686 for one year. But this figure includes building the rail yard, the truck service center, the logistics and warehousing facilities, and the recycling center as well as the infrastructure to support them all. As shown on the map in Figure 1, the Bulk Terminal occupies only a corner of the overall Oakland Global development near the Bay Bridge Toll Plaza

Figure 1. Map of Oakland Global Development



Source: Bay Area News Group

The KMA report does provide a table of vertical building areas based on the Oakland Global Trade and Industry Center Master Plan:

Table 2. Distribution of Vertical Construction by Component

Project Component	Gross Building Area (sq. ft.)
Bulk Terminal	146,460
Logistics and Warehousing Facilities	1,825,644
Truck Service Center	37,673
Recycling Center	407,160
Total	2,416,937

Source: KMA Memorandum, Table 1

The gross building area of the bulk terminal amounts to 6% of the total, again confirming that OBOT is a small part of Oakland Global. Construction jobs are generally closely related to square footage for similar types of construction.⁷ If the bulk terminal were to generate 6% of the 2,686 direct construction jobs, the number of direct construction jobs attributable to OBOT would be 161.⁸

The estimated 117 direct operational jobs and 161 direct construction jobs that OBOT can generate will likely be realized whether coal is banned or not. KMA’s projections and the developer’s projections on which they are based did not assume coal as a commodity.

Indirect and induced jobs

Another component of KMA’s job projections consists of indirect and induced jobs relating to both the construction and operational phases of Oakland Global. Indirect jobs reflect increased employment in support of the project, such as new jobs at outside suppliers of goods and services. Induced jobs are jobs that are created by the household expenditures of workers with both direct and indirect jobs. Together, indirect and induced jobs reflect the “ripple effect” of a project’s economic benefits. To estimate the ripple effect, analysts use multipliers from various sources. KMA used multipliers published by the U.S. Bureau of Economic Analysis (BEA) under the name of RIMS II.

Using RIMS II multipliers, KMA estimated that, for each permanent direct job at Oakland Global, 1.809 indirect and induced jobs would be created in the San

⁷ KMA’s projections of direct construction jobs created by Oakland Global appear to be lifted directly from the developer’s Master Plan without any independent analysis by KMA.

⁸ Alternatively, if the ratio is the same as for permanent jobs, direct construction jobs generated by OBOT would be 135.

Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA).⁹ This MSA comprises five counties—San Francisco, San Mateo, Alameda, Contra Costa, and Marin—an area far beyond the boundaries of the City of Oakland. RIMS II multipliers are intended to estimate regional impacts because only some indirect and induced jobs are created nearby. A food truck serving workers at Oakland Global may come from Oakland or San Leandro or Martinez.

Table 3. KMA Estimate of Permanent Job Creation by Project Component

Project Component	Full-time permanent on-site jobs	Indirect and induced jobs ¹⁰	Total jobs San Francisco-Oakland-Hayward MSA
Bulk Terminal	117	212	329
Logistics and Warehousing Facilities	1,461	2,643	4,104
Truck Service Center	30	54	84
Port Railyard	401	725	1,126
Recycling Center	326	590	916
Total	2,335	4,224	6,559

Source: KMA Memorandum, Table 8.

Thus, to the extent that the RIMS II multiplier used by KMA provides an accurate estimate of indirect and induced jobs from each component of Oakland Global, OBOT may produce a ripple effect of another 212 jobs in the five-county MSA.

Although multipliers are a useful tool for estimating regional impacts of local projects, they do not justify claims that additional jobs will benefit the economically disadvantaged communities of color in Oakland.

Moreover, there are numerous ways in which the use of RIMS II multipliers can result in overestimates of job creation. First, the failure to consider offsets, such as the loss of trucking jobs that will result from shipping more items to the Port of Oakland by rail will result in erroneous job creation projections. Discussing common mistakes made in applying RIMS II multipliers, Bess and Ambargis, two BEA analysts, explain, “only net changes in final demand should be applied to the RIMS II multipliers.”¹¹ KMA violated this principle, providing estimated job

⁹ The KMA Memorandum refers to the MSA by its pre-2014 designation as the “San Francisco-Oakland-Fremont” MSA.

¹⁰ KMA states that it used a blended multiplier weighted 50% rail transportation and 50% warehouse and storage which it applied to the total number of full-time on-site jobs.

