



BRION & ASSOCIATES

Final Report

Workday, Inc.
Fiscal Impact Analysis
City of Pleasanton

Prepared by

Brion & Associates

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1. INTRODUCTION AND FINDINGS

This fiscal impact analysis was conducted on behalf of Workday, Inc. (Workday). Workday is in the process of developing new headquarters in Pleasanton along the 580 Freeway. Workday currently occupies a portion of five office buildings on an existing 25-acre parcel and has entered into a long-term lease agreement with BART for a vacant 6.9-acre parcel on which Workday proposes a development project to build a six-story, 430,000 square foot, office building and a parking garage (Proposed Development). Workday intends to landscape and unite the new parcel with the existing parcels to create a seamless campus. Workday, with prior approval of the City of Pleasanton, has retained Brion & Associates to conduct this analysis, which focuses on the Proposed Development's fiscal impacts for the City of Pleasanton (City).

This analysis analyzes the Proposed Development in terms of costs and revenues to the City of Pleasanton. Costs to the City include general government, community development, operations services, community services, library, police, and fire. Revenues include ongoing annual income from property tax, sales tax, franchise fees, business licenses, fines, and other taxes and fees; and one-time income from property transfer taxes that benefit the City. It should be noted that currently the site is owned by BART and as such does not generate any property taxes for the City of Pleasanton, and it is vacant.

This analysis is based on publicly available information, including the City's current adopted budget and the overall methodology follows the methodology used in the "Pleasanton General Plan Fiscal Impact Study."¹ It has also been reviewed by Emily Wagner, the City's Finance Director. Findings are presented in tables at the end of each chapter and in **Appendix A**. All figures in the analysis are in constant dollars. The estimated fiscal impacts of development represent impacts at the time of the Proposed Development's completion or full build out.

Summary of Findings

- 1. The Proposed Development would add 430,000 sqft of building space to the Workday campus, including approximately 397,000 sqft of office space, 13,000 sqft of a fitness center, and almost 20,000 sqft of cafeteria space, in addition to 1,624 parking spaces in two new parking garages.***

Table S-1 is a summary description of the Proposed Development, showing the breakdown of the new building space. The new project site is 6.9 acres. The majority, or approximately 397,000 sqft, is proposed to be new office space. A fitness center of approximately 13,000 sqft and a cafeteria of almost 20,000 sqft are also anticipated to be developed. It is also anticipated that an auditorium would be developed on the first floor. At completion, there will be an

¹ Prepared for the City of Pleasanton by Economic & Planning Systems, Inc. (January 2014).

estimated 2,363 employees at the Workday campus, which translates into about 1,200 service population.

Two new parking garages would provide 1,624 parking spaces for employees. There would be a police substation at the existing parking garage on the site.

2. The Proposed Development would generate significant revenues to the City annually, with a net fiscal balance of approximately \$172,000 yearly.

As shown in **Table S-2**, the Proposed Development would generate an estimated \$834,900 in General Fund revenues to the City and would cost approximately \$662,700, leaving a net fiscal balance of \$172,200. This analysis uses average costs which may be overstated and Project costs will likely be less than those shown in this analysis. Overall, a conservative approach has been used in estimating revenues and costs, and the net fiscal balance will likely be greater than that shown here. Net new revenues from the project equal about 21% of total General Fund revenues.

3. The Proposed Development will generate \$2.45 million in property tax revenues to the County, City, and other agencies.

The Proposed Development would generate \$2.45 million annually in property tax revenues. The City of Pleasanton would receive \$523,800 and Alameda County would receive \$399,400. Pleasanton Unified School District would also benefit, receiving \$508,100. Education Revenue Augmentation Fund (ERAF), which was established in 1992 to shift some property tax to this State controlled fund to help school and community college districts meet their minimum funding, would receive \$481,200. Other agencies that benefit include other schools and other departments and agencies (see **Table S-2**).

4. Combined building and plan check fees with impact fees and school fees from the Proposed Development would generate \$7.0 million (see Table S-2).

Total building permit and plan check fees would equal about \$843,000. Total one-time impact fee revenue for the Proposed Development is \$7.0 million, including traffic fees, school fees, affordable housing and public facilities fees and other miscellaneous fees. The project will receive fee credit of \$2.28 million. These fee credits will be used to pay for the Police Substation at the existing parking garage. See **Table 7** for a detailed list of fees and amounts due.

5. Total employee spending is estimated at \$16.6 million per year of which \$12.5 million is estimated to benefit existing Pleasanton businesses (see Table S-3).

Based on average daily spending of \$29.30 per employee, based on data from *Office-Worker Retail Spending in the Digital Age* (2012) published by the International Council of Shopping Centers (ICSC), the Proposed Development’s employees are estimated to spend \$16.6 million annually, with 75% or \$12.5 million captured within the City and is of benefit to the City’s local businesses. In addition, with 1% of sales tax revenues going to the City, an estimated \$124,600 in annual sales tax revenues will be generated by Workday employees upon completion of the Proposed Development.

At this point, it is not assumed that the project would generate any business to business sales tax revenues as these revenues accrue to where the Company’s servers are located, which include one in Sacramento and the remainder out of state. The analysis only assumes average business license revenues from the project; the project may generate more revenue from this source than estimated here.

Table S-1
Summary of Project Description by Land Use
Workday Fiscal Impact Analysis, Pleasanton, CA

Land Use	Unit of Measure	Proposed Development
Employees	jobs	2,363
Daytime Population (1)		1,181
Site Size	acres	6.9
Office space	sqft	397,359
Fitness center		12,956
Cafeteria		19,685
Total Building Space	sqft	430,000
Parking Spaces (2 garages)		1,624

(1) Includes 100% of population and 50% of employment.
Sources: Workday; Brion & Associates.

