

Economic and Fiscal Impact Evaluation

Florida Rock Property, 100 Potomac Avenue, S.E.

Second Stage Planned Unit Development

Case #04-14/01-31TE/98-17F/95-16P

Prepared for

**Florida Rock Properties, Inc.
34 Loveton Circle
Suite 100
Sparks, MD 21152**

**Holland & Knight, LLP
2099 Pennsylvania Avenue, NW
Suite 100
Washington, DC 20006**

Prepared by

**Basile Baumann Prost & Associates, Inc.
177 Defense Highway
Suite 10
Annapolis, MD 21401**

August 20, 2004

Basile Baumann Prost & Associates, Inc.

Public/Private Development Advisors

Nichols Center
177 Defense Highway
Annapolis, MD 21401
Phone: (410) 266-7800
Fax: (410) 266-7866

MEMORANDUM

August 20, 2004

To: David W. Briggs, Esq.
Holland & Knight, LLP

From: Jim Prost, Principal and David Starnes, Senior Associate
Basile Baumann Prost & Associates, Inc.

Re: Economic and Fiscal Impact of 100 Potomac Avenue, SE, Washington, DC

Pursuant to your request, we hereby submit this memorandum (with supporting documentation) of an Economic and Fiscal Impact Study for a second stage planned unit development application and map amendment for the Florida Rock Properties site in Southeast Washington, DC.

Based on available data, our analysis and experience with conducting economic and fiscal impact analyses for development projects in the District of Columbia, the following summarizes the development program, estimated construction period impact, and sustainable annual economic and fiscal impacts of the proposed PUD project.

Development Program

The proposed Florida Rock PUD project is located in Southeast Washington, DC at 100 Potomac Avenue, SE (Lots 800, 801 and 802 in Square 707, Lot 809 in Square 708, Lots 807 and 808 in Square 708E and Lot 806 in Square 708S). The site is bounded by Potomac Avenue, SE to the north, First Street, SE to the east, the Anacostia River to the south, and the Frederick Douglass Bridge access ramp to the south and west.

The PUD site has a total land area of approximately 253,000 square feet. The proposed project comprises approximately 1.1 million gross square feet of development that will include approximately 603,000 gross square feet of office, 160 residential rental units, a 235-room hotel and approximately 39,000 gross square feet of neighborhood supporting retail. The project will also include slightly under 1,100 parking spaces.

Construction Period Economic and Fiscal Impacts (Constant 2004 Dollars)

During the construction period of the proposed Florida Rock PUD project, a variety of new opportunities will be created. The construction will create over 700 direct on-site jobs which will have an aggregate payroll of approximately \$27 million. Furthermore, these direct jobs will create over 600 additional indirect, or spin-off, jobs off-site. These indirect jobs will have an aggregate payroll of approximately

\$20.7 million. Direct consumer expenditures will total roughly \$23.1 million and an estimated \$53.1 million in material purchases will be made in the metropolitan area.

The economic impact of the construction will be focused to benefit the District. Florida Rock Properties has entered into a First Source Employment Agreement with the District. Under this Agreement, the applicant will utilize the Department of Employment Services as its first source to fill all new jobs created as a result of the project. At least 51 percent of the newly created jobs will be targeted to be filled by District residents, as will at least 51 percent of the apprentices and trainees. In addition, Florida Rock Properties is committed to making a bona fide effort to utilize local small disadvantaged business enterprises in order to achieve, at a minimum the goal of a 35 percent participation in the contracted development costs in connection with design, development and construction of the project.

The related fiscal impact of construction will be approximately \$2.25 million in tax revenue to the District of Columbia. In all, the District of Columbia will receive roughly \$1.3 in income tax (from construction workers living in the District), \$358,000 in building permits and fees, and \$576,500 in sales tax of materials purchases made in the District.

The following table summarizes the economic and fiscal benefits of the Florida Rock PUD project during the construction period.

Economic and Fiscal Impacts – Construction Period			
100 Potomac Avenue, SE			
Economic Impacts (2004\$)			
	Direct	Indirect	Total
Jobs (FTE)	705	613	1,318
Payroll	\$27 million	\$20.7 million	\$47.7 million
Material Purchases (regional)	\$53.1 million		\$53.1 million
Consumer Expenditures	\$23.1 million		\$23.1 million
Fiscal Impacts to District (2004\$)			
Income Tax			\$1.3 million
Direct Sales Tax			\$305,000
Indirect Sales Tax			\$271,000
Building Permit Fees			\$358,000
Total			\$2.25 million

Operating Period Economic and Fiscal Impacts (Constant 2004 Dollars)

Once construction is complete and market absorbed, impacts related to the Florida Rock PUD project operations will continue on a sustained annual basis.

