



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

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To: Office of Community Investment and Infrastructure (OCII), Successor to the San Francisco Redevelopment Agency
Attn: Christine Maher

From: Keyser Marston Associates, Inc.

Date: September 25, 2015

Subject: Peer Review of "San Francisco Multi-Purpose Venue Project: Fiscal Impact Analysis - Revenues" prepared by Economic & Planning Systems, Inc.

A. Introduction to Peer Review

An affiliate of the Golden State Warriors, LLC, which owns and operates the Golden State Warriors National basketball Association ("NBA") team, has submitted a proposal to construct a multipurpose event center that will seat approximately 18,000 and a variety of mixed uses, including 522,00 square feet of office, and 112,500 square feet of retail space. In total, the Project will consist of approximately 1.4 million square feet of gross building area¹. The Project will be located on a 12-acre site in Mission Bay that was formerly intended to be developed by Salesforce into a corporate campus. The Warriors purchased the property from Salesforce in April, 2014 and desire to have the arena ready for the 2018-19 NBA season.

As part of the entitlement process, the City is preparing a financing plan for funding needed capital improvements and on-going City services and has retained Economic & Planning Systems, Inc. (EPS) to estimate the magnitude of revenue that the Project will generate to the City and County, from both construction and on-going operations that will be available to fund the needed improvements and services. In an effort to enhance the confidence level of the revenue projections, the City has retained Keyser Marston Associates, Inc. (KMA) to undertake a peer review of the EPS revenue projection.

¹ GBA excludes parking.

Additionally, Barrett Sports Group has been asked to review the portion of the revenue projections that are driven by the performance of the arena, such as admissions tax revenues.

B. Peer Review Methodology

A collaborative approach was requested and has been implemented in this peer review. We have reviewed preliminary analyses prepared by EPS, prepared written comments on the approach and assumptions, researched specific topics and provided information to be included in the analysis, met with EPS and City staff to discuss issues of approach and assumptions, and reviewed revised projections. Specific tasks included reviewing the following:

- the analysis' approach to ensure that it represents best practices;
- source material to ensure that the assumptions and industry metrics are well-supported; and
- The technical accuracy of the revenue projections by replicating the calculations.

As noted above, Barret Sports Group has taken the lead in reviewing the sports-related projections, including stadium admission tax revenues and gross receipts revenues to be generated by the arena. KMA's focus is on the revenues to be generated by the operation of the traditional real estate uses and the application of the City's tax levies on the entire project.

C. Peer Review Conclusions

This Peer Review finds that the revenue projections prepared by EPS are reasonable for the purpose of preparing a conceptual financing plan for funding capital improvements and on-going municipal services. Our comments regarding each specific task are as follows:

C.1 Analysis' Approach

- *Static Model*

EPS has used a static model to evaluate the project's public revenues upon stabilization. They have estimated the magnitude of: 1) annual recurring revenues that will be generated upon full build-out and stabilized occupancy; and 2) key revenue sources to be generated during the construction period. All of the revenues are presented in 2015 dollars. A static analysis is appropriate for this type of

development, which is anticipated to be built in one phase. An alternative approach is the use of a cash flow model, which evaluates the annual revenues over a projection period. A cash flow approach is appropriate to evaluate a multi-phase project, which does not apply to this project.

- *Addresses General Fund and Dedicated/Restricted Revenues*

EPS has evaluated the impacts on the General Fund as well the impacts on dedicated and restricted taxes, including the children, library, and open space property tax accounts, public safety sales tax, MTA parking tax, and the County transportation authority sales tax. This is a standard approach for fiscal impact analyses.

- *Inclusion of Off-site Hotel and Parking Revenues*

EPS's analysis includes three revenue sources that will be generated by businesses that are not located on the 12-acre project site. These three sources consist of: 1) transient occupancy tax revenues to be generated by event center attendees and captured by San Francisco hotels; 2) parking tax revenues to be generated by event center attendees and captured by neighborhood parking lots; and 3) gross receipts taxes associated with the off-site hotel and parking revenues. Fiscal analyses typically include only revenues generated by on-site businesses. It is our opinion, however, that it is appropriate to include these off-site revenues for the following reasons:

- a) Only demand generated by the event center has been included in the analysis – not demand generated by the 630,000+ square feet of office and retail tenants;
- b) The assumed demand factors are based on a conservative application of the findings of the traffic demand study. For example, the transient occupancy tax projections reflect the assumption that only 10% of event attendees are potential overnight visitors and, of that potential, only 50% (or 5% of total attendees) generate hotel demand that is included in the study.

We would, however, recommend that the off-site revenues be separated from the on-site revenues and clearly labeled as off-site revenues. As shown below, the off-site revenues account for approximately \$1.9 million of annual project-generated revenues to the General Fund and \$714,000 of project-generated revenues to the special accounts.