Table S-2
Summary of Annual and One-time City Fiscal Benefits
Workday Fiscal Impact Analysis, Pleasanton, CA

Revenue and Benefit Category	Proposed Development
<i>(rounded to nearest \$100)</i>	
Annual General Fund Balance	
Total General Fund Revenues	\$834,900
Total General Fund Expenditures	\$662,700
Net Fiscal Balance	\$172,200
Net Revenues as % of Total	21%
Property Tax Revenues	
General County Tax	\$399,400
City of Pleasanton	\$523,800
Pleasanton Unified School District	\$508,100
Other Schools	\$55,700
Other County Depts./Agencies	\$26,500
All Other Districts	\$131,400
ERAF	\$481,200
Supplemental Property Taxes	\$327,400
Total Property Tax Revenue	\$2,453,500
Net One Time Bldg., Plan Check and Impact Fees (1)	
Building and Plan Check Fees	\$843,200
Impact Fees	\$6,156,800
Total Net Fees Due	\$7,000,000

(1) Fee estimates were provided by the City of Pleasanton or estimated here in Table 7 and are net of any proposed fee credits.

Sources: City of Pleasanton; Brion & Associates.

Table S-3
Summary of New Retail Spending Support
Workday Fiscal Impact Analysis, Pleasanton, CA

	Rates	Proposed Development
Average Daily Employee Expenditures	\$29.30	
Total Retail Expenditures		\$16,615,800
Amount Spent in Pleasanton		\$12,461,800
Percent Spent in Pleasanton		75%
Total Employee Sales Tax Revenues		\$124,600

Sources: Office-Worker Retail Spending in a Digital Age, 2012, ICSC Research and Brion & Associates.

Purpose of Fiscal Impact Analyses

A fiscal impact analysis (FIA) evaluates the fiscal implications of new development or redevelopment on the City’s operating budget or its annual revenues and expenditures. Fiscal analyses generally focus on the General Fund, the fund most impacted by new development. Other city funds typically have dedicated revenues, such as user fees, to cover costs. Such fees can be increased to cover increased costs, but the use of these funds is restricted. The General Fund can be spent at the City Council’s discretion. Discretionary revenues which benefit the General Fund include property taxes, sales taxes, and transient occupancy taxes. Dedicated revenues, by contrast, must be spent for a particular project or within a particular department. Dedicated revenues include grants, State and Federal monies, such as gas taxes, and user fees. Fiscal impact analyses typically exclude dedicated revenues, because they may not be used to fund costs related to development such as police or fire services.

Fiscal impact analyses evaluate development in the context of the current fiscal environment by using the most up-to-date City budget. By law, a city must balance its budget from year to year; thus, exact expenditures and revenues are somewhat dynamic, but certain trends are always present. FIAs estimate the fiscal impacts of new development assuming current cost and revenue structures, tax-sharing agreements, and local rates for items such as transient occupancy tax. An FIA evaluates the likelihood that a development will create City revenues that offset the City costs it incurs.

Fiscal impact analyses are different than detailed budget forecasts at the departmental level, such as those with detailed staffing plans. Fiscal impact analyses use current demographic data

and service standards for a city, as well as the city's current service levels and costs, and apply them to the new population and employment generated by a project. "Daytime service population", defined in this report as residential population plus 50% of employment population, is a measure used to analyze these two populations. This is further described in **Chapter 2**.

Report Organization

This report has four chapters and one appendix. **Chapter 1** gives general background for this analysis and summarizes its findings. **Chapter 2** states the assumptions underlying the analysis, which concern the planned development, demographic information about the City and the Project, and market values of affected properties. **Chapter 3** presents the general approach of the analysis and details impacts to City revenues and expenditures. **Chapter 4** contains the conclusions of our analysis. **Appendix A** presents detailed calculations and supporting data.

Note that each table may be found at the end of the chapter in which it is first referenced.

2. DEVELOPMENT AND MARKET ASSUMPTIONS

This report analyzes the proposed 6-story development project on a 6.9-acre site owned by BART and under a long-term lease to Workday. The analysis is based on current conditions and on key assumptions described in detail here and in **Chapter 3**.

Project Assumptions and Demographics

Development assumptions are shown in **Table 1**. Workday currently occupies portions of the five buildings adjacent to the proposed project site. They are proposing to build a new 6-story office building and two parking garages on an adjacent 6.9-acre parcel that is owned by BART and on a long-term lease to Workday. The site would be developed and landscaped to create one continuous campus, linking the new site to the current site seamlessly. The Proposed Development would include a 430,000 sqft office building, including a proposed fitness center and cafeteria. New parking garages would provide 1,624 parking spaces for the Workday campus in a structured parking garage.

It is estimated that the new building would have 172 sqft per office employee, 1,000 sqft per fitness center employee, and 500 sqft per cafeteria employee. Total employees are estimated to equal 2,363 at project completion.

The daytime service population, which is equal to 100% of residents and 50% of employees (in this case, only employees as there are no residential components to this project) is 1,181 for the Proposed Development. This is a measure used in fiscal impact studies to convert population and employment uses into a similar measure, recognizing that employment uses have less impact on city services and revenues than residents.

City Demographics

Table 2 shows current demographic information estimated for 2014 for the City of Pleasanton, based on City information, the California Department of Finance E-5 Report, and ABAG's *Projections 2009*.² Approximately 73,867 residents currently live in Pleasanton, and approximately 56,269 employees work there. The City has about 26,194 households, which contain an average of 2.8 persons each.

