COMMUNITY DEVELOPMENT DEPARTMENT
CITY OF SAN CARLOS
600 ELM STREET
SAN CARLOS, CA 94070

WINDY HILL OFFICE PROJECT
FISCAL & ECONOMIC IMPACT REPORT

DECEMBER 22, 2015

ROSENOW SPEVACEK GROUP, INC
www.webrsg.com

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INTRODUCTION

Rosenow Spevacek Group, Inc. ("RSG") reviewed the fiscal and economic impacts of the proposed redevelopment of a 7.95-acre industrial property located at 821-887 Industrial Road[1] by Windy Hill Development Partners ("Developer"). Based on their April 23, 2015 site plans (Figure 1), the Developer is proposing to demolish six existing single-story industrial buildings and construct two, six-story office buildings and a six-level parking garage ("Project").

The Community Development Department of the City of San Carlos ("City") commissioned RSG to prepare this report ("Report") for purposes of understanding the potential fiscal and economic impacts of the Project as part of the consideration of a development agreement with the Developer. The City and Developer are currently collaborating on the preparation of the development agreement that would require public benefits in addition to the fiscal and economic impacts described herein.

This Report presents our revised findings on the proposed Project, including overall feasibility of the Project, net fiscal impact of the Project to the City, and the total economic impacts, including jobs, within the City. The findings of this Report are primarily based upon information provided by the City and Developer in April 2015 prior to any approvals by the City, completion of project plans, and identification of specific tenants for the Project. As such, changes to the Project are anticipated, some of which may materially affect the findings and conclusions of this Report.

[1] Assessor Parcel Numbers 046-140-090, 046-140-100, 046-140-110, 046-140-120, 046-140-130, and 046-140-140