Annual Project Generated Revenues	General Fund Revenues	Dedicated and Restricted Accounts	All Accounts
Revenues from on-site businesses	\$9,626,000 (84%)	\$1,883,000 (73%)	\$11,509,000 (82%)
Revenues from off-site hotels and parking	\$1,887,000 (16%)	\$714,000 (27%)	\$2,601,000 (18%)
Total Annual Project-Generated Revenues	\$11,513,000 (100%)	\$2,597,000 (100%)	\$14,110,000 (100%)

C.2 Source Material, Industry Metrics, and Assumptions

KMA has reviewed all of the assumptions and source data behind the assumptions and find them to be reasonable, consistent with source materials, and industry standards. Given that the purchase price paid by the Warriors for the site has not yet been disclosed, KMA and EPS spent considerable time reviewing land sale transactions in the area to arrive at an estimated value of the property for purposes of calculating property tax revenues. Other assumptions that have been discussed and vetted at length include the hotel demand assumptions, property tax calculations, and ticket sales². These assumptions drive the projections of the largest sources of public revenues – transient occupancy tax revenues, property tax/VLF revenues, and stadium admissions. These four sources account for over approximately \$7.8 million of annual General Fund revenue or approximately 67% of the total General Fund revenue projected to be annually generated by the Project.

The performance of the arena is a critical component of the revenues to be generated by the project. The single largest projected revenue source is the stadium admission tax, which is projected to generate approximately \$4.3 million of revenue to the General Fund per year. The stadium is also the only driver of the projection of \$1.7 million of hotel tax revenue, and is the largest single driver of the \$1.7 million of projected property tax and property tax in-lieu of motor vehicle fees.

KMA has similarly reviewed the assumptions and calculations in support of the projection of one-time development impact fees, sales and gross receipt taxes during construction, and property transfer taxes. The projections are reasonable.

² The reasonableness of the ticket sales projections has been evaluated by Barrett Sports Group.

To: San Francisco Successor Agency

September 25, 2015

Subject: Peer Review of Fiscal Revenue Projection for Warrior's Project Page 5

C.3 Technical Accuracy of Projections

KMA has reviewed each calculation presented in the EPS analysis to obtain an understanding of the basis of each estimate and to verify the accuracy of the calculation. Based on this effort, some of the earlier calculations have been modified. We believe that the current analysis is technically accurate.

The Economics of Land Use



Report

San Francisco Multi-Purpose Venue Project

Fiscal Impact Analysis: Revenues

Prepared for:

The City and County of San Francisco

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Table of Contents

EXECUTIVE SUMMARY	1
1. PROJECT DESCRIPTION	3
2. KEY ASSUMPTIONS AND METHODOLOGY	4
Property Taxes	4
Property Tax In-Lieu of Vehicle License Fees	5
Property Transfer Tax	5
Sales Taxes	5
Sales Taxes from Construction	6
Transient Occupancy Tax (TOT)	6
Parking Tax	6
Stadium Admissions Tax	7
Gross Receipts Tax	7
Utility User Tax	7
One-Time Revenues	7

APPENDIX A: Fiscal Analysis

List of Tables

Table 1	Fiscal Results Summary – Ongoing Revenues (2014\$)	1
Table 2	Fiscal Results Summary, One-Time Revenues	2
Table 3	Summary Project Description.....	3

EXECUTIVE SUMMARY

This report evaluates the public revenues expected to be generated by the proposed development of the Multi-Venue Project proposed by the Golden State Warriors (GSW) on the 12-acre site located in Mission Bay (the "Project"). A more detailed description of the Project is provided in **CHAPTER 1**. This report updates public tax revenues estimated in the Chapter 29 report prepared for the previous GSW proposal at Piers 30-32.

Potential costs have been separately estimated by the City. **Appendix A** documents the estimates and calculations that generate the projected tax revenues. The estimates in this analysis will change as a result of program refinement, actual attendance and expenditures, future local and State budget and fiscal conditions, and other cyclical economic factors.

Table 1 Fiscal Results Summary – Ongoing Revenues (2014\$)

Item	Calculation Reference	Annual Total*
Annual General Revenue		
Property Tax	Table A-4	\$912,000
Property Tax in Lieu of VLF	Table A-5	\$868,000
Sales Tax	Table A-7	\$521,000
Hotel/Motel Tax	Table A-8	\$1,667,000
Parking Tax	Table A-9 - A-10	\$482,000
Stadium Admission Tax	Table A-11	\$4,336,000
Gross Receipts Tax:		
On-site	Table A-12	\$2,431,000
Off-site	Table A-12	\$42,000
Utility User Tax	Table A-13	<u>\$254,000</u>
Subtotal		\$11,513,000
Annual Other Dedicated and Restricted Revenue		
Special Fund Property Taxes (Children's, Library, and Open Space)	Table A-4	\$148,000
Public Safety Sales Tax	Table A-7	\$260,000
SF County Transportation Authority Sales Tax	Table A-7	\$260,000
Parking Tax (MTA 80%)	Table A-9 - A-10	<u>\$1,929,000</u>
Subtotal		\$2,597,000
Total, General plus Other Dedicated and Restricted Revenues		\$14,110,000

* Numbers are rounded to the nearest thousand.