Total daytime population is a measure of the population requiring various public services. It includes both residents and workers, but gives greater weight to residents. Here it is calculated at 100% of City residents plus 50% of employed workers. Total daytime population in Pleasanton is estimated at about 102,000.

² This represents the most current ABAG projections; new projections are expected in 2014.

Estimated Assessed Value

Table 3 shows estimates of existing and estimated assessed values associated with the Proposed Development. Assuming an average market value of \$400 per sqft for new development we estimate an assessed value of \$172 million for the new office building. For the parking garages, we assume a market value of \$25,000 per parking space, for a total assessed value for the parking garages of almost \$40.6 million. Total assessed value of the new development is approximately \$212.6 million, as shown in **Table 3**.

Table 1
Project Description
Workday Fiscal Impact Analysis, Pleasanton, CA

	Unit	Proposed Development
Total Acreage		6.9
Impervious surface (acres)	75%	5.2
Square footage		
Office space	sq ft	397,359
Fitness center		12,956
Cafeteria		19,685
Total gross building space	sq ft	430,000
Parking		
Surface parking	spaces	(1)
Garage parking	spaces	1,624 (2)
Total	spaces	1,624
Employment		
Office employees	sq ft/employee	172
Fitness center employees	sq ft/employee	1,000
Cafeteria employees	sq ft/employee	500
Number of Office employees		2,310
Number of Fitness center employees		13
Number of Cafeteria employees		39
Total employees		2,363
Daytime service population		
100% of residents + 50% of employees	(3)	1,181

(1) No new surface parking would be provided.

(2) Two new parking garages will be built; one on the BART property and one on the existing development site. Both are treated as new development, regardless of their location.

(3) This is a measure used in fiscal impact models to establish a single measurement unit for service demand for residents and employees. Employees generate demand for services at roughly 50% the rate that residents do.

Sources: Workday; Brion & Associates.

Table 2
Pleasanton Demographics in 2014
Workday Fiscal Impact Analysis, Pleasanton, CA

Demographic	Notes	2014 Estimate
Population	(1)	73,867
Households	(1)	26,194
Employment	(1)	56,269
Daytime Service Population	(1)(2)	102,001

(1) Population, household and employment data projected based on 2010 figures and 2040 draft projections for the City of Pleasanton from Association of Bay Area Governments "Jobs – Housing Connection Strategy" Appendices (May 2012). Persons per household from CA Department of Finance, 2013.

(2) Includes 100% of population and 50% of employment. This is a measure used in fiscal impact models to establish a single measurement unit for service demand for residents and employees. Employees generate demand for services at roughly 1/2 the rate that residents do.

Sources: ABAG; California Department of Finance; Brion & Associates.

Table 3
Existing and Estimated New Assessed Values
Workday Fiscal Impact Analysis, Pleasanton, CA

Item	Average Market Value	Unit of Measure	Proposed Development
Existing Assessed Value (1)	\$0	(1)	
New Assessed Value			
New Development	\$400 per sqft	(2)	\$172,000,000
Parking Structures	\$25,000 per space		\$40,600,000
Total Assessed Value			\$212,600,000

(1) Existing AV is \$0 as the site is owned by BART, a public entity.

(2) Includes the value of the fitness center and cafeteria, which is part of the overall project.

Sources: Workday Inc.; Brion & Associates.

3. FISCAL IMPACT ANALYSIS

This chapter describes the approach and methodology used in the fiscal impact analysis, and some results by budget item. The fiscal results in total are discussed in **Chapter 4**.

Approach and Methodology

The following section describes the methodology and assumptions used in the fiscal analysis. The fiscal impact analysis analyzes the Proposed Development's permanent annual impacts on City funds, as well as one-time benefits due to collection of transfer taxes.

City revenues include property tax, sales tax, fees for current services, other taxes, business licenses, transient occupancy tax, grants and subventions, interfund revenue, interest income and rent, recreation revenue, building permits, franchise fees, plan check fees, fines and forfeitures, miscellaneous reimbursement, public works fees, planning fees, miscellaneous revenue, licenses and miscellaneous permits, library revenue, and contributions and donations. City costs include general government, community development, operations services, community services, library, police, and fire. These are all part of the City's General Fund.

The fiscal model is based on the principle that the Proposed Development will impact both City revenues and expenditures, and these impacts may be estimated based upon appropriate factors and logical methods of analysis. The analysis assumes current service levels and projects revenues and costs based on the *City of Pleasanton Operating Budget 2013/14 FY and 2014/15 FY*. For this analysis we are using figures for 2014/15 from the Budget. The Proposed Development's fiscal benefits are measured as occurring at project completion, rather than accruing incrementally. Factors and results of this analysis are in constant dollars.

Cost and Revenue Factors

Most of the city revenues and expenditures are projected in proportion to one of three main average cost or revenue factors, listed below. However, for this analysis, per daytime population method is used for all budget items.

- Residential population – termed “**Per Capita.**” These revenues or costs are only generated by residents.
- Worker population – termed “**Per Employee.**” These revenues or costs are only generated by employees or businesses.
- Combined effect of residents and employees – termed “**Per Daytime Population**” defined as 100% population plus 50% employment for this study. These revenues and costs are generated by both residents and businesses/employees. Employees generally generate revenues and costs at a lower level than population.

City General Fund Revenues

The majority of City revenues are estimated based on per daytime population factors because the Proposed Development will affect employment in Pleasanton, but will have no effect on residential population. This approach converts measures into comparable factors that can be applied to the Proposed Development. The factors are based on the total revenue source divided by the City's current daytime population as estimated in **Chapter 2**.