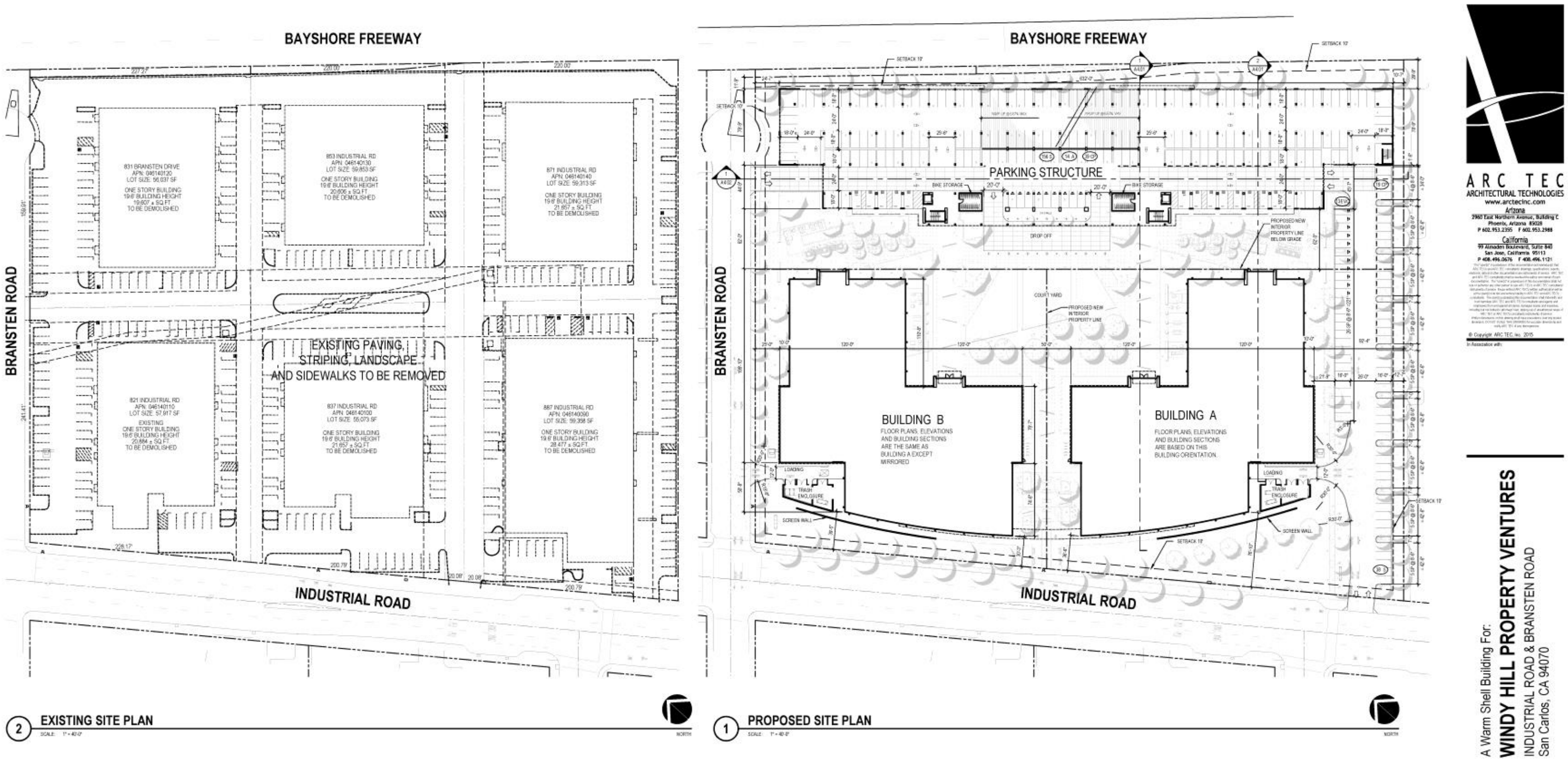

Figure 1: Existing and Proposed Site Plan (April 2015)

EXECUTIVE SUMMARY

Based on the Project description, methodology and assumptions referenced herein, RSG has concluded the following:

- $305,000 in net new recurring City General Fund revenues – Net of annual service costs and existing tax revenues from businesses located on the Project site that will be lost, the City is expected to receive approximately $305,000 in direct, Project-generated revenues, including property tax, property tax in-lieu of vehicle license fees, and business registration taxes. Table 1 identifies the new revenues, lost revenues, and expenditures that constitute the net new $305,000. Assuming a two year construction window, this would amount to almost $6.9 million ($4.2 million net present value[2]) to the City General Fund over 20 years.

- Substantial New Employment – The Project would represent a substantial increase of a quality Class A office development in San Carlos, attracting jobs and spending to the City and surrounding communities. While tenants are not yet identified, the Project is estimated to house approximately 1,600 permanent jobs, 1,615 temporary (construction period) jobs, as well as 23 indirect and 28 induced permanent jobs in the region.

  Due to the small size of San Carlos, RSG has used a conservative approach to estimate the indirect and induced benefits resulting from the Project. Typically, indirect (business-to-business) and induced (consumer) spending demand increases when jobs are brought into a market, but not all of those benefits can be captured locally.

Table 1: Summary of Project Fiscal Impacts

NET NEW RECURRING GENERAL FUND FISCAL IMPACTS
Windy Hill Office Project

Revenue Category	First Stabilized Year, 2019$	20-Year Recurring Revenues Nominal	20-Year Recurring Revenues 2015 NPV, 4.0%
Property Tax	$ 419,477	$ 9,580,211	$ 5,806,286
Property Tax In-Lieu	119,501	2,729,214	1,654,097
Business Registration Tax	11,890	214,020	128,664
Sales Tax Lost	(60,023)	(1,200,460)	(754,190)
Total Revenues	**$ 490,844**	**$ 11,322,985**	**$ 6,834,857**
Less City Expenditures	$ (185,934)	$ (4,443,800)	$ (2,614,287)
NET NEW REVENUE TOTAL	**$ 304,910**	**$ 6,879,185**	**$ 4,220,570**

Sources: City of San Carlos, San Mateo County Controller, San Mateo County Assessor, Californiacityfinance.com, Windy Hill Partners, and RSG

[2] Future dollars in this Report are discounted at a 4% discount rate to reflect the equivalent present value of forecasts.