TABLE 2 summarizes various one-time revenues anticipated from development of the Project. These revenues will be spread over the initial years of Project development.

Table 2 Fiscal Results Summary, One-Time Revenues

Item	Calculation Reference	Total
<u>Development Impact Fees</u>		
Child Care	Table A-2	\$662,000
TIDF - §411.3	Table A-2	\$17,436,000
<u>Other One-Time Revenues</u>		
Sales Taxes During Construction	Table A-6	\$1,648,000
Gross Receipts Tax During Construction	Table A-11	\$2,953,000
Property Transfer Tax from Initial Land Sale	Table A-5	<u>\$4,200,000</u>
Total One-Time Revenues		\$26,899,000

* Numbers have been rounded to the nearest thousand.

1. PROJECT DESCRIPTION

The proposed Project includes a range of uses on a 12 acre site located at Mission Bay. The Project is located on a portion of the original Salesforce site and consists of a 750,000-square foot arena and 25,000 square feet of event management and team operations space. Additional development includes 522,000 square feet of office and 112,500 square feet of retail uses. The Project is also envisioned to include 950 parking spaces and 3.2 acres of open space, as shown in **TABLE 3**.

The proposed Project involves GSW's construction of a new privately financed, state-of-the art multi-purpose venue with seating for approximately 18,000 persons, capable of being used as an event venue and for other public assembly uses, including conventions, Golden State Warriors' home games, performing arts, and other purposes. The arena is envisioned to generate 205 annual events and attract about 2,071,400 paid visitors.

Table 3 Summary Project Description

Item	Total
Multi-Purpose Venue	
Building Area (1)	750,000 sq.ft.
Number of Seats	18,064 seats
Events	205 annually
Annual Paid Attendance (rounded)	2,071,400
Annual turnstile Attendance (2)	1,899,000
Parking (3)	950 spaces
Parking Area	427,500 sq.ft.
Other Development	
Event Management/Team Operations Space	25,000 sq.ft.
Retail	112,500 sq.ft.
Office	522,000 sq.ft.
Open Space	3.2 acres

(1) Includes 25,000 square feet associated with the practice facility/training areas.

(2) Based on a weighted avg. of approximately 90% of sold event tickets.

(3) Additional 132 offsite spaces for team operations not included.

Source: GSW; Economic & Planning Systems, Inc.

2. KEY ASSUMPTIONS AND METHODOLOGY

The Project will generate a range of tax revenues as summarized in **TABLES 1** and **2**. These revenues will help fund services to the Project area, as well as Citywide services and facilities. This section describes the revenues and basic methodology for the estimates. Assumptions and calculations of fiscal benefits are further described in **APPENDIX A**. Actual results will vary depending on the actual levels and types of activities, as well as fiscal and economic conditions at the time the Project is completed and open.

Property Taxes

Property tax based on 1 percent of value will be collected from the land and improvements in the Project. The Project is located in the Mission Bay South Redevelopment Area. Within this Redevelopment Area, the taxes collected will be distributed to the Office of Community Investment and Infrastructure, successor agency to the San Francisco Redevelopment Agency for redevelopment purposes. As a committed obligation under the California Redevelopment Law before the dissolution of redevelopment in California, a 20 percent portion¹ of the 1.0 percent gross "tax increment" collected is required to be passed-through to taxing entities (including the CCSF), and 20 percent is required to be allocated to affordable housing purposes. The remainder is available for redevelopment purposes, namely payment of existing debt service obligations that extend beyond the development period. After buildout, tax increment not otherwise committed to debt service or other redevelopment purposes could be available for distribution to taxing entities, including the General Fund.

The Project would result in annual revenue of \$912,000 to the CCSF based on AB1290 pass-through allocations (after distributions to affordable housing set-asides and debt service purposes) at buildout. The estimates are based on the amount of property tax increment pass-through to the General Fund after accounting for adjustments to ERAF² deductions; the General Fund would receive 55.59 percent of the 20 percent pass-through of gross tax increment.³

The General Fund distributes 9 cents from its property tax revenue to other dedicated City purposes, including the Children's Fund, Library Fund, and Open Space Fund. The assessed value is assumed to grow at a 2 percent annual rate (or at CPI, whichever is less) as required by State

¹ While the Project Area is currently in Tier 2 that requires an additional 16.8 percent allocation, the City and County of San Francisco (CCSF) General Fund and Special Funds only capture a share of 20 percent in Tier 1, while the San Francisco Unified School District captures a property tax from both tiers.

