



ERA

Economics Research Associates

Final Report

**Gilead Corporate Campus Master Plan
Fiscal Impact Analysis**

Prepared for

**City of Foster City
Foster City, CA**

Submitted by

Economics Research Associates

February 24, 2009

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.



I. Executive Summary

Economics Research Associates has prepared an analysis of the fiscal impact of the development of the Gilead Corporate Campus Master Plan, which consists of several parcels totaling approximately 40 acres that are proposed for office and laboratory uses. The site currently contains approximately 629,000 square feet of office, laboratory, and warehousing space. ERA evaluated the impact of the site as currently configured, and the impact of the site after completion of the proposed development. ERA also analyzed the phased development, although the developer provided limited information about phasing. Based on a series of assumptions that are detailed in the body of this report, ERA estimates that the Gilead development will have a net positive fiscal impact of approximately \$532,400 annually, which amounts to an impact of approximately \$527,000 over the current fiscal deficit generated at the site of approximately \$5,500. This information is summarized in Table 17 of this report.

The most significant revenue generator for the proposed development is property tax, which will generate approximately \$863,000 annually at build out. The site's largest expenditure line items are police and fire services. There will be no additional personnel required as a result of the new development on-site. Thus, there will be no net impact on expenditures for firefighters or police officers. Some impact occurs for administration, prevention, and supplies.

The applicant anticipates achieving build-out in ten years but has said that phasing for the development is uncertain. To consider possible phasing effects, ERA assumed that the new space would be constructed in five, two-year phases. On a phased basis, the project generates gradually increasing fiscal surpluses from Phase I through build-out. The largest fiscal surplus is generated at build-out.

The body of this report discusses the findings in more detail, along with the key assumptions used to estimate the revenues and expenditures expected from the Gilead Corporate Campus Master Plan development.



II. Introduction

The City of Foster City has retained Economics Research Associates (ERA) to conduct a fiscal impact analysis of the proposed Gilead Corporate Campus Master Plan development. The proposal involves redevelopment of a 40-acre site that currently is home to multiple office and laboratory buildings. Some of the site's buildings would remain, while others would be demolished to make way for new, higher-density office and laboratory buildings. Two structured parking garages also would be constructed according to the plan.

This document accompanies a draft of the fiscal impact model and is intended to provide explanation of ERA's methodology and data sources. Additionally, it specifies ERA's assumptions. ERA was charged with two main tasks: 1) creating a model to measure the anticipated fiscal impact of the new development project and 2) comparing that expected fiscal outcome with the expenditures and revenues associated with the current development on-site. This model includes two measures: "At Build Out," which is the total development that will be on-site at the time of build out, and "Net Gain," which corresponds to the build-out total minus the structures currently on-site.

This fiscal impact analysis is intended to reveal basic feasibility issues and to inform the public sector decision-making process. Assuming the Gilead Corporate Campus development is approved and constructed, the actual costs and revenues may vary from the forecast depending on a number of factors that are not addressed herein and cannot be predicted with certainty. These factors include changes in State policy regarding revenue sharing and funding for infrastructure, desired service levels as determined by the City, employee contract negotiations, inflation and real cost increases, the business cycle, and actual population and employment trends. The conclusions reached herein are based upon numerous assumptions, forecasts of future events, and the anticipated actions of public agencies. At all times, a realistic and conservative approach was taken in making necessary assumptions, forecasting future events, and anticipating the actions of involved agencies.

III. Overview of Methodology

To generate the fiscal impact model, ERA used the fiscal year 2007/2008 revised City budget to extrapolate revenues and expenditures that could result from the Gilead development if it were constructed according to the specifications proposed within the Environmental Impact Report. ERA conducted case study analyses to estimate sales and property tax revenues. Expenditures for police officers, fire fighters and streets were estimated on a case study basis. Motor vehicle in-lieu revenues were estimated on a per resident basis. The development's impact on interest on a loan from a community development agency and transient occupancy taxes were assumed to be zero, as there will be no hotel or motel accommodations on-site. All other revenues and expenditures were forecasted as average impacts calculated on a per person served basis, which included residents as well as a portion of the number of expected on-site employees. In evaluating the current fiscal impact of the site, ERA examined current revenues and expenditures as well as sales and property tax revenues over the past five years.

Each line item estimated using a per person served and per resident served approach was modified by a variable factor, representing the extent to which each revenue category is more fixed, where new residents and employees would make little difference (such as the rental of existing City property) or more variable (such as fees paid directly by residents or taxes on services they receive). This factor ranges from 0% for fixed items to 100% for highly variable items. More detailed information on ERA's methodology is presented in the subsequent section.

ERA recognizes that most cities, including the City of Foster City, are facing possible declines in revenues in the coming year because of the recent economic downturn. This study is meant to capture the long-term fiscal impact of the proposed project, independent of economic cycles. All results of the analysis are presented in current dollars, rather than inflated to a future nominal value. Inflators are useful when there are sums of cash flow in or out over time, such as in a project pro forma. Using inflators for fiscal modeling, however, results in the inflators distorting the relationships among the types of revenues, expenditures, and development, and often can effectively determine the results. For example, if a model assumes that costs increase at a higher rate than revenues, then in the long run the results will be fiscally negative, no matter what the underlying economics of the project are. On the other hand, if all the inflators are set to be equal, they simply add complexity to the numbers without adding information. Because the model is in current dollars, the build out calculation shows a final fiscal balance. The phase analysis shows the course of the fiscal balance as the project develops, but this calculation is independent of time or relative inflation.

IV.Explanation of Tables and Assumptions

The paragraphs that follow provide detailed explanations of each table utilized in the model. At the request of the City of Foster City, ERA has included Table 1 to provide a summarized list of the major assumptions that have been used as inputs, as well as the tables within the model that utilize these assumptions. Notably excluded from this list are the variable factors, which are found in Tables 8, 12, 13, and 14. They have been left out of this summary table because they are so numerous. All of these assumptions are explained more thoroughly below.