The Florida Rock PUD project, with an assumed market value of approximately \$318 million, will provide on site a total of approximately 3,224 jobs with an aggregate annual payroll of about \$213.7 million

In addition, this project will be the home to about 160 households whom will have total aggregate annual earnings of more than \$17.6 million.

Furthermore, the project will create over 3,000 additional indirect, or spin-off, jobs off-site primarily as a result of expenditures made by the project's employees and residents. These indirect jobs will have an aggregate annual payroll of approximately \$154.7 million.

The wages and salaries of project employees and residents will annually generate an estimated \$197.8 million in consumer expenditures. The Florida Rock PUD project will create a total of about \$26.4 million in on-site annual retail sales (from the hotel, retail and parking components) and an additional annual \$42.3 in other direct retail sales off-site in other District locations (made by project households and employees).

The operation of the Florida Rock PUD Project will create long-term sustainable job benefits to the District and its residents. Under the First Source Employment Agreement at least 51 percent of the newly created jobs and of the apprentices and trainees must be District residents. Likewise the applicant has made a commitment to make a bona fide effort to utilize local, small disadvantaged business enterprises in order to achieve, at a minimum, the goal of a 35 percent participation in connection with maintenance and security of the project.

The related fiscal impact will total approximately \$19.4 million in sustainable direct annual tax revenue to the District of Columbia. This includes estimated \$6.9 million in annual income tax, \$5.9 million in annual real property tax, \$5.1 million in retail sales tax each year, \$810,000 in personal property tax and \$682,000 in corporate franchise tax.

The following table summarizes the sustainable annual economic and fiscal benefits of the Florida Rock PUD project at build-out.

Economic and Fiscal Impacts – Annual Operations at Build Out 100 Potomac Avenue, SE			
Sustainable Direct Annual Economic Impact at Build Out (2004\$)			
	Direct	Indirect	Total
Jobs (FTE)	3,224	3,004 (1/)	6,228
Households	160		160
Payroll	\$213.7 million	\$154.7 million	\$369 million
Household Earnings	\$17.6 million		\$17.6 million
Consumer Expenditures	\$197.8 million		\$197.8 million
On-Site Retail Sales			\$26.4 million
Other Direct Retail Sales (2/)			\$42.3 million
1/ Indirect jobs impact includes spin-off jobs created as a result of new households in District in addition to apartment staffing and retail spin off jobs; Does not specify location of these jobs			
2/ Other direct retail sales includes retail sales made by project employees and households in off-site District retail locations			
Sustainable Direct Annual Fiscal Impact to District at Build Out (2004\$)			
Income Tax			\$6.9 million
Real Property Tax			\$5.9 million
On-Site Retail Sales Tax			\$2.5 million
Other Direct Retail Sales Tax			\$2.6 million
Corporate Franchise Tax			\$682,000
Personal Property Tax			\$810,000
Total			\$19.4 million

Other Benefits

The Florida Rock PUD project at 100 Potomac Avenue, SE will provide significant benefits to the District of Columbia including enhanced quality of life and economic opportunities beyond those quantified in the previous sections. The investment will further reinforce and strengthen the Southeast neighborhood making it a better place to work, visit and live, by introducing new quality office space, a full service hotel, retail and housing opportunities to the area.

The Florida Rock PUD project will support the District's Anacostia Waterfront Initiative (AWI) to help reunite the capital city economically, physically and socially by re-centering its growth along the Anacostia River and providing high quality mixed use development. The AWI seeks to ensure that the social and economic benefits derived from a revitalized waterfront are shared by all neighborhoods and people living along the Anacostia River for whom the river has been out of reach.

The Florida Rock PUD project will help create an energized waterfront that will serve to unify diverse areas adjacent to the Anacostia River. The project will revitalize the surrounding neighborhoods, enhance access to the waterfront and serve to enhance and protect District parks. The project will provide a waterfront setting for people to meet, relax and experience the waterfront. The construction and permanent employment aspects of the project are designed to ensure the social and economic benefits derived from the revitalized waterfront will be shared by those neighborhoods and person living proximate to the river for whom, in the past, the river has been distant and out of reach.

The project provides the District an opportunity to retain and attract new federal and nonfederal jobs, new permanent residents who would pay District taxes and generate relatively little service requirements. In addition, new waterfront hotel activities would also bring more visitor and visitor expenditures, taxes and jobs to the District, enlivening the District and enhancing economic activity. Such a project would have important economic spin-off benefits while its design can contribute to the Southeast Federal Center, the Anacostia Waterfront Initiative and the quality of life for the District and its existing and future residents.