² ERAF is the Education Revenue Augmentation Fund that receives a share of property tax and is used by the State to supplement education funding.

³ Source: Correspondence from Seifel Consulting Inc., per discussions with CCSF Controller's Office, 2/5/10. Subsequent dissolution of redevelopment has no impact on the City's capture of the tax increment generated by the Project.

law, unless a transaction occurs which would reset the assessed value to the transaction price, or depreciation negatively affects assessed value.

The secured assessed value of the multi-purpose venue and parking is based on the direct construction cost for the structure, which is conservative. Market values for other uses are based on the capitalized value of their net income stream. Unsecured property tax revenues are added to the estimates; the values shown are based on current GSW tax payments, and are likely to be higher in a new facility. It is likely that property taxes will also accrue during construction, depending on the timing and method of assessment and tax levy.

Property Tax In-Lieu of Vehicle License Fees

Changes in the State budget converted a significant portion of Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based on a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth within each entity. To the extent that development of the Multi-Purpose Venue results in an increase in the City assessed value, these revenues are projected to increase proportionately.

Property Transfer Tax

The City collects a property transfer tax of \$6.80 per \$1,000 of transferred value on transactions up to \$1 million, \$7.50 per \$1,000 on transactions up to \$5 million, \$20.00 per \$1,000 on transactions from \$5 million to \$10 million, and \$25.00 per \$1,000 on transactions above \$10 million.

The City will receive one-time transfer tax from the land transaction between Salesforce and GSW. Because of the infrequency of commercial sales, no transfer taxes are assumed from commercial properties or the multi-purpose venue.

Sales Taxes

The City General Fund receives 1 percent of taxable sales, in addition to sales taxes for public safety and transportation purposes.

Sales taxes will be generated from several Project-related sources:

- Concession sales from the multi-purpose venue
- Sales at new retail uses

Visiting basketball teams can generate a significant amount of commercial activity, including taxable expenditures and hotel revenues; however, nearly all of the Warriors opponents currently stay in San Francisco, therefore they will not represent a net increase in economic activity or public revenues.

In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes (0.50 and

0.25 percent, respectively, in addition to the 1 percent local portion). The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures.

Sales Taxes from Construction

One-time revenues during the construction phases of the Project will be generated by sales and use tax on construction materials and fixtures. Sales tax would be allocated directly to the City and County of San Francisco.

Transient Occupancy Tax (TOT)

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated by hotel occupancies generated by the Project. The City currently receives 14 percent of room charges. While all of the Hotel Room Tax proceeds can be allocated to the General Fund, historically, a share also funded special programs like cultural equity endowment fund, culture centers, publicity/advertising events, and War Memorial. The actual allocations vary depending on future policy decisions by the Board of Supervisors.

TOT estimates are based on total room-nights generated by a portion of visitors from outside the region. This potential demand was reduced by 50 percent to account for a portion of visitors that will choose not to stay overnight in San Francisco or those that would have stayed in San Francisco regardless of the Project.

Parking Tax

The City collects tax on parking charges at garages and lots open to the public. The tax is 25 percent of the pre-tax parking charge. The SFMTA retains 80 percent of the parking tax revenue, the other 20 percent is available to the General Fund for allocation to special programs or purposes.

Although the proposed parking garage in the Project will provide parking that may be included in the cost of certain basketball season tickets, it is assumed that the equivalent parking tax would be charged for the value of the parking services provided.⁴ Similarly, parking tax is assumed to be paid for the use of garage parking spaces by GSW staff and visiting teams, as well as other staff or performers at the multi-purpose venue.

Additional parking tax revenues would be generated by visitors to events at the multi-purpose venue and office and retail uses. Parking tax is based on total cars parking on-site and off-site generated by demand from the multi-purpose venue events. This analysis assumes that spillover parking demand generated by the Project in excess of that accommodated on site would generate parking tax revenue elsewhere in the City.

⁴ Correspondence from the Treasurer-Tax Collector's Office, David Augustine to Jennifer Matz, 09/14/2012

Stadium Admissions Tax

Events at the multi-purpose venue are subject to the current stadium admissions tax.⁵ Currently, the San Francisco Giants pay a Stadium Tax of 25 cents per ticket for events at AT&T Park. The majority of events at the proposed multi-purpose venue would be subject to a tax rate of \$2.25 ticket, while non-basketball events would be subject to a lower tax. An average rate of \$2.10 per ticket is used for this analysis. The analysis applies the tax, assuming a mix of ticket prices, to all events except fixed fee rentals. Stadium Tax receipts will be deposited into the City's General Fund.