Development Description

Table 2 outlines the details of the proposed development by use, along with the preliminary phasing plan for the site, as outlined in the Draft Environmental Impact Report (DEIR). The site currently contains 296,000 square feet of office space within six buildings, of which three would be demolished with the proposed plan. Three additional buildings would be constructed, and one building would be expanded. At build-out, the site would contain 755,000 square feet of office space, a net gain of 459,000 square feet. Additionally, there are eight laboratory buildings currently located on the site, which comprise approximately 250,000 square feet. Of these buildings, six would be retained with the plan, and an additional four buildings would be constructed. In total, the site would contain approximately 445,000 square feet of laboratory space at build-out, which computes to a net gain of 195,000 square feet. Currently the site contains three mixed-use buildings of 83,000 total square feet, serving office, laboratory, and warehousing functions. These buildings will be demolished. The Gilead Corporate Campus Master Plan calls for demolition of 236,000 square feet, retention of approximately 393,000 square feet, and construction of 808,000 square feet of space. At build-out, the campus will contain 1.2 million square feet of space, a net gain of 571,000 square feet from the site's existing structures. All of this space will be occupied by Gilead, which is consistent with the company's expected future growth and need for new employees. Unused space may be leased to other office or laboratory tenants if needed.

On-Site Employment

Current and expected future employee counts for the site are shown in Table 3. The employee numbers were received from Gilead and given to ERA within the DEIR. The number of employees will increase substantially from 1,200 to 3,100 persons. Simultaneously, the square footage required by each employee will go down, signifying an intensification of the site's use. While Gilead expects a significant number of employees to be positioned off-site, ERA has counted these employees as regular employees. All administrative, conferencing, and information technology support for the



employees will come out of this office. Even if the employees themselves are not on-site every day, the impact of the business they conduct will still be felt at the campus.

Foster City Demographics

In Table 4, ERA presents demographic trends for the City of Foster City. Population projections were gathered from the California Department of Finance and employee projections were obtained from the Association of Bay Area Governments. These data sets included data for 2005, 2010, and 2015. ERA applied a compound annual growth rate to the reported 2005 numbers to arrive at 2008 population and employment estimates. ERA assumed that employees who work within Foster City rely on city services at a rate of 50% of average residents. In total, the City of Foster City serves the equivalent of approximately 37,700 persons.

Project Demographics

Table 5 presents the number of persons served within the Gilead development currently and at build-out. This includes only employees of the commercial space, as there is no on-site residential population. ERA counted 50% of the total on-site employees toward the total persons served on-site for the purposes of measuring the impact of the project on municipal services. In total the completed Gilead Corporate Campus will serve 1,550 persons, of which 600 are currently located on-site and 950 will be net new.

Property Tax

Table 6 shows the property tax rate breakdown for the Tax Rate Area within which the Gilead development sits. ERA gathered the data from San Mateo County's Office of the Controller. It should be noted that the local taxing entity for property taxes is the Estero Municipal Improvement District, which functions jointly with the City of Foster City. The tax rate levied by the Estero Municipal Improvement District is 0.2597. This rate is used to compute the estimated property tax revenues from Gilead in a later table. It should be noted that the property tax rate presented in this table has not been adjusted to account for the ERAF split. Currently, the site's property tax revenue is allocated according to redevelopment law. In Fiscal Year 2010-11, the project area will reach its increment cap and property tax revenues will be allocated according to the tax rate area formula. Because the majority of this project will be completed after the cap is reached, ERA has used the formula to calculate property tax revenues.



Sales Tax

The 2008 sales tax breakdown for the City of Foster City is shown in Table 7. The data points are from the City and the California Board of Equalization. This information is used in the case study analysis of expected sales tax revenues at Gilead.

Total City Revenues

Table 8 shows revised city revenues by type for fiscal year 2007/08 as well as the methodology ERA has used to estimate fiscal revenues. The case study methodology, which involves looking at the specifics of the proposed development and the actual tax rates to determine fiscal impact, was used for sales and property tax revenues. This model assumes there will be no net impact on real property transfer taxes or transient occupancy taxes. While some new transient occupancy tax revenue could be generated off-site as a result of the increase in business activity at Gilead, ERA only measured on-site impacts to provide a conservative outlook. All other revenues in this table are shown using a per person methodology that includes all Foster City residents as of 2008 and 50% of the non-resident employees working in Foster City, except for the motor vehicle in-lieu tax, which uses a per resident basis that does not consider Foster City's employment base. The factors shown in Table 8 include gross per person rates, a percent variable factor, and net per person rates. Gross rates are equal to the total revenues for that category divided by the number of persons served. Yet simply applying these gross rates to the number of new persons that will be served at Gilead would not accurately reflect the anticipated impacts of the new development because certain costs and revenues are not linked directly with population and employment growth. To reach more suitable net per person rates, ERA included a percent variable factor, which allows certain costs and revenues to be discounted if they are not correlated with the number of persons served. For revenues, ERA has assigned a 100% factor for franchise taxes and motor vehicle in-lieu fees, which should increase in direct proportion to development. Other factors, such as fines and forfeitures, receive a lower factor because a portion of such revenues are related to other factors, such as visitors or traffic passing through the City.

Property Tax Impacts

In Table 9, ERA has estimated the property tax impacts of the Gilead development. ERA began with the existing tax revenue being generated on-site. On a parcel by parcel basis, ERA separated land values and structure values. The assessed land value is expected to stay the same pre- and post-development. These numbers were thus held constant. Buildings that are slated for construction were given Per Square Foot Value Factor of \$300 for the proposed structures, which account for

core and shell construction and tenant improvements. ERA assumed a value of \$25,000 of assessed value per parking space, an industry standard. The City of Foster City provided ERA with a post-ERAF property tax rate estimate, which delineates the true tax rate share that the Estero Municipal Improvement District receives from property taxes. The assessed value was then multiplied by the post-ERAF tax rate to arrive at the property tax amount the district will receive from the project, which is estimated to be \$863,000 annually. Of this, approximately \$539,000 will be net new property tax revenue.