The Florida Rock PUD project directly addresses the Comprehensive Plan's goal of reaffirming and strengthening the District's role as the economic hub of the National Capital Region. The development allows the District to compete for major employment generators as a result of creating a unique waterfront/gateway location proximate to other federal agencies, the Navy Yard, the central business district and Capitol Hill.

The project also helps achieve the Comprehensive Plan's objective of increasing the District's share of regional employment opportunities and necessary economic growth. The project will create over 6,200 direct and indirect job opportunities.

The project will enable the District to attract large-scale federal agencies or other commercial users by providing an adequate site in a mixed-use complex in a unique location.

The Economic Development element of the Comprehensive Plan is also addressed by providing the necessary framework for the expansion and enhancement of economic development activities. This is designed to build upon and reinforce the District's role as the National Capital and the economic center for the National Capital Region. The Florida Rock PUD project creates a premier location for a possible federal tenant, government contractor or other large scale commercial operation.

The project also facilitates the ability and availability to provide housing to meet the needs of current and future residents. The project provides on-site housing, makes a commitment for workforce housing therein and provides services and amenities to help support existing and future residents in the

neighborhood.

The project will contribute toward the achievement of the stated goals of District of Columbia Mayor's Office to expand housing in District by providing a variety of quality housing opportunities in an area where there is a limited quality residential development. The project will also provide needed retail amenities to serve the existing and future residents and businesses in the neighborhood in an area with limited retail. The major investment will create new housing opportunities and ancillary retail with significant economic spin off benefits to all residents of the District.

The development of high-quality office, lodging, residential and retail uses will help serve as a precedent in the area which can contribute significantly to the economic well-being of the District of Columbia, the quality of life of District of Columbia residents and employees, and the enhancement of the urban fabric. Furthermore, the attraction of new office, overnight guests, residents and shopping will generate significant sales and tax benefits for support of District of Columbia retail, entertainment and cultural activities. New taxes and economic activity will enable the District and all of its residents to enjoy the benefits created by this project.

The Florida Rock project will establish a unique mixed-use development, offering quality office, hotel, residential and retail space in the District of Columbia. This project will raise the quality of existing and future residential development in the AWI area of the District of Columbia. The mixed use design of the project will introduce a "living" neighborhood which enhances activity in the neighborhood throughout the day and evening. The project incorporates several critical elements of pedestrian friendly design, introduces a sense of community, and reduces the need for any extensive infrastructure investment.

The Florida Rock PUD project will transform an underutilized site which contributes approximately \$56,000 annually in real estate tax revenue to the District of Columbia and has approximately only 50 to 60 on-site employees to a high-quality mixed use development which will generate approximately \$5.9 million annually in District of Columbia real estate tax revenue and more than \$6.9 million in income tax revenue from the more than 3,220 jobs located on-site.

The Florida Rock PUD project will enhance and support the District and strengthen the economic and market objectives of the City and the lives of the District residents.

Methodology

The economic and fiscal impact analyses utilized a readily accepted methodology and procedure. The methodology is identical to that which BBPA utilized in prior economic and fiscal impact evaluations which BBPA has conducted for public (D.C. Office of Planning, D.C. Chief Financial Officer, WMATA, Montgomery County, MD., MD State Stadium Authority, etc) and private clients.

The following "bullet points" present key elements of our methodology for developing job, payroll, expenditure and tax revenue estimates for the economic and fiscal impact analyses.

- We utilized information provided to us by Florida Rock Properties, Inc. for each of the project's use, including office, apartments, hotel, retail, and parking. This includes:

1/ Second Stage Planned Unit Development Application and Map Amendment for 100 Potomac Avenue, S.E. (May 21, 2004)

2/ Architectural plans and renderings (Davis Buckley Architects & Planners), May 20, 2004

Employment estimates (by use) were made by applying industry standards to the baseline information where applicable.