BACKGROUND

The Project site was assembled by the Developer several years ago. Since acquisition, the Developer has owned and operated the six-building 132,888 square foot single-story industrial development as a multitenant industrial park. Earlier in 2015, the Developer submitted an application (PLN2015-00084) to demolish the existing improvements and develop the Project. The Project site is zoned General Commercial Industrial. As part of their application, the City would be faced with discretionary actions necessary to approve the Project; these approvals would be embodied in a development agreement. Over the ensuing months, the Developer has been providing the City the requisite information needed for the Planned Development project, initiated environmental review and a traffic study, and worked with the City on a draft development agreement.

It is anticipated that the Project's development agreement and underlying entitlements could be before the Planning Commission and City Council by mid-2016 and constructed over a 2 year period.

The City's economic development strategy has long sought to expand the supply of Class A office product, which is generally considered to be limited to one other project located at One Circle Star Way. Over the past several years, nearby Peninsula communities have seen development of these uses as Silicon Valley's reach has extended northward to San Francisco. The lack of such space has handicapped San Carlos as a destination for new business and economic growth.

Still, the Project proposes a height that exceeds the General Commercial Industrial ("GCI") Zoning standards substantially at over 30 feet above the Code (Figure 2). As a result, the City has insisted on a development agreement with the Developer not only to provide the necessary entitlements, but the requisite mitigation and additional public/community benefits to ensure that the community obtains a reasonable level of benefits should the development agreement be approved as currently proposed.

3 COLOR ELEVATION WEST

4 COLOR ELEVATION EAST

Figure 2: Project West and East Elevations (April 2015)

PROJECT DESCRIPTION

Based on the April 2015 site plans by the Developer's architect, San Jose-based Arc Tec, the Project entails the following primary components located around a central courtyard:

- Two six-story Type II-A office buildings located along the western edge of the property, adjacent to Industrial Road. Buildings A and B are identically designed, at 269,824 gross square feet, or a combined 539,649 square feet total;
- A six-level parking garage, featuring three levels below grade and three above grade. This parking garage would yield approximately 1,639 parking stalls across all levels and a small (70-stall) surface parking area;
- Various onsite improvements supporting the overall development;
- Mitigation measures, yet to be determined at the time of this Report, as well as specific public benefits being negotiated between the City and Developer in the development agreement.

LOCATION

The Project is located between in the City's GCI Zoning District in eastside San Carlos, between Industrial Road and the Bayshore (101) Freeway, south of Bransten Road. The site is surrounded by industrial uses.

ANTICIPATED DEVELOPMENT CALENDAR

At this point, the Developer is undertaking entitlements for the Project and has informed staff that the construction process may take approximately 24 months to complete. While the commencement date for construction and completion is unknown at this time, RSG has assumed the following development calendar for purposes of preparing the estimates in this Report:

Mid-2016	Entitlements approved; commencement of demolition and site work
2017-2018	Vertical construction of all improvements (not phased)
Mid 2018	Building interiors and finishes completed; tenants move in

Should the Project commence construction a few months later, the impacts described in this Report could be deferred and/or altered from the forecast presented in this Report.

ESTIMATED PROJECT VALUE

In order to estimate the Project's impacts, RSG first had to ascertain the potential value of the Project upon completion. RSG prepared a development construction budget and discounted cash flow valuation to determine the ultimate value of the Project, based on local construction costs and performance of comparable Class A projects in the Peninsula trade area.