Project Sales Tax Generation

Table 10 shows projected sales tax revenues. There is a small retail component currently on-site at Gilead, which primarily provides dining options for Gilead's on-site employees. While there is no retail square footage specifically set aside within the Master Plan, ERA has assumed that a retail component will be present at build-out to serve a similar function for employees, and that the sales at the retail establishment(s) will keep pace with the number of employees on-site. This subtotal of expected retail spending was then multiplied by the city's tax rate to arrive at the estimated sales tax revenue from Gilead of approximately \$75,000 annually at build out. Of that total, approximately \$48,000 will be net new to the site. The addition of new employees to the site has the potential of increasing sales tax revenues at Foster City retail establishments that are not on the site. However, this analysis only projects on-site sales tax impacts to provide a conservative outlook.

City Revenues Generated by Gilead

In Table 11, ERA presents a summary of expected revenues from the Gilead Corporate Campus Master Plan, which includes data from the preceding tables. The per-person estimates utilize the number of persons served on-site found in Table 5. Transient Occupancy Tax revenues are projected as zero dollars, as there will be no hotel or motel rooms within the proposed development. Total expected annual revenues are approximately \$1 million at build out. Table 11 also calculates the revenues generated as a result of the site's existing development, which amount to \$377,000 annually.

Total City Expenditures

Table 12 details city expenditures by type for the 2007/08 fiscal year. All expenditures were estimated on a per person basis except for street maintenance, fire service, and police service. This table is organized with gross, percent variable and net factors, as previously described in the explanation of Table 8. For example, maintenance costs for City Hall would be 0% variable, as the

maintenance of the structure would not change with the addition of new residents. Percent variable factors within Table 12 range from 0% to 75%. In general, ERA has applied a lower variable factor to costs that are administrative or for Citywide services, while higher factors are applied to expenditures more likely to increase in direct proportion to the addition of residents and employees in the City. For example, administrative services are assigned a factor of 25%, while ordinance enforcement was assigned a factor of 75% to reflect the fact that the new buildings will add more directly to the enforcement workload citywide.

Police Department Expenditures

Estimated police expenditures are shown in Table 13. The police department does not have any plans to expand its force to accommodate the new development at Gilead. With Gilead's current on-site staffing, police calls are minimal. The company even has private security officers that patrol the site. Thus, the police department does not anticipate needing extra officers. ERA has used this information in the estimate of costs.

Fire Department Expenditures

Estimated Fire Department expenditures are presented in Table 14. According to the Foster City Fire Department, the Gilead development will not result in the need for any additional coverage over what is already provided, and therefore there will be no impact on fire protection personnel costs. There will be small increases for supplies, administration, and prevention.

Street Maintenance

Within Table 15, ERA projects the impact that street maintenance will have on City funds. In this case, the City will be responsible for fewer lane miles after the redevelopment because one portion of the road network that is currently publicly maintained will be made private. Street maintenance cost savings are modest at approximately \$11,000 annually. The utility lines beneath this road will also be made private. ERA has not estimated these savings because they are likely to be extremely minimal.

City Expenditures Due to Gilead

A summary of estimated expenditures is provided in Table 16. As is the case with other expenditures, ERA used a per person served methodology for all projections except for streets, fire, and police, which were estimated on a case study basis in Tables 13, 14, and 15. As shown on Table 16, total estimated expenditures at build out are approximately \$478,000, of which \$382,000 are existing expenditures.



Gilead Corporate Campus Master Plan General Fund Impact Analysis

Table 17 calculates the net impact on the City's general fund of development of the Gilead Corporate Campus Master Plan, both at build out and on a net new basis. As shown on Table 17, ERA calculates that at build out Gilead will generate an annual surplus of approximately \$527,000 annually for the City general fund, all of which will be net new to the City. The project is expected to have an annual net positive impact on the City of Foster City's General Fund of approximately \$532,400.

Phased Estimated Revenues

The revenues associated with the site's phased development are presented in Table 18. ERA assumed that the development would come online in five phases of two years each. The revenue streams were estimated using the same assumptions discussed in the preceding paragraphs. For phased property tax revenues, ERA assumed each phase would include the existing land and structure values, plus a proportionate share of the total incremental increase in property tax revenues from new structures. The site's revenues are projected to increase steadily over time. The developer was not able to give a clearer picture of a schedule for demolition or construction, so actual revenue impacts are likely to vary based on actual phasing.

Phased Estimated Expenditures

Expenditures from the phased development at the site are shown in Table 19. As with revenues, this table relies on identical methodology and assumptions used to estimate expenditures for the proposed development. The expenditures for the site increase in small, steady increments from Phase I through build-out.

Phased General Fund Fiscal Impact

Table 20 shows the net impact of the phased development of Gilead, incorporating both the net fiscal impact of the proposed development and the current fiscal impact generated by the site. ERA's analysis indicates that the City of Foster City will experience a surplus of approximately \$101,000 in Phase I. This positive impact will increase in each phase, peaking at build-out. During all five phases, the impact of the Gilead Corporate Campus Master Plan is expected to be positive.

V. City Infrastructure Obligations

According to the Public Works Director, all costs of infrastructure improvements will be borne by the developer and therefore the City will bear no costs, either ultimately or on an interim basis.

Additionally, a section of roadway and the associated underground infrastructure servicing the site will be made private as part of the redevelopment. One small section of the water line that services another area of the City will remain public, but will not require any upgrade or modification as a result of the development. Infrastructure improvements that will be completed or paid for by the developer if needed include the following:

- Wastewater Lines
- Water Supply Lines
- Internal Utility Connections
- Roadway Modifications
- Storm Drain System

VI. Mitigation Measures

In the case of a negative estimated fiscal impact or infrastructure requirements of the project that will not be directly covered by the proponent or developer, ERA recommends a range of mitigation measures to cover the obligation. In the case of fiscal mitigation, typical tools are either the privatization of certain facilities, such as parks and roads, along with private funding of maintenance of those facilities, or the creation of an assessment, special tax, or other funding stream to cover the City cost of maintenance.¹ In the case of capital facilities, an impact fee, special tax, or assessment can provide funding for the project share of the capital costs of improvements.

Because there are no estimated negative fiscal impacts or outstanding capital funding requirements, no mitigation measures should be necessary.