¹¹ Rebecca Bess and Zoë O. Ambargis, *Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers*, March 2011, available at https://www.bea.gov/papers/pdf/WP_IOMIA_RIMSII_020612.pdf

numbers that are now bandied about by coal proponents without reflecting direct, indirect, and induced jobs lost as a result of the Oakland Global project.

Second, the reliability of multipliers has been criticized. In a paper published by the Federal Reserve Bank in Saint Louis, a research officer and an economist detail numerous ways in which multipliers may overstate economic impacts and warn that “[t]he consumer should be aware that estimates based on regional multipliers are subject to considerable error.”¹² BEA’s Bess and Ambargis note that economic models like RIMS II are “typically based on assumptions that related to local supply conditions. Since many of these assumptions can lead to an overstatement of the impacts of a project or program, many consider the estimates as upper bounds.”¹³

BEA itself requests that analysts who mention the use of RIMS II multipliers “please clarify that the Bureau of Economic Analysis does not endorse any resulting estimates and/or conclusions about the economic impact of a proposed change on an area.”¹⁴ KMA made no such clarification, calling into question its commitment to provide the City of Oakland with objective analysis.

Subsequent use of the KMA estimates to imply that nearly 12,000 jobs are at risk if the City Council were to block the export of coal from the City’s own land highlights the way in which such estimates can be misused by project proponents. The Chronicle’s sensational statement that blocking coal exports will “potentially derail[] ... a major development project that promises nearly 12,000 jobs” is categorically untrue.

The truth is that there is no evidence in the record that denying coal will result in any fewer jobs coming to Oakland or the Bay Area. OBOT, whether it ships coal or other bulk commodities, has been estimated by KMA to provide the same number of jobs. And OBOT is only 5-6% of the overall Oakland Global project.

Sincerely,

Margaret Rossoff for No Coal in Oakland

¹² Cletus C. Coughlin and Thomas B. Mandelbaum, *A Consumer’s Guide to Regional Economic Multipliers*, Federal Reserve Bank of St. Louis Review 73 (January/February 1991), available at <https://research.stlouisfed.org/publications/review/1991/01/01/a-consumers-guide-to-regional-economic-multipliers/>.

¹³ Bess and Ambargis, *Input-Output Models*, *supra*, at p. 7.

¹⁴ U.S. Dept. of Commerce, *RIMS II: An essential tool for regional developers and planners*, at C-1, available at https://www.bea.gov/regional/pdf/rims/RIMSII_User_Guide.pdf.



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

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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

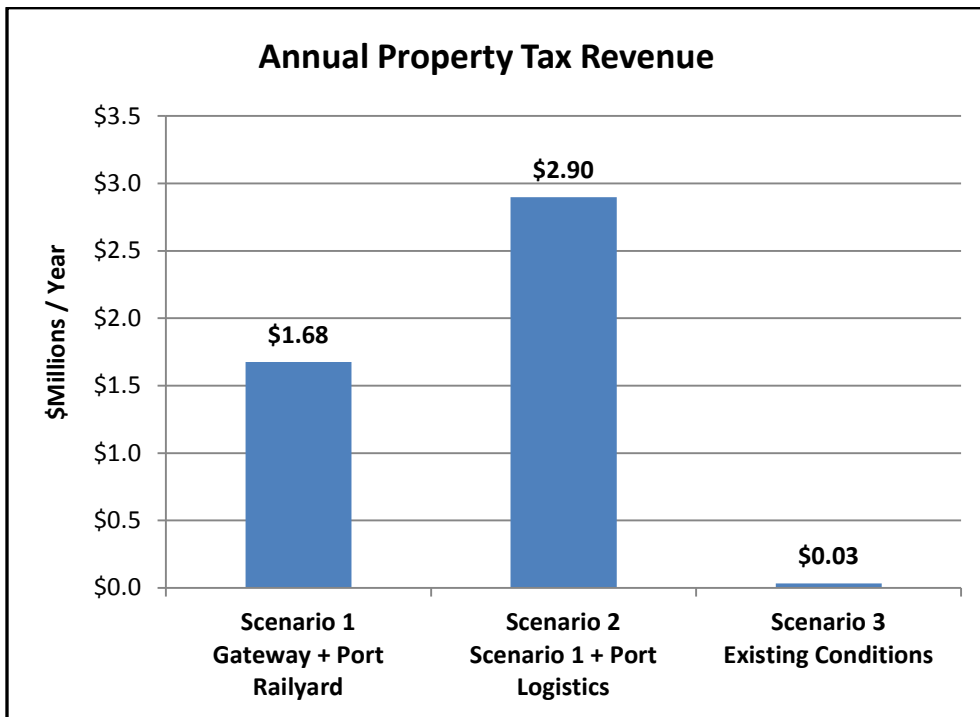
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vertical construction costs and an estimated land value. The land value estimate is after planned horizontal improvements are in place; therefore, horizontal improvement costs (remediation, demolition, utilities, and backbone infrastructure) are not 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).