- Employee totals and wages per job classification for each use (office, hotel, apartment, retail, and parking) based on industry standards and comparable projects in area. FTE indicates “full-time equivalent”, working 2,080 hours annually.
 - office at 5 employees per 1,000 sf
 - general retail at 2 employees per 1,000 sf
 - restaurant at 7 employees per 1,000 sf
 - residential at 0.07 employees per dwelling unit
 - hotel at 0.3 employees per hotel room
 - parking at 2.5 employees per parking facility
- Residential rental rates estimated at \$2.50 per sf per month (average) based on comparable projects in area and includes 20% premium for waterfront location.
- In calculating expenditure impacts, disposable income was 90 percent of personal income as of March 2004 (preliminary) (Bureau of Economic Analysis) and consumption expenditures was 95 percent of disposable income for 2002 (Bureau of Economic Analysis).
- The Bureau of Economic Analysis’ RIMS II model was the source for the final demand output and income multipliers by industry sector for the Capitol Metro area and were utilized to estimate indirect employment and income effects. The multipliers are based on the 1992 benchmark input-output accounts for the U.S. economy and 1997 regional data. RIMS II multipliers enable effective planning for public and private sector projects and programs at state and local levels. These regional input-output multipliers, which account for inter-industry relationships within regions, are useful tools for conducting regional economic impact analysis.

The Washington, DC-MD-VA Region 2 data used for this analysis include the following areas: District of Columbia; Anne Arundel County, MD; Frederick County, MD; Montgomery County, MD; Prince George’s County, MD; Arlington County, VA; Loudoun County, VA; Alexandria, VA; Fairfax, Fairfax City + Falls Church, VA; and Prince William, Manassas + Manassas Park, VA.

- Current personal property, sales, income, franchise, and real property tax rates were obtained from the District’s Office of Tax and Revenue website, the Washington DC Marketing Center website, and the Washington, DC Chamber of Commerce website.
- In calculating individual income tax revenues, we took into consideration The First Source Employment Agreement.
- Based on the average of existing jobs and newly created jobs, we assumed that 35 percent of construction workers resided in the District; and 35 percent office employees, 50 percent of parking employees, 60 percent of retail employees, 55 percent of hotel employees, 55 percent of apartment employees, and 100 percent of apartment residents were District residents. We assumed one standard deduction of \$2,000 and one personal exemption of \$1,370. Income tax rates for property tax are for fiscal year 2004, information obtained from District Office of Finance and Revenue.

- On-site retail sales estimated by BBP Associates based on figures in Urban Land Institute “2002 Dollars & Cents of Shopping Centers” for comparable projects, includes 20% premium for waterfront location.
- Personal property values estimated by BBP Associates. We estimated 75 percent of these values provided would be assessable. This adjusted value was then taxed at the City’s rate of \$3.40 per \$100 of assessed value.
- Retail uses assume to be 80% general retail and 20% restaurant.
- Spin off sales taxes estimates for work related impacts during construction period estimated at \$500 annually per employee times the sales tax rate at 5.75 percent. Spin off sales tax impacts for construction workers residing in District calculated by assuming 35 percent of all workers reside in District and that 50 percent of their retail expenditures are in District. Retail sales estimated to be 90% of sales and restaurant sales estimated to be 10% of sales.
- Spin off sales estimates during operation for apartment residents calculated by assuming 50 percent of their retail expenditures made in the District. Spin off sales tax impacts for employees working in project estimated at \$500 per employee annually. Spin off for employees who reside in the District estimated by determining the proportion of existing jobs and newly created jobs to ascertain the proportion of employees who reside in the District (35 percent of office employees, 50 percent of parking employees, 60 percent of retail employees, 55 percent of hotel/apartment employees, 100 percent of apartment residents) and assuming 45 percent of their retail expenditures are in the District (adjusted for work related expenditures made by project employees). Retail sales estimated to be 90% of sales & restaurant sales estimated to be 10% of sales.
- Spin-off sales estimates for hotel guests based on International Association of Convention & Visitors Bureau data.
- Hotel spin off sales tax estimates assumes 20 percent off site daily spending for retail/entertainment and 30 percent off site daily spending for restaurant. Assumes 55 percent of off site spending occurs in the District.

Detailed Analysis

Attached Tables 1 through 28 contain the detailed evaluation of the economic and fiscal impact of the Florida Rock PUD. The tables detail the methodology and key assumptions of the analysis. The following paragraphs briefly summarize and highlight the information contained in the attached tables.

Table 1 contains a summary of the analysis displaying the economic and fiscal impact of the **construction** of the PUD. These represent a onetime impact that occurs from the development and construction of the project. Information is presented in constant dollars for calendar year 2004 (\$2004) to represent the present day value of the economic impacts excluding any impact from future inflation. The economic impacts in terms of jobs, payrolls, material purchases and consumer expenditures include both direct and indirect (multiplier) impacts within the region. The fiscal impacts include the direct, onetime impact to the District as a result of construction of the project.