On a preliminary basis, RSG concluded that the Project value would be approximately **$381 million** upon completion in 2019, based on the net operating income from the Project and a conventional 10 year holding period. The value is greater than projected land and development costs, after development profit, in our analysis and yields an unleveraged internal rate of return in excess of 10 percent annually after stabilization.

DEVELOPMENT COSTS

APPROACH

RSG independently estimated the uses of funds includes land costs, site work, off- and on-site improvements, hard building costs, underground parking costs, other construction costs, and a myriad of soft or indirect costs. Indirect costs in the pro forma analysis include architecture and engineering, insurance, legal fees, marketing, taxes, carrying costs, and contingencies. These estimates were based on assumptions described below, including RSG's experience and credible industry standards.

DATA SOURCES

While RSG referenced the RS Means development cost guides, RSG primarily used Marshall Valuation Service ("MVS") to develop replacement costs of the Project improvements. MVS is a monthly publication by Marshall and Swift/Boeckh, LLC, and is regarded as the complete, authoritative guide to construction replacement cost data. MVS is employed by appraisers, assessors, underwriters, insurance companies, and other entities in need of accurate estimates of building values. MVS collects and consolidates updates to their cost guides monthly or quarterly based on input from current subscribers, phone surveys, field surveys, product catalogs, trade associations and publications, government statistics and reports, lending institutions, as well as building industry and trade representatives. MVS cost estimates are the industry standard because the handbook contains over 300 different building occupancies, often with several varying construction classes and qualities for each occupancy, and over 30,000 component costs.

The replacement cost of a building includes the total cost of construction required to replace the subject building with a substitute of like or equal utility using current standards of materials and design. The costs included in MVS include the costs of labor, materials, supervision, contractor's profits and overhead, architects plans and specifications, sales taxes, and insurance.

MVS breaks down costs for more construction types than any other cost guide. It further refines the costs based on building class, quality, and materials to yield an estimate of costs per square foot referred to as the calculator method. The calculator method includes the final costs to the owner, including architect and engineering fees, plans, plan check, building permits, and surveying. Also included are interest on construction loans, all material and labor costs, local state and federal taxes, normal site preparation including finish, grading, and excavation for foundation and backfill, utilities from the structure to the lot line, and classes, occupancy types, and qualities of buildings. Refinements are made to the square foot costs based on the type of fire suppression system and the total square footage and perimeter of the building. Finally, current cost multipliers and local cost multipliers adjust the published figures to the construction costs for the current month and location (in this case, the County of Los Angeles).

The calculator costs specifically exclude costs of assembling and buying land, pilings and hillside foundations, costs of land planning, preliminary concept and layout, financing costs, extensive yard improvements, off-site costs, tenant improvements, furnishings and fixtures, marketing costs and general contingency. For these cost categories, RSG considered the Developer's input or developed cost estimates based on the best information available.

In some cases, a more detailed compilation of costs became necessary, in which case RSG employed a second technique known as the Segregated Cost Method, wherein the costs of improvements are broken down into the component parts. The Segregated Cost Method begins with the cost per square foot of major building components, such as foundation, frame, wall, floor, etc. This method can be utilized essentially to build up a structure from the ground up, if all details are known, selecting the quantities and qualities that are specific to the Project. It should be noted that the Segregated Cost Method excludes the architect fees in addition to the other exclusions noted above under the calculator method.

The Segregated Cost Method is largely infeasible due to the extensive time and energy required to account for the quantity, quality, and type of building components that make up a project of this scale. However, the Segregated Cost Method is particularly useful in adding on project components that are excluded from the calculator method costs.

RSG has used MVS to estimate building and construction costs for over 25 years. RSG has developed a methodology that utilizes MVS comprehensively and accurately, based on years of collaboration with MVS technicians.

ADDITIONAL ESTIMATES AND METHODOLOGY

RSG's consultant team includes a leading Principal with over 25 years of experience analyzing development project costs, revenues and impacts, a licensed general contractor with an active general building license since 1988, and a project analyst trained and practiced in the areas of project estimating, real estate pro formas, financial analysis and economic modeling.