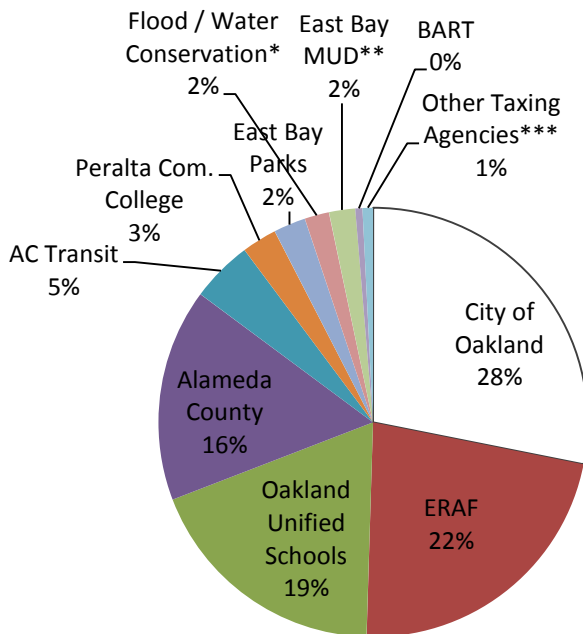
As illustrated below and on Table 2, the taxing agencies that receive the largest portion of property taxes are: 1) the City of Oakland (28%); 2) the Oakland Unified School District (19%), 3) Alameda County (16%) and 4) AC Transit (5%). Under the full build-out program (Scenario 2), annual property taxes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



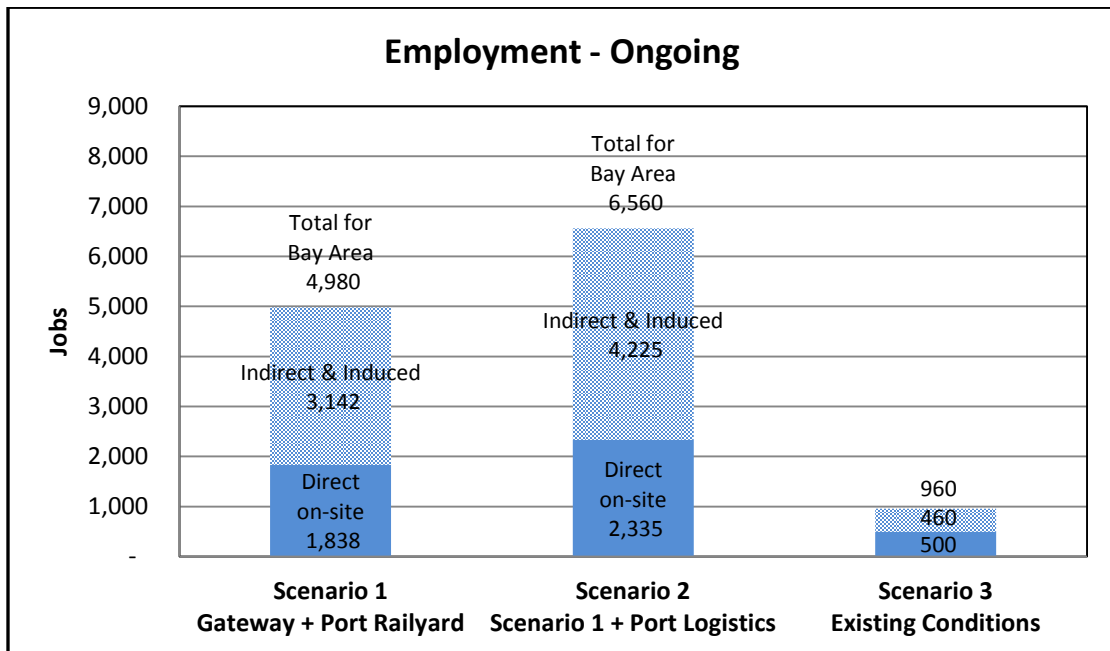
* Includes Flood Control Zone 12.