Table 2 of contains a summary of the **annual** economic and fiscal impacts which will take place when the entire project is build out. These represent the sustained, annual, direct and indirect economic impacts from the normalized operation of the project. These figures are in constant \$2004 to adjust for any future inflation. The fiscal impacts to the District are the annual, sustainable revenues the District would receive once the project was completed. These amounts are also in current dollars to avoid including any inflationary impacts.

Table 3 contains the key site assumptions included in the PUD application. Information is provided on a gross square foot basis in order to ascertain the likely total construction cost including both hard and soft costs. These are based upon current prevailing costs in constant \$2004. The number of hotel rooms, apartments and parking spaces (including 40 stacked spaces) is identical to the PUD application.

Estimated on-site retail sales at build out is presented in Table 4. The data is based upon the **gross** square footage, assuming 80 percent service retail and 20 percent restaurants. Factors for sales are based upon current Urban Land Institute data taking into consideration the relationship of gross to net square feet, the nature of the facilities, the waterfront location and a vacancy adjustment.

Tables 5 through 9 display the construction period impacts for each of the components of the project (office, apartments, hotel, retail and parking). Based upon the construction value total annual earnings per full-time equivalent job (FTE) is estimated. Both the direct and indirect economic impact of the construction is calculated and factors are provided on construction expenditures, direct and indirect employment and total earnings. Material purchases both inside and outside the region are calculated.

Tables 10 through 14 contain estimates of the on-site employment and wages that will be generated on an annual basis once the project was completed. All amounts are in constant \$2004 to avoid including any impact as a result of inflation. Employment is derived from accepted factors in terms of office employees per square foot, apartments service employees as a function of the number of units, hotel staffing as a function of the number of hotel rooms, retail and restaurant employment as a function of the sizing characteristics of the retail and restaurant facilities and parking employees based upon the nature of the parking operations. Annual wages are based upon Bureau of Labor Statistics information for the Washington area.

Tables 15 through 19 display the employment expenditure impacts from the various project components. This includes a determination of the consumption expenditures of on-site employees and the economic multiplier impacts of both direct and indirect employment both in terms of the number of employees and total earnings. These represent the annual, sustained economic, employment and payroll impacts in constant \$2004 without including any increase as a result of inflation. The economic multipliers for both employment and earnings are based upon the RIMS II model of the Bureau of Economic Analysis.

Table 20 estimates the income tax receipts which would be received by the District as result of construction of the PUD. This includes an estimate of the number of full-time equivalent jobs, the annual wages, the proportion of workers who live and pay taxes in the District and the current District income tax rates. All figures are in constant \$2004 to avoid any including impact as a result of inflation.

Table 21 contains estimates of the sustained annual income tax that will be realized to the District as a result of the construction and subsequent build out of the PUD. These estimates take into consideration on-site employment and permanent on-site residents, the estimated average earnings either per full-time equivalent employee or per household, the estimated proportion of employees who are residents of the District and pay taxes to the District and the current District income tax rates. These include only direct income tax benefits and are in constant \$2004 to exclude any inflationary impacts. These represent long-term, sustained, annual tax revenues which the District is likely to receive.

Direct annual real property taxes which would be received by the District at project build out are presented in Table 22. This is based upon the estimated assessed value of the various components of the project and the current District tax rate. Assessed values for office are based upon comparable office building sales in the District for Class A office space. Assessed values for apartments, hotels, retail and parking are based upon an income approach to valuation. These tax revenues represent sustained, annual real property tax revenues which the District will likely receive excluding any inflationary or real increase in assessed value over time.

Direct District sales taxes during both the construction period, as well as annual sales tax revenues from operations at build out are presented in Table 23. All figures are in constant \$2004 to exclude any inflationary or real dollar increase in on-site sales. Sales tax revenue are based upon the current District tax for rates for the respective goods or service (sales, restaurant, parking, hotel room). The construction period sales tax revenues are based upon material purchases made within the District. The sustained annual District sales tax are based upon on-site retail sales and service sales for hotel rooms, retail, restaurant and parking.

Indirect sales tax impacts during the construction time frame are presented in Table 24. This includes indirect sales tax revenues to the District as result of off-site the sales tax generated by purchases made by project occupants and employees in off-site but within the District locations. This includes retail expenditures made by the construction workers both in terms of the on-site work activity as well as retail expenditures of construction workers were also residents of the District and make a proportion of their retail expenditures within the District. Once again amounts are in constant \$2004 to avoid any inflationary impacts and are based upon current District tax rates.