As stated earlier, RSG had to employ additional refinement to the Project costs for items that are either excluded entirely or not adequately tailored to the Project by MVS. Project costs that fall into these categories include:

- Furnishings, fixtures, and equipment;
- Feasibility and pre-development costs associated with the current Project;
- Financing and carry costs associated with the current Project;
- Additional overhead premiums;
- City fees and municipal contributions/exactions on the Project;
- Tenant improvement allowances and marketing costs; and
- Contingencies on the direct and indirect costs of the Project.

RSG estimated these additional costs based on experience with similar projects, consultation with the City staff, interviews of industry professionals, and analysis of trade and investment surveys.

FISCAL IMPACT ANALYSIS

The Project will provide benefits to the City in the form of site-specific tax revenues generated by the proposed development. The City is primarily interested in the net new site-specific revenues. Net new revenue is defined as tax revenues to the City General Fund projected by the Project, less any revenue already generated from the site and the costs the City would bear to provide municipal services to the Project.

The following analysis of Project-generated revenue is categorized by the following revenue sources:

- Property Tax;
- Motor Vehicle License Fee and Property Tax In-Lieu;
- Business Registration Taxes.

FISCAL IMPACT SUMMARY

The City's net new tax revenue presented in all fiscal impact revenue projections begins with "Construction Year One" in 2017 and ends in 2036, a 20-year term beginning in the first year of operations inclusive of a two-year construction period. Over 20 years, RSG estimates that the Project will generate **$6.9 million** in tax revenue from sources (equal to $4.2 million net present value in 2015 dollars). Revenues are net of incremental costs for police and fire services totaling $4.4 million over 20 years ($2.6 million net present value) and sales tax lost due to the relocation of existing businesses estimated as $1.2 million over 20 years ($754,000 net present value).

Table 2 provides a summary by revenue source of the total net new revenues for the City over the 20-year period.

Table 2: 20-Year Fiscal Impact Projections Summary

20-YEAR NET NEW RECURRING FISCAL IMPACT PROJECTIONS
Windy Hill Office Project

Year		Property Tax	Property Tax In-Lieu	Business Registration Tax	Sales Tax Lost	City Expenditures	**Net New Total**
CY1	2017	$ 186,992	$ 53,270	$ -	$ (60,023)	$ -	**$ 180,239**
CY2	2018	411,252	117,158	-	(60,023)	(90,259)	**378,127**
1	2019	419,477	119,501	11,890	(60,023)	(185,934)	**304,910**
2	2020	427,866	121,891	11,890	(60,023)	(191,512)	**310,112**
3	2021	436,424	124,329	11,890	(60,023)	(197,257)	**315,362**
4	2022	445,152	126,815	11,890	(60,023)	(203,175)	**320,659**
5	2023	454,055	129,351	11,890	(60,023)	(209,270)	**326,003**
6	2024	463,136	131,938	11,890	(60,023)	(215,549)	**331,393**
7	2025	472,399	134,577	11,890	(60,023)	(222,015)	**336,828**
8	2026	481,847	137,269	11,890	(60,023)	(228,675)	**342,307**
9	2027	491,484	140,014	11,890	(60,023)	(235,536)	**347,829**
10	2028	501,314	142,814	11,890	(60,023)	(242,602)	**353,393**
11	2029	511,340	145,671	11,890	(60,023)	(249,880)	**358,998**
12	2030	521,567	148,584	11,890	(60,023)	(257,376)	**364,642**
13	2031	531,998	151,556	11,890	(60,023)	(265,098)	**370,323**
14	2032	542,638	154,587	11,890	(60,023)	(273,050)	**376,041**
15	2033	553,491	157,679	11,890	(60,023)	(281,242)	**381,794**
16	2034	564,560	160,832	11,890	(60,023)	(289,679)	**387,581**
17	2035	575,852	164,049	11,890	(60,023)	(298,370)	**393,398**
18	2036	587,369	167,330	11,890	(60,023)	(307,321)	**399,245**
TOTAL		**$ 9,580,211**	**$ 2,729,214**	**$ 214,020**	**$ (1,200,460)**	**$ (4,443,800)**	**$ 6,879,185**
NPV	**4.00%**	**$ 5,806,286**	**$ 1,654,097**	**$ 128,664**	**$ (754,190)**	**$ (2,614,287)**	**$ 4,220,570**
Inflation Rate		2.0%	2.0%	0.0%	0.0%	3.0%	