** 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.

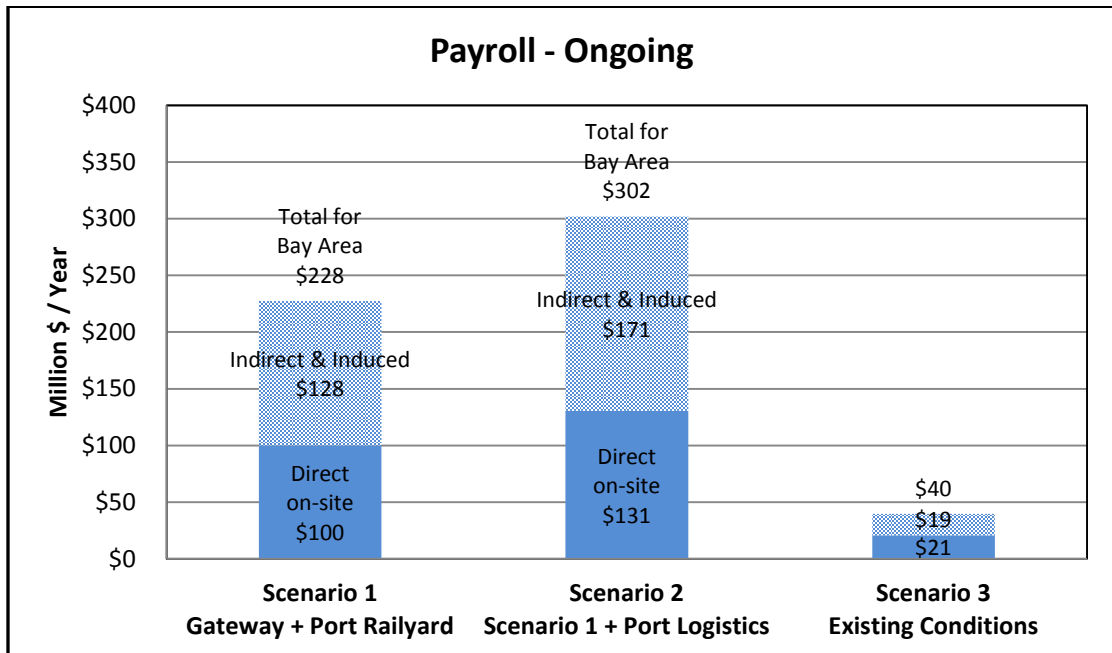


Employment created by Oakland Global (Scenarios 1 and 2) significantly exceeds the approximately 500 permanent jobs associated with existing uses¹ which are estimated to indirectly support an additional 460 jobs throughout the Bay Area for a total of 960 jobs (Scenario 3).