Table 25 contains estimates of the indirect sales tax impacts annually generated from the sustained operation of the PUD overtime at build out. These amounts are all in constant \$2004 to exclude any inflationary or real impacts of increases in retail sales overtime. This includes direct and indirect retail sales made within the District by persons residing in the project, work-related purchases made by persons working on-site and the sales impacts of on-site employees who are also residents of the District and make a proportion of their retail expenditures within the District. All figures have been adjusted to avoid any double counting of individuals as both on-site employees and residents of the District.

Table 26 contains estimates of sales tax impacts derived from hotel guests. This is based upon the number of a hotel rooms, the likely hotel occupancy and the likely expenditures of hotel guests including the proportion of expenditures made within the District. Again figures are annual sustained, sales tax revenues, in constant \$2004 adjusted to avoid any inflationary impacts.

Estimated corporate franchise tax amounts are presented in Table 27. The figures assume that one-half of the office tenants are tax-exempt. Estimated taxable income of the District is estimated at 2 percent of estimated gross revenue. The applicable corporate income tax rate within the District has been applied. These tax revenues are also sustained, annual revenues, generated at build out, presented in constant \$2004 to avoid any inflationary impacts.

Table 28 presents estimated personal property tax generated at build out. These take into consideration the estimated ratio of personnel property tax assessments to real property tax assessments and assumes the current District tax rate for personal property. The sustained annual tax revenues are presented in constant \$2004.

Table 1
Summary of Estimated Economic and Fiscal Impacts
100 Potomac Avenue, SE PUD - Florida Rock Properties
Construction Period (2004 Dollars)

Economic Impacts (1/)			
	Direct	Indirect	Total
Jobs (FTE)	705	613	1,318
Payroll	\$26,990,705	\$20,714,367	\$47,705,072
Material Purchases (regional)	\$53,109,757		\$53,109,757
Consumer Expenditures	\$23,077,053		\$23,077,053

Annual Fiscal Impacts to District	
Income Tax	\$1,316,098
Direct Sales Tax	\$305,381
Indirect Sales Tax	\$271,143
Building Permit Fees	\$357,873
TOTAL	\$2,250,496

1/ Total estimated jobs and payroll do not differentiate as to where employees live or as to where employees make consumer expenditures

2/ Building permit fees estimated for a total of 1.1 million square feet of development based on schedule of fees from District of Columbia government

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc.

Table 2
Summary of Estimated Economic and Fiscal Impacts
100 Potomac Avenue, SE PUD - Florida Rock Properties
Annual Operations at Build Out (2004 Dollars) (1/)

Economic Impacts (2/)			
	Direct	Indirect (3/)	Total
Jobs (FTE)	3,224	3,004	6,228
Households	160		160
Payroll	\$213,705,201	\$154,700,213	\$368,405,414
Household Earnings	\$17,646,911		\$17,646,911
Consumer Expenditures	\$197,806,055		\$197,806,055

Annual Fiscal Impacts to District	
Income Tax	\$6,871,115
Real Property Tax	\$5,876,473
Direct Sales Tax (on-site)	\$2,490,299
Indirect Sales Tax (off-site in District)	\$2,620,821
Corporate Franchise Tax	\$681,728
Personal Property Tax	\$810,000
Total	\$19,350,437

Source Notes

- 1/ Figures based on at build out and provided in current 2004 dollars
2/ Total estimated jobs and payroll do not differentiate as to where employees live or as to where employees make consumer expenditures
3/ Indirect jobs impact includes spin-off jobs created as a result of new households in District, office, apartment staffing, retail and parking spin off jobs; Does not specify location of these jobs

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc.

Table 3
100 Potomac Avenue, SE PUD - Florida Rock Properties
Site Assumptions

Construction Period					
	Gross SF	No. Units/Rooms/ Parking Spaces	Total Cost per per SF/Space (1/)	Hard Cost per SF/Space	Soft Cost per SF/Space (2/)
Office	602,896		\$200	\$150	\$50
Apartments	193,770	160	\$167	\$125	\$42
Hotel	248,300	235	\$200	\$150	\$50
Retail (3/)	39,498		\$200	\$150	\$50
Parking		1,087	\$20,000	\$15,000	\$5,000
TOTAL	1,084,464				

Build Out		
	Gross SF	No. Units/Rooms/ Parking Spaces
Office	602,896	
Apartments	193,770	160
Hotel	248,300	235
Retail	39,498	
Parking	0	1,087
TOTAL	1,084,464	

Source Notes

1/ Total cost per square foot/parking space (including hard and soft construction costs) provided by BBP Associates;

Values based on comparable projects in area.

2/ Soft costs include A&E, contingency, finance, legal, insurance, taxes, etc.