¹ Typical examples are a homeowners' association, assessment district, or Community Facilities District.

Table 1
Summary of Fiscal Model Assumptions
Gilead Sciences Corporate Campus Master Plan

Description	Assumption	Unit	Location
Persons Served Value Per Employee	50%	percent	Table 2.
Office / SF Value Factor	\$300	dollars	Table 9.
Laboratory / SF Value Factor	\$300	dollars	Table 9.

Note: These numbers are sourced in the detailed tables

Table 2
Proposed Development Program
Gilead Sciences Corporate Campus Master Plan

Land Use	Total Square Footage	Building Type	To be Removed
Office Commercial Space			
Building 300	87,560	Existing	No
Building 310	53,440	Existing	No
Building 322	42,048	Existing	No
Building 331	20,737	Existing	Yes
Building 333	37,104	Existing	Yes
Building 355	54,828	Existing	Yes
NOB - 1	178,000	Proposed	n/a
NOB - 2	186,000	Proposed	n/a
NOB - 3	186,000	Proposed	n/a
Annex 322 Expansion	22,000	Proposed	n/a
Current Office Commercial Space	295,717		
Office Space to be Removed	112,669		
Office Space to be Retained	183,048		
Proposed New Office Space	572,000		
Total Office Space at Build Out	755,048		
Office Space Net Gain	459,331		
Laboratory Space			
Building 324	22,272	Existing	Yes
Building 335	24,768	Existing	No
Building 342	31,000	Existing	No
Building 344	29,763	Existing	No
Building 346	18,117	Existing	Yes
Building 353	27,648	Existing	No
Building 357	33,408	Existing	No
Building 362	63,260	Existing	No
NLB - 1	90,375	Proposed	n/a
NLB - 2	42,100	Proposed	n/a
NLB - 3	49,560	Proposed	n/a
NLB - 4	53,550	Proposed	n/a
Current Laboratory Space	250,236		
Laboratory Space to be Removed	40,389		
Laboratory Space to be Retained	209,847		
Proposed New Laboratory Space	235,585		
Total Laboratory Space at Build Out	445,432		
Laboratory Space Net Gain	195,196		
Mixed Use Space			
Building 320 (Office / Lab)	25,728	Existing	Yes
Building 366 (Office / Warehouse)	13,269	Existing	Yes
Building 368 (Office / Warehouse)	44,204	Existing	Yes
Current Mixed-Use Space	83,201		
Mixed-Use Space to be Removed	83,201		
Mixed-Use Space to Remain	0		
Proposed Mixed-Use Space	0		
Total Mixed-Use Space at Build Out	0		
Mixed-Use Space Net Gain	-83,201		
TOTAL CURRENT SPACE			629,154
TOTAL SPACE TO BE REMOVED			236,259
TOTAL SPACE TO BE RETAINED			392,895
PROPOSED NEW SPACE			807,585
TOTAL SPACE AT BUILD OUT			1,200,480
TOTAL SPACE NET GAIN			571,326

Source: City of Foster City, LSA Associates, Woodstock Development

Note: The square footage and unit counts represented are consistent with the draft EIR submitted on 10/27/08

Table 3
Employment Assumptions of Proposed Development
Gilead Sciences Corporate Campus Master Plan

Land Use	Projected at Build-		
	Current	Out	Change
Gross Square Footage	629,154	1,200,480	571,326
Total Employees	1,200	3,100	1,900
Daily Off-Site Employees	300	600	300
Gross SF / Employee	524	387	n/a

Source: City of Foster City, LSA Associates, Woodstock Development

Note: The square footage and employee counts represented are consistent with the EIR submitted by the developers

Table 4
City of Foster City Demographic Trends
2008

Description	Assumptions	2008
Total City of Foster City Residents	100%	30,378
Total City of Foster City Households		12,519
Average Household Size		2.43
Total Employees in City of Foster City		14,711
Total Persons Served		
Population	100%	30,378
Employees	50%	7,355
Total		37,733

Source: California Department of Finance, ABAG

Table 5
Persons Served at Gilead
At Build Out

Description	Persons Served per Total Population	Total Persons Served at Build Out
<u>Total On-Site Employees Currently</u>		
Office, Laboratory, and Warehousing Space		629,154
Square Feet of Space per Employee		<u>524</u>
Total Employees	50%	1,200
<u>Total on-site Employees @ Build Out</u>		
Build Out Office and Laboratory Space		1,200,480
Square Feet of Space per Employee		<u>387</u>
Expected Total Employees	50%	3,100
Expected Gain in Employees	50%	1,900
<u>Total Persons Served</u>		
Current Employees	50%	600
Expected New Future Employees	50%	<u>950</u>
Total Persons Served at Build Out		1,550

Source: LSA Associates, Woodstock Development, Economics Research Associates, California Department of Finance, ABAC

Table 6
Total Secured & Unsecured Property Tax Rates
By Jurisdiction, FY 2008/09
Gilead Sciences Corporate Campus Master Plan

Taxing Agency	Tax Rate Area (TRA)
	020-013
General County Tax	0.2158
Free Library	0.0315
Estero Municipal Improvement District*	0.2597
San Mateo City Elementary General Purpose	0.2265
San Mateo High General Purpose	0.1574
San Mateo Junior College General Purpose	0.0617
Bay Area Air Quality Management	0.0019
County Harbor District	0.0032
Mosquito Abatement	0.0017
Peninsula Hospital District	0.0084
County Education Tax	0.0321
Total General Tax Rate	1.0000
SM FC EL BD Refund Ser	0.0084
SM Foster City 2005 Ref	0.0231
San Mateo High BD Ser 2	0.0049
San Mateo Un High Bnd S	0.0019
San Mateo High Rfnd.Ser	0.0077
San Mateo Union Hi Ser	0.0153
SM Jr College BD 2002	0.0030
SM Jr Coll Bond SER 200	0.0021
SM Jr Coll Bond 2001 SE	0.0008
SM Jr Coll Bond 2006 SE	0.0047
San Mateo Comm Coll 200	0.0059
Subtotal	0.0778
TOTAL COMPOSITE RATE	1.0778