Gross Receipts Tax

Estimated gross receipts tax revenues from on-site businesses and activities are derived from revenue estimates using data from the City's Assessor, retail sales, and parking revenue projections. This analysis does not estimate the "phase in" of this tax during the 2014 to 2017 period and assumes gross receipts taxes will be substantial enough to replace the existing payroll tax. Actual revenues from future gross receipt taxes will depend on a range of variables, including the multi-purpose venue performance, business sizes, share of activity within San Francisco, and other factors.

Additional taxes will be generated through indirect economic activity; these are estimated and shown separately from direct tax revenues because of their secondary nature.

Utility User Tax

The utility user tax is a 7.5 percent tax on commercial utility billings. The fiscal analysis estimates the revenues based on the existing GSW arena utility cost of \$1.5 million a year, which is below comparable arenas. In addition, utility costs for commercial uses are estimated on a per square foot basis.

One-Time Revenues

The City will collect a number of revenues that are not recurring, as described in prior sections. One-time revenues include:

- Transfer taxes on the initial land sale
- Sales taxes from the purchase of construction materials
- Gross receipts taxes from construction activity

The Project will also pay development impact fees, as explained below.

⁵ Correspondence from the Treasurer-Tax Collector's Office, David Augustine to Jennifer Matz, 09/14/2012

Development Impact Fees

GSW will pay to the City all applicable development impact fees relating to developing the Project. Applicable City impact fees include:

- Child Care (Planning Code Sec. 414) – A fee per square foot paid by office and event management space uses
- Transit Impact Development Fee (Planning Code Sec. 411.3) – A fee per square foot paid by all commercial uses.

In addition to the impact fees charged by the City, there are a range of other utility connection and capacity charges that will be collected based on utility consumption and other factors. Other fees will include school impact fees to be paid to the San Francisco Unified School District.



APPENDIX A:
Fiscal Analysis

**Table A-1
San Francisco Revenue Summary (2014 dollars)
Multi-Purpose Venue**

Item	Calculation Reference	Annual Total
Annual General Revenue		
Property Tax (General Fund)	<i>Table A-3</i>	\$911,515
Property Tax in Lieu of VLF	<i>Table A-4</i>	\$868,367
Sales Tax	<i>Table A-6</i>	\$520,948
Hotel/Motel Tax (General Fund)	<i>Table A-7</i>	\$1,667,012
Parking Tax	<i>Table A-9 - A-10</i>	\$482,197
Stadium Admissions Tax	<i>Table A-10</i>	\$4,335,920
Gross Receipts Tax:		
On-site	<i>Table A-11</i>	\$2,431,277
Off-site (1)	<i>Table A-11</i>	\$42,151
Utility User Tax	<i>Table A-12</i>	<u>\$253,707</u>
Subtotal		\$11,513,096
Annual Other Dedicated and Restricted Revenue		
Special Fund Property Taxes (Children's, Library, and Open Space)	<i>Table A-3</i>	\$148,000
Public Safety Sales Tax	<i>Table A-7</i>	\$260,474
San Francisco County Transportation Authority Sales Tax	<i>Table A-7</i>	\$260,474
MTA Parking Tax	<i>Table A-9 - A-10</i>	<u>\$1,928,789</u>
Subtotal		\$2,597,737
TOTAL REVENUES		\$14,110,833

(1) Reflects additional tax generated by the Multi-Purpose Venue visitors off-site from additional hotel.

Source: Economic & Planning Systems, Inc.

**Table A-2
San Francisco City One-Time Fee Revenue Estimate
Multi-Purpose Venue**

Item	Office/Event Management Space	Retail	Multi-Purpose Venue (1)	TOTAL
New Gross Building Area (sq.ft.) (2)	547,000	112,500	750,000	
City Fees (per gross building sq.ft.) (3)				
Child Care	\$1.21	\$0.00	\$0.00	\$661,870
Transit Impact Development Fee (\$411.3) (4)	\$8.87	\$14.59	\$14.59	\$17,435,765
Total Development Impact Fee	\$5,513,760	\$1,641,375	\$10,942,500	\$18,097,635
Other In-Lieu Impact Fees (5)				
One-Time Transfer Tax		<i>see Table A-6</i>		\$4,200,000

(1) Estimated subject to fees based on the gross area.

(2) Excludes parking area.

(3) All impact fees are effective as of 1/1/15 and are subject to change based on final project scope of project.

(4) The office fee reflects the increment between the current maximum and the baseline \$5 per square foot fee established with the Redevelopment Plan.