3/ Retail construction costs does not include tenant improvement costs

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc.

Table 4
100 Potomac Avenue, SE PUD - Florida Rock Properties
Estimated Retail Sales
2004 Dollars

	Retail	Restaurant
Total Leasable Units (1/)	31,598	7,900
Net Leasable Units	31,598	7,900
Less vacancy of 5%	30,018	7,505
Revenue Per Unit (Sales per SF) (2/)	\$408	\$540
Gross Income	\$12,247,540	\$4,052,495

Source Notes

- 1/ Assumes 80 percent of space is misc. retail and 20 percent is restaurant
2/ Retail sales per square foot estimates based on figures in Urban Land Institute
2002 Dollars and Cents of *Shopping Centers* for comparable projects, includes
20% premium for waterfront location

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc.

Table 5
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Office

Economic, Employment and Expenditure Impacts: Construction Period
2004 Dollars

Project Cost (Construction) (1/)	\$90,434,400
---	---------------------

1. Estimated Earnings Impacts

Type of Labor	Construction Value	Labor Hours per \$1,000 (2/)	Total Hours	Total FTE Jobs	Average Earnings/Hr. (3/)	Total Annual Earnings:FTE Jobs
Construction	\$90,434,400	8.1	732,519	366	\$18.41	\$14,012,196

2. Total Economic Impact

Output (\$)	Output Multiplier (4/)	Indirect and Induced Economic Impact	Total Economic Impact
\$90,434,400	1.6929	\$62,661,996	\$153,096,396

3. Expenditure Impacts

Total Earnings	Disposable Earnings (5/)	Consumption Expenditures (6/)
\$14,012,196	\$12,610,976	\$11,980,427

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (7/)	Indirect Employment Impact	Total Employment Impact (8/)
Construction Labor	366	1.8728	319	685

5. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (9/)	Indirect Earnings Impact	Total Earnings Impact (10/)
Construction Labor	\$14,012,196	1.7718	\$10,814,613	\$24,826,809

6. Material Purchases

Type of Purchase	Per \$1,000 Const. Cost	Expenditure
Regionally Purchased	\$305	\$27,582,492
Purchased Out of Region	\$105	\$9,495,612
Total Material Purchases		\$37,078,104
Percentage Total Purchases		74%

Source Notes

- 1/ Values based on hard construction costs only. Excludes soft construction costs such as land value, A&E, contingency, financing, legal, insurance, taxes, etc.
2/ 1993 Ratios—Urban Land Institute
3/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Construction Sector for Washington, DC-MD-VA-WV PMSA; inflated 3 percent annually to 2004 dollars
4/ 1997 Capital Metro Output Multiplier for Construction Sector (office, industrial and commercial buildings), RIMS II Model, Bureau of Economic Analysis
5/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis
6/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis
7/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Construction Sector, RIMS II Model
8/ Direct, Indirect and Induced Employment
9/ 1997 Capital Metro Earnings Multiplier for Construction Sector, RIMS II Model
10/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics, Urban Land Institute

Table 6
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Apartments

Economic, Employment and Expenditure Impacts: Construction Period
2004 Dollars

Project Cost (Construction) (1/)	\$24,221,250
---	---------------------

1. Estimated Earnings Impacts

Type of Labor	Construction Value	Labor Hours per \$1,000 (2/)	Total Hours	Total FTE Jobs	Average Earnings/Hr. (3/)	Total Annual Earnings:FTE Jobs
Construction	\$24,221,250	8.1	196,192	98	\$18.41	\$3,751,899

2. Total Economic Impact

Output (\$)	Output Multiplier (4/)	Indirect and Induced Economic Impact	Total Economic Impact
\$24,221,250	1.6558	\$15,884,296	\$40,105,546

3. Expenditure Impacts

Total Earnings	Disposable Earnings (5/)	Consumption Expenditures (6/)
\$3,751,899	\$3,376,709	\$3,207,874

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (7/)	Indirect Employment Impact	Total Employment Impact (8/)
Construction Labor	98	1.8448	83	181

5. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (9/)	Indirect Earnings Impact	Total Earnings Impact (10/)
Construction Labor	\$3,751,899	1.7406	\$2,778,657	\$6,530,556

6. Material Purchases

Type of Purchase	Per \$1,000 Const. Cost	Expenditure
Regionally Purchased	\$305	\$7,387,481
Purchased Out of Region	\$105	\$2,543,231
Total Material Purchases		\$9,930,713
Percentage Total Purchases		74%

Source Notes

1/ Values based on hard construction costs only. Excludes soft construction costs such as land value,

A&E, contingency, financing, legal, insurance, taxes, etc.