Table 4 summarizes General Fund revenues and the per daytime population factors, which include:

- Other Taxes at \$8.04
- Transient Occupancy Tax at \$18.87
- Interfund Revenue at \$12.81
- Interest Income and Rent at \$2.40
- Franchise Fees at \$22.62
- Miscellaneous Revenue at \$0.30
- Licenses and Miscellaneous Permits at \$0.21

The approach for other revenue sources is described below. Property and sales taxes, vehicle in-lieu property taxes, and business license tax are estimated on a marginal or project specific basis.

Property Taxes

Property taxes are based on the market values discussed above in **Chapter 2**.

In California, property tax revenue is equal to 1% of total assessed value. The City of Pleasanton receives 29.71% of the 1% property tax revenue after shifts to the Education Revenue Augmentation Fund (ERAF). The site is presently vacant and owned by BART and as such does not generate any property tax revenues for the City currently. The remaining property tax revenue is distributed as shown in the chart below.

	Total TAF	ERAF Rate	ERAF Shift	Net TAFs
Distribution of 1% Property Tax				
COUNTY GENERAL	36.20%	48.11%	17.42%	18.78%
CHABOT - LAS POSITAS COMMUNITY COLLEGE	2.62%	0.00%	0.00%	2.62%
PLEASANTON USD	23.90%	0.00%	0.00%	23.90%
COUNTY SUPT. EDUCATION T.M.R., EC 1887	0.11%	0.00%	0.00%	0.11%
COUNTY SUPT. EDUCATION PHYS. HDCP. PUPILS	0.40%	0.00%	0.00%	0.40%
COUNTY SUPT. T.M.R. & P.H. CAPITAL	0.01%	0.00%	0.00%	0.01%
COUNTY SUPT. T.M.R. & P.H. TUITION	0.05%	0.00%	0.00%	0.05%
COUNTY SUPT. EDUCATION INSTIT. PUPILS	0.17%	0.00%	0.00%	0.17%
COUNTY SUPT. JUVENILE HALL EDUCATION	0.04%	0.00%	0.00%	0.04%
COUNTY SUPT. SERVICE	0.11%	0.00%	0.00%	0.11%
COUNTY SUPT. CAPITAL	0.08%	0.00%	0.00%	0.08%
COUNTY SUPT. DEVELOP. CENTER-HDCP. PUPILS	0.10%	0.00%	0.00%	0.10%
COUNTY SUPT. AUDIO-VISUAL CAPITAL	0.02%	0.00%	0.00%	0.02%
ALAMEDA CO. F.C. & W.C.	0.22%	38.68%	0.08%	0.13%
FLOOD ZONE 7	2.19%	0.00%	0.00%	2.19%
BAY AREA AIR QUALITY MANAGEMENT	0.22%	0.00%	0.00%	0.22%
ALAMEDA CO. MOSQUITO ABATEMENT	0.14%	36.90%	0.05%	0.09%
SF-BART	0.64%	0.00%	0.00%	0.64%
EAST BAY REGIONAL PARK	3.05%	0.00%	0.00%	3.05%
ALAMEDA CO. RESOURCE CONSER.	0.03%	15.96%	0.00%	0.02%
CITY OF PLEASANTON	29.71%	17.08%	5.07%	24.64%
ERAF				<u>22.63%</u>
Total 1% Property Taxes	100%		22.63%	100.00%

Under the restrictions of Proposition 13, the assessed value of existing development can be increased by 2% per year if the property does not turn over. When property is sold, the assessed value is adjusted to reflect the actual sales price or current market value at the time of sale. Thus the assessed value of a property may grow 2% annually or at a much higher rate, depending on whether the property is sold, and how often. While the Project Site will be assessed, and this value will increase over time by 2% annually, it is not expected to turn-over. **Table A-1** in **Appendix A** presents detailed property tax estimates by agency.

VLF Property Tax Swap

In the past, the State of California distributed motor vehicle in-lieu fees on a per capita basis. This is no longer the case. As of FY 2004/2005, the State now distributes this revenue based on a city's overall increase in assessed value (AV) each year and relative to the amount of VLF Property Tax Swap revenue the city received in the prior year. Thus, cities with low growth or stagnant AV do not receive as much as they did in the past.

Table A-2 in **Appendix A** estimates the impact of the Proposed Development on this revenue source. The City currently has a total AV base of \$17.5 billion and is expected to receive about \$4.9 million from this revenue source for FY 2014/15. The project's new assessed value totals

about \$212 million or 1.21% of the existing total AV in the City. The Proposed Development will generate approximately \$59,400.

Sales Tax

The City receives revenues of 1% of total taxable sales. This analysis estimates purchases by employees at the Proposed Development after completion. We use average expenditures for suburban locations published by the International Council of Shopping Centers in *Office Worker Retail Spending Patterns*³ and in 2011 dollars.

Employees at the Site are assumed to generate sales tax to the City based on average taxable sales of \$29.30 per day, on 240 working days per year, as shown in **Table A-3**. This includes sales tax generated at the on-site cafeteria. The City is expected to receive an estimated \$124,600 in sales tax revenues from new Workday employees annually.

The project is not expected to generate any business to business sales tax to the City at this point as the taxable sales are recorded at the location of Workday's servers.

Business License Tax

The City's Business Tax License is applied to gross sales or revenue levied at a rate of \$0.3 per \$1,000. Currently Workday is expected to pay about \$50,000 per year in business tax license fees.