Source: San Mateo County

Note: * Estero Municipal Improvement District receives property taxes instead of the City of Foster City

Table 7
Sales Tax Rates
By Jurisdiction, FY 2008
Gilead Sciences Corporate Campus Master Plan

Taxing Agency	Tax Rate
State of California Funds	5.50%
City of Foster City	1.00%
San Mateo County Transportation Funds	0.25%
San Mateo County Local Public Safety	0.50%
San Mateo County Transportation Authority	0.50%
San Mateo County Transit District	0.50%
Total Sales Tax	8.25%

Source: City of Foster City, California Board of Equalization

Table 8
City Revenues & Estimating Methodologies, FY 2007/08
Gilead Sciences Corporate Campus Master Plan

Description by Entity	Amount	Methodology	Factors		Net
			Gross	% Variable	
City					
Sales Taxes	\$4,900,000	Case Study			
Transient Occupancy Taxes	\$1,500,000	Not Applicable			
Franchise Taxes	\$1,084,000	Per Person Served ¹	\$28.73	100%	\$28.73
Real Property Transfer	\$260,000	Not Applicable			
Licenses and Permits	\$1,178,000	Per Person Served ¹	\$31.22	10%	\$3.12
Motor Vehicle In-Lieu	\$2,450,000	Per Resident	\$81.31	100%	\$81.31
Charges for Current Services	\$344,000	Per Person Served ¹	\$9.12	25%	\$2.28
Fines and Forfeitures	\$50,000	Per Person Served ¹	\$1.33	50%	\$0.66
Interest and Rentals	\$490,000	Per Person Served ¹	\$12.99	0%	\$0.00
Interest on Loan from Community Devmt Agency	\$1,400,000	Not Applicable			
Other	\$685,000	Per Person Served ¹	\$18.15	0%	\$0.00
City General Fund Subtotal	\$14,341,000				
District Taxes					
Property Taxes	\$11,476,000	Case Study			
Intergovernmental	\$107,000	Per Person Served ¹	\$2.84	0%	\$0.00
Interest and Rentals	\$865,000	Per Person Served ¹	\$22.92	0%	\$0.00
District General Fund Subtotal	\$12,448,000				
Special Recreation					
Program Revenues	\$1,060,000	Per Person Served ¹	\$28.09	25%	\$7.02
Rents and Concessions	\$185,000	Per Person Served ¹	\$4.90	25%	\$1.23
General Fund (Special Recreation) Subtotal	\$1,245,000				
TOTAL GENERAL FUND	\$28,034,000				

¹ Per Person Served refers to total residents and 1/2 of employees in the City of Foster City

Table 9
Estimated Property Tax Revenues
Gilead Sciences Corporate Campus Master Plan

Land Use	Total Building Space	Assessed Land Value	Assessed Structure Value	Per Square Foot Structure Value Factor	Average Annual Assessed Value	Estero Municipal Improvement District Tax Rate Share	Estero's Portion Post-ERAF	Estero Municipal Improvement District Property Tax
Office Commercial Space								
Existing Space	295,717	\$ 24,256,098	\$ 43,361,187	\$ 146.63	\$ 67,617,285	0.2597%	0.2325%	\$157,188
Space to be Retained	183,048	\$ 8,795,463	\$ 29,294,979	\$ 160.04	\$ 38,090,442	0.2597%	0.2325%	\$88,548
Proposed	572,000	\$ 15,460,635	\$ 171,600,000	\$ 300.00	\$187,060,635	0.2597%	0.2325%	\$434,856
Laboratory Space								
Existing Space	250,236	\$ 25,280,441	\$ 24,529,509	\$ 98.03	\$ 49,809,950	0.2597%	0.2325%	\$115,792
Space to be Retained	209,847	\$ 21,321,929	\$ 17,490,163	\$ 83.35	\$ 38,812,092	0.2597%	0.2325%	\$90,226
Proposed	235,585	\$ 12,010,730	\$ 70,675,500	\$ 300.00	\$ 70,675,500	0.2597%	0.2325%	\$164,298
Other Space								
Existing Space	83,201	\$ 11,795,612	\$ 10,178,233	\$ 122.33	\$ 21,973,845	0.2597%	0.2325%	\$51,082
Space to be Retained	0	\$0	\$0	\$0	\$0	0.2597%	0.2325%	\$0
Proposed Space	0	\$0	\$0	\$0	\$0	0.2597%	0.2325%	\$0
Structured Parking								
Existing Spaces	0	\$0	\$0	\$0	\$0	0.2597%	0.2325%	\$0
Spaces to be Retained	0	\$0	\$0	\$0	\$0	0.2597%	0.2325%	\$0
Proposed Spaces	1,315	\$ 3,743,394	\$ 32,875,000	\$25,000	\$36,618,394	0.2597%	0.2325%	\$85,126
Total Existing SF	629,154	\$ 61,332,151	\$ 78,068,929		\$ 139,401,080			\$ 324,063
To be Retained SF	392,895	\$ 30,117,392	\$ 46,785,142		\$ 76,902,534			\$ 178,774
Proposed SF	807,585	\$ 31,214,759	\$ 275,150,500		\$ 294,354,529			\$ 684,280
At Build Out	1,200,480	\$ 61,332,151	\$ 321,935,642		\$ 371,257,063			\$ 863,053
Net Gain	571,326	\$0	\$ 243,866,713		\$ 231,855,983			\$ 538,991

Source: San Mateo County, City of Foster City, Dewey Land Company, Beals/Martin Trust, Northwestern Mutual Life, Economics Research Associates

Notes: Estero Municipal Improvement District receives property taxes instead of the City of Foster City.