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

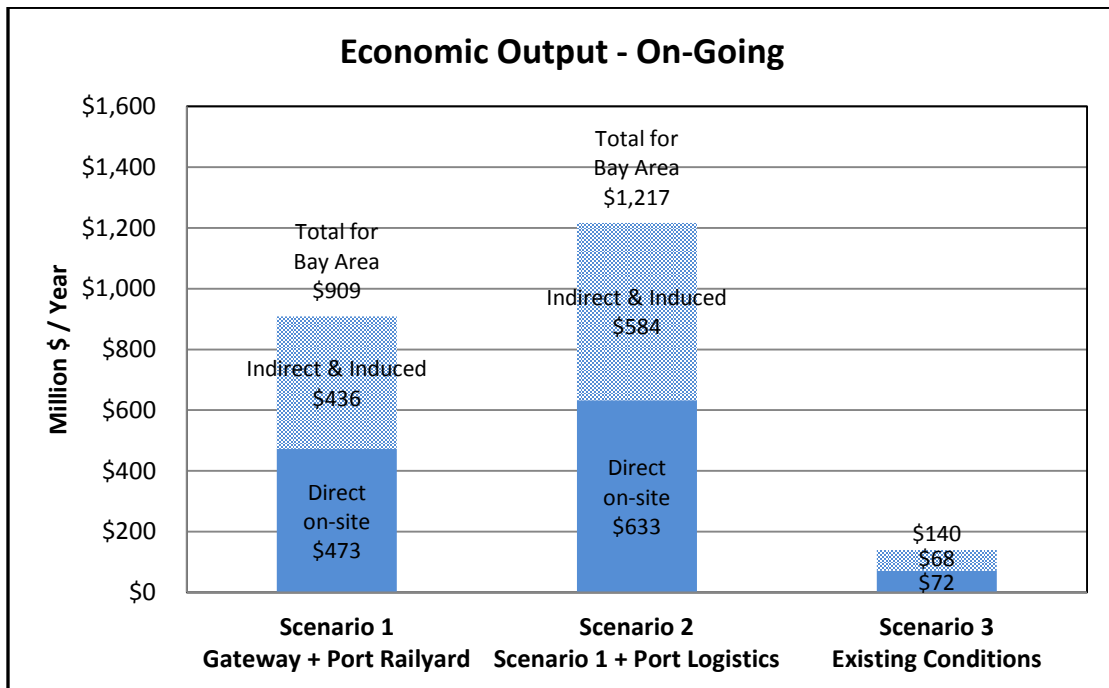
Annual direct payroll from on-site jobs in Oakland will total approximately \$100 million to \$130 million. Including indirect and induced employment throughout the region, Oakland Global will generate a total of approximately \$230 million to \$300 million of employee income.



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

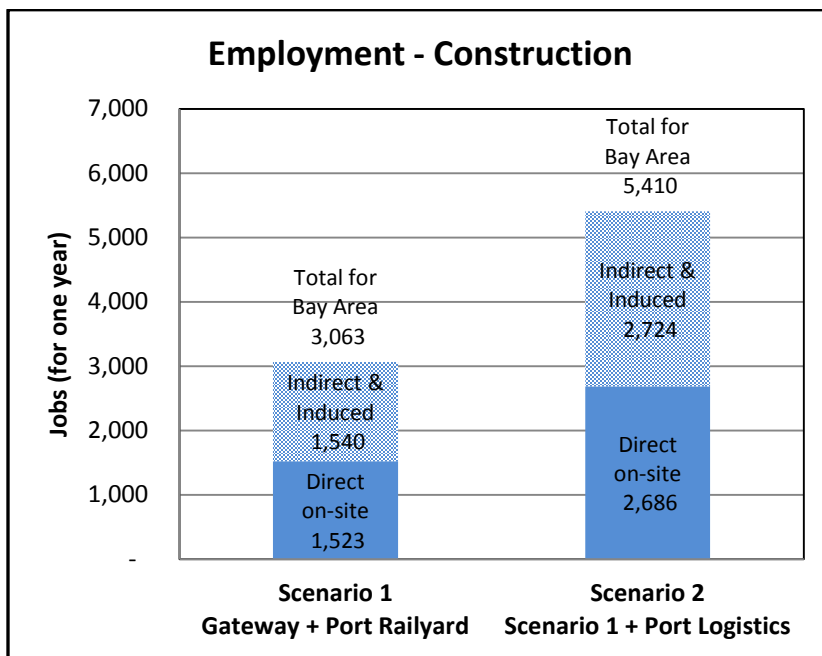
Based on regional statistics for rail transportation and warehouse industries, it is estimated that on-site Oakland Global businesses will directly generate from \$470 million to \$630 million in annual gross receipts. These gross receipts will stimulate economic output throughout the region. The total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