RECURRING REVENUES

PROPERTY TAX

The City annually receives a portion of the ad valorem property taxes to pay for municipal services. According to the County of San Mateo Auditor-Controller's office reports, the City's General Fund share of the 2014-15 property taxes within the Project is approximately 11.0 percent of the general one percent property tax levy, net of the Educational Revenue Augmentation Fund adjustment.

RSG estimated property taxes based on the estimated Project values as described earlier in this Report, which may be less than total development costs as indicated herein. The Assessor generally cannot assess property on the roll for more than its market value and can exclude what it deems to be extraordinary development costs in the process of assessment. Based on a total Project value of $381 million at occupancy in 2019, we estimate the City is expected to receive approximately $419,000 in property tax revenues. Assuming no resale and the existing maximum Proposition 13 inflation rate of two percent annually, RSG projects that total property tax revenues to the City would total $9.6 million over 20 years, or $5.8 million in present value.

RSG's forecast of these property tax revenues for the City is presented below in Table 3.

Table 3: Property Tax Revenue

PROPERTY TAX REVENUE Windy Hill Office Project		
Current Valuation	$	6,949,872
Proposed Project Total Assessed Value		359,066,187
Net New Value	$	352,116,315
City Property Tax Rate		0.110057862
Net New Revenue, 2015$	**$**	**395,282**
Net New Revenue, 2019$	**$**	**419,477**

Source: San Mateo County Controller, San Mateo County Assessor, Windy Hill Partners, RSG

MOTOR VEHICLE LICENSE FEES AND PROPERTY TAX IN-LIEU

Established in 1935, the Motor Vehicle License Fee ("VLF") was essentially a tax on vehicle ownership. It is collected by the State annually when vehicles are registered, and was historically allocated to cities and counties based upon a statutory formula. In 2004, during the State's budget crisis, about 90 percent of each city's VLF revenue was replaced with property tax revenue, and cities in particular began to receive an allocation of property tax from the Educational Revenue Augmentation Fund ("ERAF") in an amount equal to what they would have received in VLF under an older VLF allocation formula. Under current law, the property tax in-lieu of VLF revenue increases based on assessed value growth in a jurisdiction, thus estimated revenues are based on changes in assessed value created by the Project. For the City, the formula to calculate VLF revenue can be simplified to 0.0314 percent of assessed value.

Based on projected assessed values, RSG anticipates the Project would generate approximately $120,000 in estimated in-lieu VLF revenues at build-out in 2019, as depicted in Table 4. Over a 20 year period, we project the cumulative property tax in-lieu of VLF from the Project to be $2.7 million (or $1.7 million present value).

Table 4: Motor Vehicle License Fee In-Lieu Revenue

PROPERTY TAX IN-LIEU OF MOTOR VEHICLE LICENSE Windy Hill Office Project		
Current Valuation	$	6,949,872
Proposed Project Total Assessed Value		359,066,187
Net New Value		352,116,315
City VLF Share of Assessed Value		0.0314%
Net New Revenue, 2015$	**$**	**110,400**
Net New Revenue, 2019$	**$**	**119,501**

Source: San Mateo County Assessor, Californiacityfinance.com, Windy Hill Partners, RSG

BUSINESS REGISTRATION TAX

The City levies a business registration tax calculated based on the number of employees for each business, with a maximum cap of $2,378 annually (as of October 2015). The exact amount of potential fees for a high number of professional employees is largely contingent on the number of businesses rather than the number of employees.