City General Fund Expenditures

City General Fund expenditures and the method used to estimate cost factors is shown in **Table 5**. All departmental costs are forecast for this analysis. Total expenditures from the Budget are shown, and offsetting revenues per expenditure item are calculated, showing the Net Departmental Costs. A Fixed Cost Percent is then applied to each Net Departmental Cost to calculate Net Variable Cost, representing the portion of each department's costs that do not vary with growth (this rate varies depending on the nature of the service provided). Costs are then allocated between employees and residents in order to calculate departmental costs related to employees and the city cost per employee. This factor is then applied to the Proposed Development. The "City Cost per Employee" is shown in **Table 5a** and is summarized below and totals \$280 per daytime population

- General Government at \$27.57
- Community Development at \$24.63
- Operations Services at \$43.17
- Community Services at \$14.52
- Library at \$17.37

³ International Council of Shopping Centers (2012). *Office Worker Retail Spending Patterns*.

- Police at \$96.78
- Fire at \$56.45

As shown, the project's total estimated annual costs are conservatively estimated at \$662,700 per year. Actual police and fire service costs may be less than estimated for this analysis.

Table 4
Annual General Fund Revenues
Workday Fiscal Impact Analysis, Pleasanton, CA

Revenue Item	FY 2014/15 Adopted Budget (1)	Forecast Method/ Reference	Per Daytime Pop. Factor	Proposed Development
Property Taxes	\$50,463,540	see Table A-1		\$523,756
VLF - Property Tax Swap (2)		see Table A-2		\$59,433
Sales Tax	\$20,300,000	see Table A-3		\$124,618
Fees for Current Services	\$966,600	offsets costs		
Other Taxes	\$1,185,000	per daytime population	\$8.04 (2)	\$9,496
Business Licenses	\$3,100,000	Per Development Agreement		\$50,000
Transient Occupancy Tax	\$3,850,000	per daytime population	\$18.87 (3)	\$22,293
Grants and Subventions	\$505,000	offsets costs		
Interfund Revenue	\$2,369,582	per daytime population	\$12.81 (4)	\$15,134
Interest Income and Rent	\$245,000	per daytime population	\$2.40	\$2,837
Recreation Revenue	\$3,657,900	offsets costs		
Building Permits	\$2,252,135	offsets costs		
Franchise Fees	\$2,307,000	per daytime population	\$22.62	\$26,717
Plan Check Fees	\$1,710,500	offsets costs		
Fines and Forfeitures	\$519,600	offsets police costs		
Miscellaneous Reimbursements	\$572,430	not impacted over time (5)		
Public Works Fees	\$104,100	offsets costs		
Planning Fees	\$144,515	offsets costs		
Miscellaneous Revenue	\$46,609	per daytime population	\$0.30 (6)	\$354
Licenses and Misc. Permits	\$54,720	per daytime population	\$0.21 (7)	\$249
Library Revenue	\$88,800	offsets costs		
Contribution and Donations	\$22,750	offsets costs		
Total General Fund Revenues	\$94,465,781			\$834,889

- (1) The City has a bi-annual budget. Adopted numbers for FY 2014/15 are used in this analysis.
(2) Excludes \$365,000 of other taxes that are used for police costs;
(3) Assumes half of TOT is generated by general development in the City and local demand.
(4) Excludes \$1,062,815 of interfund transfers that are used to offset GF costs.
(5) Excludes \$532,730 of misc reimbursements that are applied to GF costs.
(6) Excludes \$16,000 of property sale revenue.
(7) Excludes \$11,220 of license fees and \$16,500 of other permits fees applied towards police costs; and \$5,500 of other permits for fire costs.

Sources: City of Pleasanton Operating Budget 2013/14 FY and 2014/15 FY; Brion & Associates.

Table 5
Annual General Fund Expenditures Factors
Workday Fiscal Impact Analysis, Pleasanton, CA

Expenditure	FY 2013-14 Adopted City Expenditures	Offsetting Revenues	Net Departmental Costs	Fixed Cost Percent	Net Variable Costs (3)	Cost Allocation		Employment Related Departmental Costs
						Employment Uses	Residential Uses	
General Government (1)	\$12,671,766	\$261,454	\$12,410,312	50%	\$6,205,156	25%	75%	\$1,551,289
Community Development (2)	\$11,649,089	\$5,127,793	\$6,521,296	15%	\$5,543,102	25%	75%	\$1,385,775
Operations Services	\$15,626,140	\$445,753	\$15,180,387	20%	\$12,144,310	20%	80%	\$2,428,862
Community Services	\$7,309,852	\$3,677,450	\$3,632,402	10%	\$3,269,162	25%	75%	\$817,290
Library	\$4,432,078	\$88,800	\$4,343,278	10%	\$3,908,950	25%	75%	\$977,238
Police	\$25,294,682	\$1,091,920	\$24,202,762	10%	\$21,782,486	25%	75%	\$5,445,621
Fire	<u>\$15,303,308</u>	<u>\$1,186,130</u>	<u>\$14,117,178</u>	<u>10%</u>	<u>\$12,705,460</u>	<u>25%</u>	<u>75%</u>	<u>\$3,176,365</u>
Total General Fund	\$92,286,915	\$11,879,300	\$80,407,615		\$65,558,625			\$15,782,441

(1) Includes general government, administration, finance, city council, law and city manager departments.

(2) Includes community development, economic development and housing department expenditures.

(3) Represents the portion of each department's costs that does not vary with growth; this rate varies depending on the nature of the service provided.

Sources: City of Pleasanton Operating Budget 2013/14 FY and 2014/15 FY; Brion & Associates.