Per Square Foot Value Factor for Commercial and retail space does not include tenant improvements

Table 10
Estimated Sales Tax Revenues
Gilead Sciences Corporate Campus Master Plan

Retail Sales Tax Estimate	2007	Build Out	Gain
On-Site Retail Sales Tax	\$ 27,078	\$75,217	\$48,139
City share of Sales Tax	1.00%	1.00%	
Retail Spending	\$2,707,800	\$7,521,667	
On-Site Employees	900	2,500	
Spending Per Employee	\$3,009	\$3,009	

Source: City of Foster City, California Board of Equalization, ULI Dollars and Cents of Shopping Centers, Economics Research Associates

Table 11
Total Estimated Revenues
Gilead Sciences Corporate Campus Master Plan

Description	Per Person Served	Buildout Revenues	Existing Revenues
City			
Sales Taxes	n/a	\$75,217	\$27,078
Transient Occupancy Taxes	n/a	\$0	\$0
Franchise Taxes	\$28.73	\$44,528	\$17,237
Real Property Transfer	n/a	\$0	\$0
Licenses and Permits	\$3.12	\$4,839	\$1,873
Motor Vehicle In-Lieu	\$81.31	\$0	\$0
Charges for Current Services	\$2.28	\$3,533	\$1,367
Fines and Forfeitures	\$0.66	\$1,027	\$398
Interest and Rentals	\$0.00	\$0	\$0
Other	\$0.00	\$0	\$0
City General Fund Subtotal		\$129,144	\$47,953
District Taxes			
Property Taxes	n/a	\$863,053	\$324,063
Intergovernmental	\$0.00	\$0	\$0
Interest and Rentals	\$0.00	\$0	\$0
District General Fund Subtotal		\$863,053	\$324,063
Special Recreation			
Program Revenues	\$7.02	\$10,886	\$4,214
Rents and Concessions	\$1.23	\$1,900	\$735
General Fund (Special Recreation) Subtotal		\$12,785	\$4,949
Total Revenues		\$1,004,982	\$376,965
Note: Assumes Total Persons Served equals:		1,550	600

Source: City of Foster City, Economics Research Associates

Table 12
City Expenditures & Estimating Methodologies, FY 2007/08
Gilead Sciences Corporate Campus Master Plan

Description	Amount	Methodology	Factors		
			Gross	% Variable	Net
<u>Administration</u>					
Council / Board	\$278,900	Per Person Served ¹	\$7.39	25%	\$1.85
City / District Manager	\$648,300	Per Person Served ¹	\$17.18	25%	\$4.30
City Clerk	\$238,300	Per Person Served ¹	\$6.32	25%	\$1.58
City Attorney	\$174,000	Per Person Served ¹	\$4.61	25%	\$1.15
Administrative Services	\$531,400	Per Person Served ¹	\$14.08	25%	\$3.52
Human Resources	\$410,700	Per Person Served ¹	\$10.88	25%	\$2.72
Financial Services	\$515,300	Per Person Served ¹	\$13.66	25%	\$3.41
Property Tax Administration	<u>\$82,000</u>	Per Person Served ¹	\$2.17	25%	\$0.54
Subtotal	\$2,878,900				
<u>Parks and Recreation (City General Fund Divisions)</u>					
Parks Maintenance	\$3,363,000	Per Person Served ¹	\$89.13	25%	\$22.28
Rec Administration	\$1,196,300	Per Person Served ¹	\$31.70	25%	\$7.93
Special Recreation Fund	<u>\$1,769,200</u>				
Subtotal	\$6,328,500				
<u>Police Services</u>					
Officer Costs	\$5,653,300	Case Study			
Administrative Expenditures	\$3,511,400	Per Person Served ¹	\$93.06	25%	\$23.26
Crossing Guards	<u>\$20,000</u>	Per Person Served ¹	\$0.53	0%	\$0.00
Subtotal	\$9,184,700				
<u>Fire Services</u>					
Administration	\$613,100	Per Person Served ¹	\$16.25	50%	\$8.12
Prevention	\$452,600	Per Person Served ¹	\$11.99	75%	\$9.00
Training and Operations	<u>\$6,740,500</u>	Case Study			
Subtotal	\$7,806,200				
<u>Community Development</u>					
Advance Planning	\$198,200	Per Person Served ¹	\$5.25	0%	\$0.00
Building Safety, Code, Plan Check	\$615,800	Per Person Served ¹	\$16.32	0%	\$0.00
Current Planning	\$234,900	Per Person Served ¹	\$6.23	0%	\$0.00
Ordinance Enforcement	\$72,800	Per Person Served ¹	\$1.93	75%	\$1.45
Planning Administration	<u>\$448,500</u>	Per Person Served ¹	\$11.89	25%	\$2.97
Subtotal	\$1,570,200				
<u>Public Works (General Fund Divisions)</u>					
Administration and Engineering	\$674,500	Per Person Served ¹	\$17.88	50%	\$8.94
Lagoon & Levees	\$743,400	Per Person Served ¹	\$19.70	0%	\$0.00
Streets	<u>\$1,109,000</u>	Case Study			
Subtotal	\$2,526,900				
<u>Other</u>					
Library Services (General Fund)	<u>\$245,700</u>	Per Person Served ¹	\$6.51	0%	\$0.00
Subtotal	\$245,700				
Total	\$30,541,100				

¹ Per Person Served refers to total residents and 1/2 of employees in the City of Foster City

Table 13
Estimated Expenditures Related to Police Operations
Gilead Sciences Corporate Campus Master Plan

Description	City-Wide Existing	Total Required for Project	
		Site - At Out	Build Site - Current Estimate
Total Sworn Officers	39		0.62
Total Persons Served	37,733		1,550
Officers/Person Served	0.0010		0.0010
Average Cost per Sworn Officer	\$136,023		\$136,023
Costs for Sworn Officers	\$5,304,900		\$136,023
Training/Equipment per Police Officer	\$8,934		\$8,934
<u>Total Training/Equipment Costs</u>	<u>\$348,425</u>		<u>\$8,934</u>
Subtotal Officer Costs	\$5,653,325		\$144,957
Other Annual Costs			
Administrative Expenditures	\$3,511,437		\$36,061
Administrative Costs/Person Served	\$93.06		
% Variable Factor	25%		
Net / Person Served	\$23.26		
Crossing Guard Costs	\$20,000		\$0
Crossing Guard Costs/Person Served	\$0.53		
% Variable Factor	0%		
Net / Person Served	\$0.00		
Subtotal Other Annual Costs	\$3,531,437		\$36,061
Total Annual Police Department Costs	\$9,184,762		\$181,018