(5) Include public art installation fee of 1% of construction value and street trees fees. These fees can be offset by the developer's construction of public

**Table A-3
Property Tax Estimate
Multi-Purpose Venue**

Item	Assumptions	Total
Secured Assessed Value (1)		
Multi-Purpose Venue		\$550,000,000
Other Development		
Event Management/Team Operations Space		\$14,500,000
Retail		\$41,343,750
Office		\$302,760,000
Parking		<u>\$33,250,000</u>
Subtotal		\$391,853,750
New Taxable Value		\$941,853,750
Gross Secured Possessory Interest/Property Tax	1.0% of new AV	\$9,418,538
Unsecured Tax from the Warriors (2)		\$183,333
Unsecured Tax From Other Uses (3)		<u>\$391,854</u>
Subtotal		\$9,993,725
(less) Existing Taxes (4)		(\$1,795,169)
Total		\$8,198,556
Property Tax		
Tier 1 Property Tax Pass Through (5)	20.0%	1,639,711
Tier 2 Property Tax Pass Through (5)	<u>16.8%</u>	<u>1,377,357</u>
Tier 1 and 2 Property Tax Pass Throughs (5)	36.8%	3,017,069
Net New General Fund Share (after ERAF)	55.59% property tax tier 1 pass through	\$911,515
Special Funds (6)	9.00% property tax tier 1 pass through	\$147,574
SF Unified School District	7.70% property tax pass through	\$232,314
Affordable Housing Set Aside		\$1,639,711

Notes to Table A-3

Note: Total assessed value slightly less than total development costs due to the exclusion of "soft costs" from assessed value; this is a conservative assumption.

- (1) Initial secured assessed valuation is based on the assessed value of \$550 million for the Multi-Purpose Venue (equal to the hard construction costs of the structure), and the market values of all other uses as follows: \$580 per square foot for office space and Warriors Event Management/Team Operations Space, \$368 per square foot for retail, and construction cost of \$45,000 per space for parking. Assessment is assumed to include the existing land value.
- (2) Based on the existing Golden State Warriors assessment and payment adjusted for the difference in tax rates; the new assessment is likely to exceed this payment.
- (3) Assumed at 10% of Warriors Event Management/Team Operations Space and retail assessed value.
- (4) Reflects the existing property tax based on the purchase price from Salesforce inflated by 2% a year over 2 years.
- (5) While the pass throughs increase above 20% in tiers 2 and 3 per AB1290, the City only receives the share of Tier 1 pass through. The City's share of Tiers 2 and 3 goes to the redevelopment agency successor (02.13.13 interview with the SF Controller's Office). Mission Bay South redevelopment area is currently in Tier 2 with 36.8% generated in pass throughs.
- (6) Special funds include property tax set aside for Library, Open Space, and Children's Fund. This reflects the recent approval of Measure C, which will start shifting the General Fund allocation to Children's Fund by 0.25% increments of pass throughs starting in FY15-16 until reaching 55.59% of the 1% base property tax, a reduction from the current 56.59%. These allocations have not changed from the dissolution of redevelopment with proceeds that would have been received by the redevelopment agency now received by the successor agency (the Office of Community Investment and Infrastructure).

Sources: Golden State Warriors; City of San Francisco; Economic & Planning Systems, Inc.

**Table A-4
Property Tax in Lieu of VLF Estimate
Multi-Purpose Venue**

Item	Total
Citywide Total Assessed Value (millions \$) (1)	\$172,489
Total Assessed Value of Project (see property tax calculation)	\$941.85
(less) Existing Value	<u>-\$179.52</u>
Net Increase in Project Assessed Value (millions \$)	\$762.34
Growth in Citywide AV due to Project	0.442%
Total Property Tax in Lieu of Vehicle License Fee (VLF) (FY2014-15)	\$196,480,000
Net New Property Tax in Lieu of VLF	\$868,367

Sources: Economic & Planning Systems, Inc.

**Table A-5
Property Transfer Tax
Multi-Purpose Venue**

Item	Assumptions	Total
<u>One-Time Transfer Tax</u> Estimated Land Sale (1)		\$172,546,000
One-time Transfer Tax (2)	\$24.34 per \$1,000 value	\$4,200,000

(1) Reflects a land acquisition of a portion of the original Salesforce site based on the FAR allocation (1 mill. sq.ft.). The estimate is based on review of recent prevalent land prices as of the date of this report the actual land sale is not available.

(2) Based on the City's graduated tax that varies between \$5 per \$1,000 on the first \$250,000 in value and \$25 per \$1,000 on value above \$10 million with the total provided by the City.

Sources: GSW; City of San Francisco; Economic & Planning Systems, Inc.