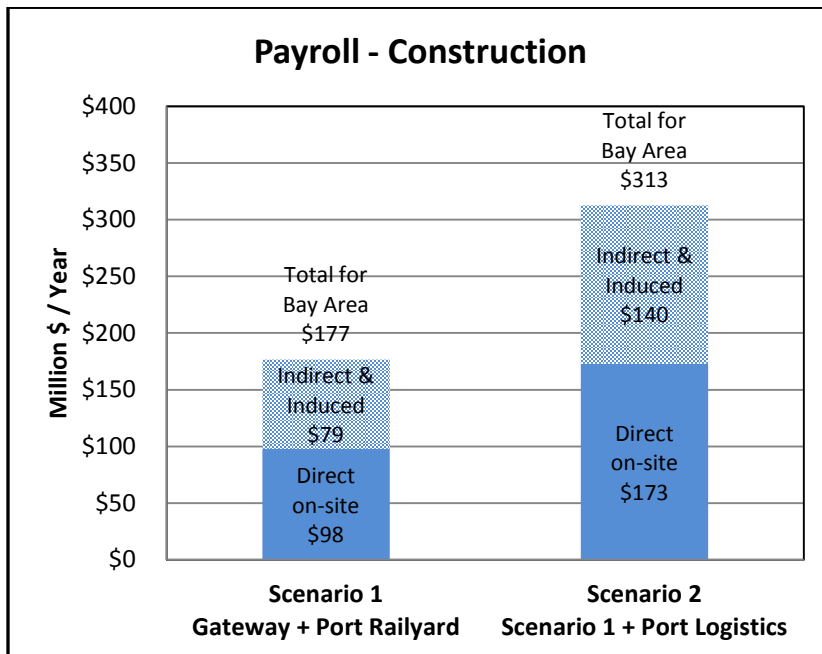
No construction jobs are created under Scenario 3, which would retain existing uses and does not involve new construction.

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

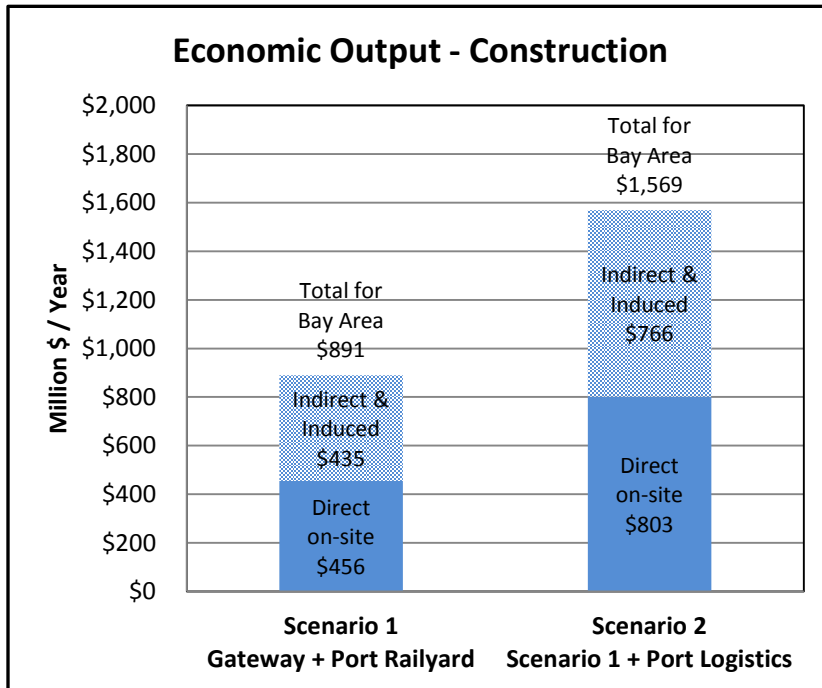
Direct employee payroll for the 1,520 to 2,690 on-site construction jobs in Oakland is estimated to range from \$98 million to \$173 million. The weighted average annual wage of construction and professional services workers who would be employed in developing Oakland Global currently approximates \$64,000.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

	<u>Scenario 1</u>	<u>Scenario 2</u>
	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	<u>442,560</u>	<u>442,560</u>
Total City Area	<u>1,534,056</u>	<u>1,534,056</u>
Port Area - GBA		
Port Railyard	included	included
Port Logistics Transload Warehouse	<u>0</u>	<u>882,881</u>
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	<u>Annual Direct Impact</u>	<u>Bay Area Multiplier¹</u>	<u>Indirect & Induced Impact</u>	<u>Total Annual Impact</u>
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

	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
<u>Est. Assessed Value¹</u>								
Base Bldg.	\$15,000,000	\$25,499,436	\$36,000,000	\$20,144,640	\$96,644,000	\$40,476,000	\$137,120,000	
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	actual 12-13 AV
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 Assessor
								\$3,236,000
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,CC 3	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.