Table 5a
Annual General Fund Expenditures from Project
Workday Fiscal Impact Analysis, Pleasanton, CA

Expenditure	City Cost	
	Per Employee	Proposed Development
General Government	\$27.57	\$65,134
Community Development	\$24.63	\$58,185
Operations Services	\$43.17	\$101,981
Community Services	\$14.52	\$34,316
Library	\$17.37	\$41,031
Police	\$96.78	\$228,645
Fire	<u>\$56.45</u>	<u>\$133,366</u>
Total General Fund	\$280.48	\$662,657

Sources: City of Pleasanton Operating Budget 2013/14 FY and 2014/15 FY; Brion & Associates.

4. FISCAL RESULTS AND OTHER BENEFITS

This chapter presents the conclusions of the fiscal analysis. As discussed in **Chapter 1**, this report analyzes the Proposed Development's impacts on City revenues and expenditures based on the City's current budget (FY 2014/15) and existing demographic conditions. It provides a snapshot of how the Proposed Development would perform fiscally, assuming today's budget conditions. This type of analysis is not a budget forecast. However, it provides useful information as to the potential costs and benefits of the Proposed Development, and it is a functional planning tool.

Fiscal Balance

The Proposed Development would generate significant positive net fiscal impact of approximately \$172,200 annually. This figure represents constant dollars. Average costs have also been used and will probably be less than estimated here, generating even larger revenues to the City. The Proposed Development's revenues are estimated to be \$834,900 and the Project costs are conservatively estimated to be as high as \$662,600. The net fiscal balance is equal to 21% of revenues, as shown in **Table 6**. This net fiscal balance is a significant increase in revenue to the City from the site, as it is currently owned by BART and it is currently vacant and it does not generate any revenues to the City. Thus, this is all new revenue for the City.

One-Time Building and Impact Fees

Impact fee revenues are shown by impact fee rate, unit of measure, and total for the Proposed Development in **Table 7** and including the following fees. The City of Pleasanton has provided estimates of the fees to Workday for the majority of these fees.

- Building Permit
- Plan Check
- Public Facilities Fees
- Affordable Housing Fees
- City Traffic Fees
- Tri-Valley Transportation Committee Fee
- Storm Drainage
- Sewer Fees
- Misc Fees including Archiving Plans and Documents, SMIP and CDSC
- School Impact Fees

Total building permit and plan check fees would equal about \$1.1 million. Total one-time impact fee revenue for the Proposed Development is \$8.1 million, including total school fees of about \$202,000, for a combined total of \$9.3 million in fees.

The project will receive a total of \$2.3 million in fee credits from the City (public facilities and sewer fee and building/plan check fee credits). Thus the new impact fees due from the project will total \$7.0 million as shown in **Table 7**.

Construction Benefits

Construction costs and temporary construction employment are calculated in **Table 8**. Construction costs are estimated at \$300 per sqft or \$129 million for the Proposed Development. Parking spaces are estimated to cost \$22,600 per space or \$36.7 million total. Infrastructure is calculated at \$15 per sqft or \$4.5 million. Total construction costs for the Proposed Development are estimated at \$170.2 million.

Assuming an average labor cost based on 50% of the construction cost and based on an average construction worker salary of \$77,964 including benefits, employment job years are estimated to be 1,092. These are new job years of employment. The timeframe of the construction project will determine whether these jobs occur over one or two years. If construction takes two years, then the temporary total construction jobs would equal 546 jobs.

Table 6
Summary of General Fund Revenues and Costs
Workday Fiscal Impact Analysis, Pleasanton, CA

General Fund Category	Note	Proposed Development	Percent Distribution
General Fund Revenues	See Table 4		
Property Taxes		\$523,756	63%
VLF - Property Tax Swap (2)		\$59,433	7%
Sales Tax		\$124,618	15%
Fees for Current Services		\$0	0%
Other Taxes		\$9,496	1%
Business Licenses		\$50,000	6%
Transient Occupancy Tax		\$22,293	3%
Grants and Subventions		\$0	0%
Interfund Revenue		\$15,134	2%
Interest Income and Rent		\$2,837	0%
Recreation Revenue		\$0	0%
Building Permits		\$0	0%
Franchise Fees		\$26,717	3%
Plan Check Fees		\$0	0%
Fines and Forfeitures		\$0	0%
Miscellaneous Reimbursements		\$0	0%
Public Works Fees		\$0	0%
Planning Fees		\$0	0%
Miscellaneous Revenue		\$354	0%
Licenses and Misc. Permits		\$249	0%
Library Revenue		\$0	0%
Contribution and Donations		<u>\$0</u>	<u>0%</u>
Total GF Revenues		\$834,889	100%
General Fund Expenditures	See Table 5		
General Government		\$65,134	10%
Community Development		\$58,185	9%
Operations Services		\$101,981	15%
Community Services		\$34,316	5%
Library		\$41,031	6%
Police		\$228,645	35%
Fire		<u>\$133,366</u>	<u>20%</u>
Total GF Expenditures		\$662,657	100%
Net Fiscal Balance		\$172,231	
Balance as Percent of Revenues		21%	

Source: Brion & Associates

Table 7
Plan Check, Building Permit and Impact Fee Revenues, Total and Net
Workday Fiscal Impact Analysis, Pleasanton, CA