Source: City of Foster City, California Department of Finance, ABAG, Economics Research Associates

Table 14
Estimated Expenditures Related to Fire Operations
Gilead Sciences Corporate Campus Master Plan

Description	City-wide	Build Out	Current
<u>Administration</u>			
Current Persons Served	37,733	1,550	600
Cost / Person Served	\$16.25		
% Variable Factor	50%		
<u>Net Cost / Person Served</u>	<u>\$8.12</u>	<u>\$8.12</u>	<u>\$8.12</u>
Total Administration Expenditures	\$613,113	\$12,593	\$4,875
<u>Prevention</u>			
Current Persons Served	37,733	1,550	600
Responders / Person Served	\$11.99		
% Variable Factor	75%		
<u>Net Cost / Person Served</u>	<u>\$9.00</u>	<u>\$9.00</u>	<u>\$9.00</u>
Total Prevention Expenditures	\$452,557	\$13,943	\$5,397
<u>Training / Operations</u>			
Firefighters	38	0.6	0.6
Firefighters / Person Served	0.0010	0.0010	0.0010
Average Cost per Firefighter	\$159,143	\$159,143	\$159,143
Costs for Firefighters	\$6,047,440	\$159,143	\$159,143
Supplies / Person Served	\$18.37		
% Variable Factor	50%		
Net Cost / Person Served	\$9.18	\$9.18	\$9.18
<u>Supplies Expenditures</u>	<u>\$693,085</u>	<u>\$14,235</u>	<u>\$5,510</u>
Total Training / Operations Expenditures	\$6,740,525	\$173,378	\$164,654
Total Costs for Fire Related Expenditures	\$7,806,195	\$199,914	\$174,925

Source: City of Foster City, California Department of Finance, ABAG, Economics Research Associates

Table 15
Estimated Expenditures Related to Street Maintenance
Gilead Sciences Corporate Campus Master Plan

Description	Existing	Build Out
Total City Maintained Street Miles	120.98	
Total City Street Maintenance Costs	\$1,109,000	
Avg Cost Per Lane Mile	\$9,167	\$9,167
On-Site Public Roadway	0.400	0.000
Lanes	3	3
Lane Miles	1.2	0.0
On-Site Street Maintenance Costs	\$11,000	\$0

Source: City of Foster City

Table 16
Total Estimated Expenses
Gilead Sciences Corporate Campus Master Plan

Description	Per Person Served	Buildout Expenditures	Existing Expenditures
<u>Administration</u>			
Council / Board	\$1.85	\$2,864	\$1,109
City / District Manager	\$4.30	\$6,658	\$2,577
City Clerk	\$1.58	\$2,447	\$947
City Attorney	\$1.15	\$1,787	\$692
Administrative Services	\$3.52	\$5,457	\$2,112
Human Resources	\$2.72	\$4,218	\$1,633
Financial Services	\$3.41	\$5,292	\$2,048
Property Tax Administration	\$0.54	\$842	\$326
Subtotal		\$29,565	\$11,444
<u>Parks and Recreation (City General Fund Divisions)</u>			
Parks Maintenance	\$22.28	\$34,536	\$13,369
Rec Administration	\$7.93	\$12,285	\$4,756
Subtotal		\$46,822	\$18,124
<u>Police Services</u>			
Officer Costs	Case Study	\$144,957	\$144,957
Administrative Expenditures	\$23.26	\$36,061	\$13,959
Crossing Guards	\$0.00	\$0	\$0
Subtotal		\$181,018	\$158,916
<u>Fire Services</u>			
Administration	\$8.12	\$12,593	\$4,875
Prevention	\$9.00	\$13,943	\$5,397
Training and Operations	Case Study	\$173,378	\$164,654
Subtotal		\$199,914	\$174,925
<u>Community Development</u>			
Advance Planning	\$0.00	\$0	\$0
Building Safety, Code, Plan Check	\$0.00	\$0	\$0
Current Planning	\$0.00	\$0	\$0
Ordinance Enforcement	\$1.45	\$2,243	\$868
Planning Administration	\$2.97	\$4,606	\$1,783
Subtotal		\$6,849	\$2,651
<u>Public Works (General Fund Divisions)</u>			
Administration and Engineering	\$8.94	\$13,854	\$5,363
Lagoon & Levees	\$0.00	\$0	\$0
Streets	Case Study	\$0	\$11,000
Subtotal		\$13,854	\$16,363
<u>Other</u>			
Library Services (General Fund)	\$0.00	\$0	\$0
Subtotal		\$0	\$0
Total		\$478,020	\$382,424

Note: Assumes Total Persons Served equals: 1,550 600

Source: City of Foster City, California Department of Finance, ABAG, Economics Research Associates

Table 17
General Fund Impact Analysis
Gilead Sciences Corporate Campus Master Plan

	Build Out	Existing	Net Gain
Estimated Revenues Generated from Project	\$1,004,982	\$376,965	\$628,018
Estimated Costs Generated from Project	<u>\$478,020</u>	<u>\$382,424</u>	<u>\$95,596</u>
Impact on City of Foster City General Fund	\$526,963	(\$5,459)	\$532,422