Table A-6
Sales Tax Estimates
Multi-Purpose Venue

Item	Assumptions	Total
Taxable Sales From Multi-Purpose Venue		
Warriors Game Concessions and Merchandise	\$21.60 per attendee (turnstile)	\$15,768,000
Other Event Concessions	\$11.00 per attendee (turnstile)	<u>\$12,859,000</u>
Total		\$28,627,000
Sales Tax to General Fund	1.0% of sales	\$286,270
(less) Existing Sales Shift (1)		<u>(\$18,447)</u>
Net New Sales Tax		\$267,823
Taxable Sales From Commercial Space		
Retail	\$450 per sq.ft.	\$50,625,000
Sales Tax to San Francisco	1.0% of taxable sales	\$506,250
(less) Shift From Existing Sales (2)		<u>(\$253,125)</u>
Net New Sales Tax		\$253,125
Annual Sales Tax after Shift of Existing Sales		
Sales Tax to the City General Fund	1.00%	\$520,948
Public Safety Sales Tax (3)	0.50% of taxable sales	\$260,474
San Francisco County Transportation Authority (3)	0.50% of taxable sales	\$260,474
SF Public Financing Authority (Schools) (3)	0.25% of taxable sales	\$130,237
One-Time Sales Taxes on Construction Materials and Supplies		
New Taxable Value		\$941,853,750
Supply/Materials Portion of Development Value	50.00%	\$470,926,875
San Francisco Capture of Taxable Sales	50.00%	\$235,463,438
Sales Tax to San Francisco	1.0% of taxable sales	\$2,354,634

(1) A portion of new sales from San Francisco residents at the facility are expected to have occurred elsewhere in San Francisco, were the project not built. To account for this, sales that would have occurred elsewhere in San Francisco are deducted from the total. This proportion is estimated based on the following factors: 30% of Multi-Purpose Venue visitors are San Francisco residents with the remainder drawn from other locations; half of the spending of San Francisco residents is assumed to be shifted from other purchases in the City on non-basketball events.

(2) Deducts share of sales that would have occurred elsewhere in San Francisco (assumes 50%).

(3) Sales tax proportions for these entities are as reported in Controller's Office publication on sales tax from 2008.

Sources: Golden State Warriors; City of San Francisco; Economic & Planning Systems, Inc.

**Table A-7
 Transient Occupancy Tax Estimates
 Multi-Purpose Venue**

Item	Estimating Factor	Total
<u>Overnight Attendees in San Francisco for Multi-Purpose Venue Events</u>		
Events per Year		205
Total turnstile attendance		1,899,000
Potential Overnight Visitors (1)		189,900
Net New Overnight Visitors (2)	50%	94,950
Hotel Room Demand	1.90 people per room	49,974
Off Site Hotel/Motel Room Proceeds (3)	\$238 per room- night	\$11,907,230
Total Hotel/Motel Tax Revenue (4)	14% of room revenue	\$1,667,012

(1) Assumed non-resident visitors from outside Bay Area are estimated based on the traffic analysis allocation of arena visitors.

(2) Estimated share of potential room demand from visitors outside region, who would have stayed in San Francisco anyhow, or stayed elsewhere.

(3) Reflects the FY2013-14 Citywide average reported by CCSF.

(4) Historically, a share of the General Fund revenue was allocated to fund cultural equity endowment fund, culture centers, publicity/advertising events, and War Memorial.

Sources: City of San Francisco; Economic & Planning Systems.

**Table A-8
Parking Tax
Multi-Purpose Venue**

Item	Assumption	Total
Total Spaces On Site		950
Parking Revenues On Site		
Total (1)	\$25 per day	\$8,668,750
(less) Vacancy	30%	<u>(\$2,600,625)</u>
Total		\$6,068,125
Spaces Off Site		
Annual Demand (spaces) (2)		178,791
Total Parking Revenue	\$20 per day	\$3,575,821
San Francisco Parking Tax	25% of annual revenue	\$2,410,987
Parking Tax Allocation to Gen'l Fund/Special Prc	20% of tax proceeds	\$482,197
Parking Tax Allocation to Municipal Transp. Func	80% of tax proceeds	\$1,928,789

(1) Based on parking revenue of \$25 a day net of parking taxes.

(2) Reflects parking demand generated by the Multi-Purpose Venue visitors only in excess of onsite capacity
it is likely that additional revenue will be generated by parking demand resulting from other Project components,
such as commercial space.

Sources: GSW and Economic & Planning Systems, Inc.

Table A-9
Daily Parking & Transit Demand Estimate
Multi-Purpose Venue

Events	Event Turnstile Attendance	Average per Car	Daily Event Pkg. Demand (1)	Annual Events	Annual Parking Space	Daily Event Muni Ridership (2)	Annual Ridership (round trip)
Basketball Games	17,000	2.5	3,740	41	153,340	4,080	167,280
GSW Preseason	11,000	2.5	2,420	3	7,260	2,640	7,920
Concerts	12,000	2.8	2,357	30	70,714	2,880	86,400
Concerts Theater	3,000	2.8	589	15	8,839	720	10,800
Other Sporting Events	7,000	2.8	1,375	30	41,250	1,680	50,400
Family Shows	5,000	4.0	688	55	37,813	1,200	66,000
Fixed Fee Rentals/Miscellaneous	9,000	1.5	3,300	<u>31</u>	<u>102,300</u>	2,160	<u>66,960</u>
Total				205	421,516		455,760

(1) On average, 55% of the visitors are assumed to be arriving by car.