For purposes of this forecast, RSG is conservatively assuming no more than five businesses occupying the Project, each at the maximum base fee of $2,378 per business. Should there be significantly more businesses onsite, the amount of the business registration tax may escalate. Table 5 outlines the business registration taxes from the Project. Over 20 years, assuming no escalation in the fee (as this is set by the City and not automatically subject to inflationary increases), RSG projects total business registration taxes to equal approximately $214,000, or $129,000 in current (2015) figures.

Table 5: Business Registration Tax

BUSINESS REGISTRATION TAX ESTIMATE
Windy Hill Office Project

	Number of businesses	Office square footage	Employees per 1,000 SF	Employees	**Gross Tax Revenues**
Tech Professional Businesses	5	539,648	2.96	1,600	**11,890**
Total	**5**			**1,600**	**$ 11,890**

EXISTING SALES TAXES

Based on data provided by the City, existing businesses on the Project site generated $60,023 in sales tax revenue for the City during the four most recent quarters. This includes the 0.25 percent portion of sales tax, also referred to as the “Fiscal Recovery” portion, and the 0.75 percent portion of sales tax, also known as “Bradley Burns.”

The Project does not include any users who are expected to generate sales tax. RSG incorporated the existing level of revenue as a loss into the calculation of the City’s net new revenues. Over 20 years, the total sales tax lost equals approximately $1.2 million, or $754,000 in 2015 dollars.

CITY EXPENDITURE ESTIMATES

RSG evaluated the potential recurring cost of the Project’s development on City services, excluding the impacts of any infrastructure or other new public facilities constructed as a public benefit under the development agreement. (RSG understands the City is seeking to recover operating funds sufficient to at least cover the ongoing maintenance and operating costs for any such improvements in the proposed development agreement.)

Aside from the public benefits, the City General Fund would experience some incremental increases in calls for services simply by the increased daytime population stemming from the Project’s employment. In particular, RSG identified variable cost impacts totaling approximately

$186,000 beginning in 2019 for public safety (law enforcement and fire protection) that were derived based on a review of the 2015-16 budget. This is approximately 34 percent of total recurring Project-generated General Fund revenues.

These costs were escalated by a rate of three percent annually for the 20 year forecast period. Over 20 years, RSG projects total expenditures would equal $4.4 million cumulatively, equal to $2.6 million in current (2015) figures. Table 6 presents RSG's forecast of recurring direct municipal service costs incurred due to the Project.

Table 6: Recurring City Expenditures

SUMMARY OF RECURRING CITY EXPENDITURES
Windy Hill Office Project

City Department	Current City Expenditures /1	Project-derived City Expenditures	Total City Expenditures /2	Percent Increase
General Government	$ 14,916,200	$ -	$ 14,916,200	0.00%
Community Development	3,224,900	-	3,224,900	0.00%
Police	9,035,200	135,000	9,170,200	1.49%
Fire Services	6,241,900	30,200	6,272,100	0.48%
Fire JPA	1,751,000	-	1,751,000	0.00%
Public Works	4,245,500	-	4,245,500	0.00%
Parks & Recreation	2,820,500	-	2,820,500	0.00%
Total, 2015$	**$ 42,235,200**	**$ 165,200**	**$ 42,400,400**	**0.39%**
Total, 2019$		**$ 185,934**		

/1 Current expenditures are based on expenditures in the 2015-16 adopted budget.

/2 Sum of Current City Expenditures and Project-derived City Expenditures.