	Total Proposed Development	Fee Credits	Net Fees Due
<u>PLAN CHECK/PERMIT FEES</u>			
Bldg. Permit Fees	\$620,463	\$193,125	\$427,338
Plan Check	\$499,639	\$83,804	\$415,835
Total	\$1,120,102	\$276,929	\$843,173
<u>IMPACT FEES</u>			
Public Facilities Fee	\$380,191	\$327,939	\$52,252
Affordable Housing Fee	\$1,226,009	\$0	\$1,226,009
City Traffic Fees	\$2,674,153	\$0	\$2,674,153
Tri-Valley Transportation Committee	\$1,772,801	\$0	\$1,772,801
GIS Mapping Fee, Site	\$737	\$0	\$737
Storm Drainage	\$203,794	\$0	\$203,794
City Sewer Fees	\$49,685	\$49,685	\$0
Sewer Fee, DSRSD	\$1,626,848	\$1,626,848	\$0
Archiving Fee, Plans	\$850	\$0	\$850
Archiving Fee, Documents	\$25	\$0	\$25
SMIP Non-Residential	\$21,361	\$0	\$21,361
CBSC Surcharge	\$4,070	\$0	\$4,070
Total School Impact Fees (2)	\$200,775	\$0	\$200,775
Total Fees, with Schools	\$8,161,299	\$2,004,472	\$6,156,827
Total Fees, Plan Check and Permit Fees	\$9,281,401	\$2,281,401	\$7,000,000

Note: Fees are based on estimates provide by Workday as provided by the City Public Works Dept. and as provided by Finance Department, May 5, 2014 via email.

Sources: City of Pleasanton; Brion & Associates.

Table 8
Construction Costs and Temporary Construction Employment
Workday Fiscal Impact Analysis, Pleasanton, CA

Item	Unit Cost	Unit of Measure	Proposed Development
Construction cost estimate			
Office	\$300	per sqft	\$129,000,000
Parking Structures	\$22,611	per space	\$36,720,000
Infrastructure (1)	\$15	per sqft	<u>\$4,508,460</u>
Total			\$170,228,460
Construction jobs			
Labor cost	50%	of const. cost	\$85,114,230
Average construction worker cos (2)	\$77,964		
Employment job years			1,092

(1) Assumes the entire site needs infrastructure to be upgraded.

(2) Source: California Employment Development Department, Labor Market Information, Occupational Employment (2013 - 1st Quarter).

See www.labormarketinfo.edd.ca.gov/LMID/OES_Employment_and_Wages.html.

Includes 25% mark up for benefits.

Sources: California EDD; Workday; Brion & Associates.

**APPENDIX A:
SUPPORTING FISCAL ANALYSIS TABLES**

Appendix A Table Index
Workday Fiscal Impact Analysis, Pleasanton, CA

Table No.	Table Name
Table A-1	Property Tax Revenues
Table A-2	Vehicle In-Lieu Fees Property Tax Swap (1)
Table A-3	Estimated City Annual Sales Tax Revenue from Employees
Table A-3a	Mean Weekly Expenditures by Geography

Source: Brion & Associates.

Table A-1
Property Tax Revenues
Workday Fiscal Impact Analysis, Pleasanton, CA

Item	Tax Rate Areas: 08-038 & 08-039				Proposed Development
	Total TAF (1)	ERAF Rate (2)	ERAF Shift	Net TAFs (2)	
Assessed Value (3)					\$212,600,000
1% Annual Property Tax Revenue (4)	1.0%				\$2,126,000
Distribution of 1% Property Tax					
COUNTY GENERAL	36.20%	48.11%	17.42%	18.78%	\$399,353
CHABOT - LAS POSITAS COMMUNITY COLLEGE	2.62%	0.00%	0.00%	2.62%	\$55,700
PLEASANTON USD	23.90%	0.00%	0.00%	23.90%	\$508,118
COUNTY SUPT. EDUCATION T.M.R., EC 1887	0.11%	0.00%	0.00%	0.11%	\$2,290
COUNTY SUPT. EDUCATION PHYS. HDCP. PUPILS	0.40%	0.00%	0.00%	0.40%	\$8,527
COUNTY SUPT. T.M.R. & P.H. CAPITAL	0.01%	0.00%	0.00%	0.01%	\$190
COUNTY SUPT. T.M.R. & P.H. TUITION	0.05%	0.00%	0.00%	0.05%	\$1,152
COUNTY SUPT. EDUCATION INSTIT. PUPILS	0.17%	0.00%	0.00%	0.17%	\$3,656
COUNTY SUPT. JUVENILE HALL EDUCATION	0.04%	0.00%	0.00%	0.04%	\$757
COUNTY SUPT. SERVICE	0.11%	0.00%	0.00%	0.11%	\$2,273
COUNTY SUPT. CAPITAL	0.08%	0.00%	0.00%	0.08%	\$1,751
COUNTY SUPT. DEVELOP. CENTER-HDCP. PUPILS	0.10%	0.00%	0.00%	0.10%	\$2,126
COUNTY SUPT. AUDIO-VISUAL CAPITAL	0.02%	0.00%	0.00%	0.02%	\$455
ALAMEDA CO. F.C. & W.C.	0.22%	38.68%	0.08%	0.13%	\$2,828
FLOOD ZONE 7	2.19%	0.00%	0.00%	2.19%	\$46,454
BAY AREA AIR QUALITY MANAGEMENT	0.22%	0.00%	0.00%	0.22%	\$4,616
ALAMEDA CO. MOSQUITO ABATEMENT	0.14%	36.90%	0.05%	0.09%	\$1,942
SF-BART	0.64%	0.00%	0.00%	0.64%	\$13,557
EAST BAY REGIONAL PARK	3.05%	0.00%	0.00%	3.05%	\$64,825
ALAMEDA CO. RESOURCE CONSER.	0.03%	15.96%	0.00%	0.02%	\$513
CITY OF PLEASANTON	29.71%	17.08%	5.07%	24.64%	\$523,756
ERAF				<u>22.63%</u>	<u>\$481,162</u>
Total 1% Property Taxes	100%		22.63%	100.00%	\$2,126,000
Other Parcel Taxes (4)					
SCHOOL UNIFIED	0.092%				\$194,742
SCHOOL COMMUNITY COLLEGE	0.021%				\$45,496
FLOOD ZONE 7 STATE WTR	0.026%				\$54,638
BAY AREA RAPID TRANSIT	0.008%				\$15,945
EAST BAY REGIONAL PARK	<u>0.008%</u>				<u>\$16,583</u>
Total Other Annual Parcel Taxes	0.1540%				\$327,404
Total Property Tax Revenues	1.1540%				\$2,453,404