(2) Muni ridership assumed to be 60% of transit ridership, which is projected to be 40% of turnstile attendance.

Sources: Golden State Warriors; EPS review of AT&T Park modal split survey (MTA); EPS review of Travel Demand Summary.

**Table A-10
Stadium Admissions Tax
Multi-Purpose Venue**

Item	Total
Annual Multi-Purpose Venue Ticket Sales (1)	
Warriors Games	772,508
Other Events	1,298,889
Average Admission Tax (2)	\$2.10
Warriors Games	\$2.25
Other Events	\$2.00
Total Annual Admission Tax (3)	\$4,335,920

(1) Paid attendance; excludes fixed fee rental events.

(2) Reflects a range of ticket prices with "other events" assumed at \$2 per ticket (assumes 15% of the tickets below \$25, 85% above \$27) and the Warriors games assumed at \$2.25 per ticket (applies to tickets exceeding \$27 in value). Combines regular admission and supplemental admission tax.

(3) Historically, a share of the revenue was allocated to recreation and parks; this analysis assumes the revenue is fully captured by the General Fund.

Sources: City of San Francisco; Economic & Planning Systems.

Table A-11
Gross Receipts Tax Estimates
Multi-Purpose Venue

Item	Total Gross Receipts (GR)	GR Allocated to SF for GR Tax	Gross Revenue Tier				Gross Receipts Tax
			up to \$1m	\$1m - \$2.5m	\$2.5m - \$25m	\$25m+	
Multi-Purpose Venue (1)	\$67,593,667	\$67,593,667	0.285%	0.285%	0.300%	0.300%	\$202,406
Golden State Warriors (2)	\$160,000,000	\$97,582,418	0.300%	0.325%	0.325%	0.400%	\$371,330
Retail (3)	\$25,312,500	\$25,312,500	0.075%	0.100%	0.135%	0.160%	\$25,313
Office (3) (4)	\$415,917,440	\$374,325,696	0.400%	0.460%	0.510%	0.560%	\$1,721,898
Parking	\$8,668,750	\$8,668,750	0.075%	0.100%	0.135%	0.160%	\$10,578
Office/Retail Rent (3)	<u>\$35,001,000</u>	<u>\$35,001,000</u>	0.285%	0.285%	0.300%	0.300%	<u>\$99,753</u>
Subtotal	\$712,493,356	\$608,484,030					\$2,431,277
<u>Off-Site Impacts</u>							
Parking	\$3,575,821	\$3,575,821	0.075%	0.100%	0.135%	0.160%	\$3,702
Off-site Hotels	<u>\$11,907,230</u>	<u>\$11,907,230</u>	0.300%	0.325%	0.325%	0.400%	<u>\$38,448</u>
Subtotal	\$15,483,051	\$15,483,051					\$42,151
Total Gross Receipts	\$727,976,408	\$623,967,081					\$2,473,428
<u>Project Construction</u>							
New Taxable Value (5)	\$942,000,000	\$942,000,000					
Direct Construction Cost (6)	\$659,400,000	\$659,400,000	0.300%	0.350%	0.400%	0.450%	\$2,953,050

- (1) Includes concessions and merchandise sales during events and ticket sales for non-Warrior games assuming an average ticket sale price of \$30; Warriors ticket sales are captured under the Warriors revenues.
- (2) Assumes that 61% (50% of player salaries and 100% of support staff) of the maximum tax potential would be generated to the City given that players would not be subject to the tax for games played outside of San Francisco.
- (3) Based on the tax rate in the 3rd tier since the number of tenants and associates receipts per tenant are not known.
- (4) Based on the IMPLAN-derived factor of \$213,500 per office employee; 90% of gross receipts are assumed to be subject to the tax as businesses with receipts below \$1 million and employment outside of San Francisco will be exempt.
- (5) See Table A-4; rounded.
- (6) Hard costs have not been estimated for the entire project; as a planning estimate, roughly 30% of costs are assumed to be planning and engineering costs.

Sources: City of San Francisco; Economic & Planning Systems.

Table A-12
Utility User Tax Estimates
Multi-Purpose Venue

Item	Assumption	Total
<u>Arena Utility Cost (1)</u>		\$1,490,000
<u>Other Uses</u>		
Retail	\$2.87 per sq.ft.	\$322,875
Office (including Event Management and Team Operations)	\$2.87 per sq.ft.	<u>\$1,569,890</u>
Total Annual Commercial Utility Cost		\$3,382,765
Utility User Tax	7.5% of commercial utility cost	\$253,707

(1) Based on the existing annual cost for the Warriors arena in Oakland; this estimate is conservative relative to costs incurred by other comparable arenas across the country.