Sources: City of Fullerton, City Ventures, Rosenow Spevacek Group, Inc, US Census Bureau, ESRI Business Analyst Online

ECONOMIC IMPACT ANALYSIS

Development and ongoing operation of the Project will generate employment opportunities, add labor income to the market area, and add value to the gross regional product. For the purpose of this analysis, RSG used the IMPLAN model to measure the economic impacts of the Project using zip code-based data for the City and San Mateo County ("County"). IMPLAN is an input-output analysis software tool that tracks the interdependence among various producing and consuming sectors of the economy. The software measures the relationship between a given set of demands for final goods and services and the inputs required to satisfy those demands. IMPLAN publishes countywide data on an annual basis; this analysis utilized the 2013 San Mateo County dataset (the latest available at the time of the original analysis) to calculate direct, indirect, and induced impacts.

The IMPLAN inputs are investment or operating costs of the Project and the resulting outputs are economic impacts, including employment generation, labor income, and gross regional product. Jobs are the primary impacts calculated by IMPLAN. Labor income includes all forms of employee compensation, including wages and benefits added to the City. Finally, economic output represents the value of industry production – for service sectors, output is equivalent to gross sales, and for retail and wholesale trade, output represents gross margin, not gross sales.[3]

RSG analyzed both temporary and permanent economic impacts. The total Project direct costs, derived from RSG's construction forecast analysis were used to determine temporary economic impacts resulting during construction of the Project. Permanent employment impacts assumed the Project successfully attracts tech industry professionals within the same general sub-categories as existing County-wide tech employment.

As mentioned earlier, exacting the indirect and induced impacts of a project in a small geographic area like San Carlos is likely fraught with overly-speculative assumptions, and most economic impact studies refrain from including specific capture of these types of development impacts. In order to provide a conservative estimate, RSG first used IMPLAN to calculate the County-wide indirect and induced impacts. Then, for each industry group, RSG applied the percentage of existing County jobs located in San Carlos. The result determines the share of County-wide indirect and induced impacts expected in San Carlos. Furthermore, the construction industry and its employees interact with other businesses and spend their incomes

[3] http://implan.com/V4/index.php?option=com_glossary&Itemid=57. IMPLAN uses a concept called "margins" to allocate expenditures through a supply chain from a retailer to a manufacturer. Essentially, using margins enables the IMPLAN model to output producer or purchaser impacts. For example, the cost associated with the manufacture of a product is $60. By the time the product is transported ($10 margin), sold by a wholesaler ($10 margin), and sold by a retailer ($20 margin), the product is $100 and includes a variety of margins. Margins apply to retail stores, like furniture and home furnishing stores and food and beverage stores, but do not apply to services, like fitness and recreational sports centers and restaurants.

differently than technology companies and office workers in the Project, RSG calculated indirect and induced impacts only for operations, not construction.

The IMPLAN analysis concludes that the temporary construction component of the Project will result in 1,615 temporary (construction) jobs. Labor income from these temporary jobs would total nearly $159 million during the two-year construction period. The one-time economic output equals the total construction budget of $320 million during the development phase..

The Project's operation would generate 1,600 full-time or full-time equivalent jobs based on the Developer's estimate. These jobs would earn over $243 million in salary and benefits and generate over $370 million each year from permanent employment and business operations. The effects of business-to-business activity and consumer spending, would produce 51 full-time or full-time equivalent indirect and induced jobs, earning more than $3.7 million and creating almost $8.0 million in total output.

The table that follows outlines the economic impacts, including full-time and part-time jobs, within San Carlos.

Table 7: Economic Impacts

ECONOMIC IMPACTS Windy Hill Office Project				
Construction Impacts	Direct			
Employment	1,615			
Labor Income	$ 158,686,902			
Economic Output	320,252,188			
Annual Permanent Impacts	Direct	Indirect	Induced	Total
Employment	1,600	23	28	1,651
Labor Income	$ 243,467,491	$ 1,886,373	$ 1,855,670	$ 247,209,534
Economic Output	370,593,030	3,591,227	4,374,883	378,559,140

Sources: Windy Hill Partners, US Bureau of Labor Statistics, MIG Inc., Rosenow Spevacek Group Inc.