(1) The Tax Rate Area is 19-006 for all parcels and the Tax Allocation Factors (TAFs) are from the Alameda Auditor-Controller Agency website. <http://www.acgov.org/auditor/tax/districts.htm>. Viewed January 2014.

(2) Education Revenue Augmentation Fund or ERAF shifts local property taxes to local school districts, based on legislation from the early 1990s.

(3) See Table 3 for estimated market values of each site.

(4) There are several supplemental taxes levied on the sites for local bonds that support schools, and park and recreation and open space projects. These revenues are restricted and not available for general purposes and are thus not estimated.

Sources: City of Pleasanton; Alameda County; Brion & Associates.

Table A-2
Vehicle In-Lieu Fees Property Tax Swap (1)
Workday Fiscal Impact Analysis, Pleasanton, CA

Item	Assumption	Proposed Development
Assessed Value		
Existing Assessed Value (1)		\$0
New Assessed Value		<u>\$212,600,000</u>
Total Assessed Value		\$212,600,000
City's Current Assessed Value		\$17,528,004,671
Percent or Percent Increase in AV		1.21%
Current VLF Swap Revenue FY 2014-15 (2)	\$4,900,000	
VLF Property Tax Swap Revenue		\$59,433

(1) Note the current site is owned by BART and exempt from property taxes.

(2) See City of Pleasanton Operating Budget 2013/14 FY and 2014/15 FY, page E-3 or 342 of PDF. Since 2005-2006, VLF is now shared with cities based on a new system that relates to the overall increase in assessed value in the City. The City will receive an increase in VLFs equal to the percent increase in overall Citywide Assessed Value, including secured and unsecured property.

Sources: City of Pleasanton Operating Budget 2013/14 FY and 2014/15FY; Brion & Associates.

Table A-3
Estimated City Annual Sales Tax Revenue from Employees
Workday Fiscal Impact Analysis, Pleasanton, CA

Land Use	Assumption	Proposed Development
City Share of Sales Tax (% of Gross Sales)	1.0%	
RETAIL SPENDING FROM EMPLOYEES		
Estimated Total Employment		2,363
Average Daily Expenditures	\$29.30 (1)	
Annual Workdays	240	
Total Retail Expenditures		\$16,615,757
Percent and Amount Spent in Pleasanton	75%	\$12,461,817
Sales Tax Revenue from Employees	1.0%	\$124,618
Total Employee Sales Tax Revenues		\$124,618

(1) Based the average daily expenditures per employee from Office-Worker Retail Spending in a Digital Age 2012, ICSC Research (see Table A-3a).
 This includes sales tax generated at the on-site cafeteria.
 Sources: City of Pleasanton; Brion & Associates.

Table A-3a
Mean Weekly Expenditures by Geography
Workday Fiscal Impact Analysis, Pleasanton, CA

Types of Spending	Including Those Who Spent Nothing			
	Total National	Urban	Suburban	Rural/Small Town
TOTAL	\$195.22	\$165.93	\$226.66	\$142.62
TOTAL less Transportation and Online Purchases	129.18	115.60	146.52	90.55
Transportation and Online Purchases	66.03	50.33	80.14	52.06
Transportation	35.92	36.37	37.67	28.77
Online Purchases Made at the Office (personal)	30.11	13.96	42.47	23.29
Full-Service Restaurants and Fast Food	26.71	26.29	28.86	16.87
Full-Service Restaurants	12.97	13.45	13.06	8.62
Fast Food/Deli/Lunch Eateries	13.75	12.85	15.80	8.26
Goods and Services	102.47	89.31	117.66	73.68
Department Stores	7.56	6.52	9.03	4.48
Discount Stores	10.63	8.19	11.33	13.38
Drug Stores	6.87	6.13	7.60	5.97
Grocery Stores	19.79	15.98	21.58	22.26
Clothing Stores	3.80	3.25	4.43	2.85
Shoe Stores	2.82	2.43	3.40	1.30
Sporting Goods Stores	2.73	2.16	3.49	1.24
Electronics/Phone/Computer Stores	6.88	4.86	8.93	3.97
Jewelry Stores	3.36	3.92	3.75	0.94
Office Supplies/Stationery/Novelty Gifts and Cards	6.90	7.37	7.41	3.94
Warehouse Clubs	9.71	7.80	12.32	4.86
Other Goods (florist, non-food vendors, etc.)	3.61	3.95	3.75	0.77
Personal Care Shops	6.03	7.83	5.76	3.46
Personal Services	3.92	3.16	4.97	1.93
Other Services (not elsewhere classified)	3.48	2.30	4.90	0.67
Entertainment (sporting events, live theater, concerts, movies)	4.35	3.45	5.01	1.67

Source: *Office-Worker Retail Spending in a Digital Age*, 2012, ICSC Research
 Copyrighted, 2011