Source: Economics Research Associates

Table 18
Phased Estimated Revenues
Gilead Sciences Corporate Campus Master Plan

Description	Per Person Served	Phase I	Phase II	Phase III	Phase IV	Phase V (Build Out)
City						
Sales Taxes	n/a	\$36,706	\$46,333	\$55,961	\$65,589	\$75,217
Transient Occupancy Taxes	n/a	\$0	\$0	\$0	\$0	\$0
Franchise Taxes	\$28.73	\$22,695	\$28,153	\$33,612	\$39,070	\$44,528
Real Property Transfer	n/a	\$0	\$0	\$0	\$0	\$0
Licenses and Permits	\$3.12	\$2,466	\$3,059	\$3,653	\$4,246	\$4,839
Motor Vehicle In-Lieu	\$81.31	\$0	\$0	\$0	\$0	\$0
Charges for Current Services	\$2.28	\$1,801	\$2,234	\$2,667	\$3,100	\$3,533
Fines and Forfeitures	\$0.66	\$523	\$649	\$775	\$901	\$1,027
Interest and Rentals	\$0.00	\$0	\$0	\$0	\$0	\$0
Other	\$0.00	\$0	\$0	\$0	\$0	\$0
City General Fund Subtotal		\$64,191	\$80,429	\$96,667	\$112,906	\$129,144
District Taxes						
Property Taxes	n/a	\$ 431,861	\$ 539,659	\$ 647,457	\$ 755,255	\$ 863,053
Intergovernmental	\$0.00	\$0	\$0	\$0	\$0	\$0
Interest and Rentals	\$0.00	\$0	\$0	\$0	\$0	\$0
District General Fund Subtotal		\$431,861	\$539,659	\$647,457	\$755,255	\$863,053
Special Recreation						
Program Revenues	\$7.02	\$5,548	\$6,883	\$8,217	\$9,551	\$10,886
Rents and Concessions	\$1.23	\$968	\$1,201	\$1,434	\$1,667	\$1,900
General Fund (Special Recreation) Subtotal		\$6,516	\$8,084	\$9,651	\$11,218	\$12,785
Total Revenues		\$502,568	\$628,172	\$753,775	\$879,379	\$1,004,982
Note: Assumes Total Persons Served equals:		790	980	1,170	1,360	1,550

Source: City of Foster City, Economics Research Associates

Table 19
Phased Estimated Expenses
Gilead Sciences Corporate Campus Master Plan

Description	Per Person Served	Phase I	Phase II	Phase III	Phase IV	Phase V (Build Out)
<u>Administration</u>						
Council / Board	\$1.85	\$1,460	\$1,811	\$2,162	\$2,513	\$2,864
City / District Manager	\$4.30	\$3,393	\$4,209	\$5,025	\$5,842	\$6,658
City Clerk	\$1.58	\$1,247	\$1,547	\$1,847	\$2,147	\$2,447
City Attorney	\$1.15	\$911	\$1,130	\$1,349	\$1,568	\$1,787
Administrative Services	\$3.52	\$2,781	\$3,450	\$4,119	\$4,788	\$5,457
Human Resources	\$2.72	\$2,150	\$2,667	\$3,184	\$3,701	\$4,218
Financial Services	\$3.41	\$2,697	\$3,346	\$3,994	\$4,643	\$5,292
Property Tax Administration	\$0.54	<u>\$429</u>	<u>\$532</u>	<u>\$636</u>	<u>\$739</u>	<u>\$842</u>
Subtotal		\$15,068	\$18,693	\$22,317	\$25,941	\$29,565
<u>Parks and Recreation (City General Fund Divisions)</u>						
Parks Maintenance	\$22.28	\$17,602	\$21,836	\$26,069	\$30,303	\$34,536
Rec Administration	\$7.93	<u>\$6,262</u>	<u>\$7,768</u>	<u>\$9,273</u>	<u>\$10,779</u>	<u>\$12,285</u>
Subtotal		\$23,864	\$29,603	\$35,343	\$41,082	\$46,822
<u>Police Services</u>						
Officer Costs	Case Study	\$144,957	\$144,957	\$144,957	\$144,957	\$144,957
Administrative Expenditures	\$23.26	\$18,379	\$22,800	\$27,220	\$31,640	\$36,061
Crossing Guards	\$0.00	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal		\$163,336	\$167,757	\$172,177	\$176,597	\$181,018
<u>Fire Services</u>						
Administration	\$8.12	\$6,418	\$7,962	\$9,505	\$11,049	\$12,593
Prevention	\$9.00	\$7,106	\$8,815	\$10,524	\$12,233	\$13,943
Training and Operations	Case Study	<u>\$166,399</u>	<u>\$168,143</u>	<u>\$169,888</u>	<u>\$171,633</u>	<u>\$173,378</u>
Subtotal		\$179,923	\$184,921	\$189,918	\$194,916	\$199,914
<u>Community Development</u>						
Advance Planning	\$0.00	\$0	\$0	\$0	\$0	\$0
Building Safety, Code, Plan Check	\$0.00	\$0	\$0	\$0	\$0	\$0
Current Planning	\$0.00	\$0	\$0	\$0	\$0	\$0
Ordinance Enforcement	\$1.45	\$1,143	\$1,418	\$1,693	\$1,968	\$2,243
Planning Administration	\$2.97	<u>\$2,348</u>	<u>\$2,912</u>	<u>\$3,477</u>	<u>\$4,041</u>	<u>\$4,606</u>
Subtotal		\$3,491	\$4,330	\$5,170	\$6,009	\$6,849
<u>Public Works (General Fund Divisions)</u>						
Administration and Engineering	\$8.94	\$7,061	\$8,759	\$10,457	\$12,155	\$13,854
Lagoon & Levees	\$0.00	\$0	\$0	\$0	\$0	\$0
Streets	Case Study	<u>\$8,800</u>	<u>\$6,600</u>	<u>\$4,400</u>	<u>\$2,200</u>	<u>\$0</u>
Subtotal		\$15,861	\$15,359	\$14,857	\$14,355	\$13,854
<u>Other</u>						
Library Services (General Fund)	\$0.00	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal		\$0	\$0	\$0	\$0	\$0
Total		\$401,543	\$420,662	\$439,782	\$458,901	\$478,020
Note: Assumes Total Persons Served equals:		790	980	1,170	1,360	1,550

Source: City of Foster City, California Department of Finance, ABAG, Economics Research Associates

Table 20
Phased General Fund Impact Analysis
Gilead Sciences Corporate Campus Master Plan

	Phase I	Phase II	Phase III	Phase IV	Phase V (Build Out)
Estimated Revenues Generated from Project	\$502,568	\$628,172	\$753,775	\$879,379	\$1,004,982
Estimated Costs Generated from Project	<u>\$401,543</u>	<u>\$420,662</u>	<u>\$439,782</u>	<u>\$458,901</u>	<u>\$478,020</u>
Impact on City of Foster City General Fund	\$101,025	\$207,510	\$313,994	\$420,478	\$526,963

Source: Economics Research Associates