2/ 1993 Ratios—Urban Land Institute

3/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Construction Sector for Washington, DC-MD-VA-WV PMSA; inflated 3 percent annually to 2004 dollars

4/ 1997 Capital Metro Output Multiplier for Construction Sector (new residential garden and high rise apartments), RIMS II Model, Bureau of Economic Analysis

5/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

6/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

7/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Construction Sector, RIMS II Model

8/ Direct, Indirect and Induced Employment

9/ 1997 Capital Metro Earnings Multiplier for Construction Sector, RIMS II Model

10/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics, Urban Land Institute

Table 7
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Hotel

Economic, Employment and Expenditure Impacts: Construction Period
2004 Dollars

Project Cost (Construction) (1/) **\$37,245,000**

1. Estimated Earnings Impacts

Type of Labor	Construction Value	Labor Hours per \$1,000 (2/)	Total Hours	Total FTE Jobs	Average Earnings/Hr. (3/)	Total Annual Earnings:FTE Jobs
Construction	\$37,245,000	8.1	301,685	151	\$18.41	\$5,780,988

2. Total Economic Impact

Output (\$)	Output Multiplier (4/)	Indirect and Induced Economic Impact	Total Economic Impact
\$37,245,000	1.6929	\$25,807,061	\$63,052,061

3. Expenditure Impacts

Total Earnings	Disposable Earnings (5/)	Consumption Expenditures (6/)
\$5,780,988	\$5,202,889	\$4,942,745

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (7/)	Indirect Employment Impact	Total Employment Impact (8/)
Construction Labor	151	1.8728	132	283

5. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (9/)	Indirect Earnings Impact	Total Earnings Impact (10/)
Construction Labor	\$5,780,988	1.7718	\$4,461,766	\$10,242,754

6. Material Purchases

Type of Purchase	Per \$1,000 Const. Cost	Expenditure
Regionally Purchased	\$305	\$11,359,725
Purchased Out of Region	\$105	\$3,910,725
Total Material Purchases		\$15,270,450
Percentage Total Purchases		74%

Source Notes

1/ Values based on hard construction costs only. Excludes soft construction costs such as land value, A&E, contingency, financing, legal, insurance, taxes, etc.

2/ 1993 Ratios—Urban Land Institute

3/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Construction Sector for Washington, DC-MD-VA-WV PMSA; inflated 3 percent annually to 2004 dollars

4/ 1997 Capital Metro Output Multiplier for Construction Sector (office, industrial and commercial buildings), RIMS II Model, Bureau of Economic Analysis

5/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

6/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

7/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Construction Sector, RIMS II Model

8/ Direct, Indirect and Induced Employment

9/ 1997 Capital Metro Earnings Multiplier for Construction Sector, RIMS II Model

10/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics, Urban Land Institute

Table 8
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Retail

Economic, Employment and Expenditure Impacts: Construction Period
2004 Dollars

Project Cost (Construction) (1/)	\$5,924,700
---	--------------------

1. Estimated Earnings Impacts

Type of Labor	Construction Value	Labor Hours per \$1,000 (2/)	Total Hours	Total FTE Jobs	Average Earnings/Hr. (3/)	Total Annual Earnings:FTE Jobs
Construction	\$5,924,700	8.1	47,990	24	\$18.41	\$918,833

2. Total Economic Impact

Output (\$)	Output Multiplier (4/)	Indirect and Induced Economic Impact	Total Economic Impact
\$5,924,700	1.6929	\$4,105,225	\$10,029,925

3. Expenditure Impacts

Total Earnings	Disposable Earnings (5/)	Consumption Expenditures (6/)
\$918,833	\$826,949	\$785,602

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (7/)	Indirect Employment Impact	Total Employment Impact (8/)
Construction Labor	24	1.8728	21	45

5. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (9/)	Indirect Earnings Impact	Total Earnings Impact (10/)
Construction Labor	\$918,833	1.7718	\$709,155	\$1,627,987

6. Material Purchases

Type of Purchase	Per \$1,000 Const. Cost	Expenditure
Regionally Purchased	\$305	\$1,807,034
Purchased Out of Region	\$105	\$622,094
Total Material Purchases		\$2,429,127
Percentage Total Purchases		74%

Source Notes

- 1/ Values based on hard construction costs only. Excludes soft construction costs such as land value, A&E, contingency, financing, legal, insurance, taxes, etc.
- 2/ 1993 Ratios--Urban Land Institute
- 3/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Construction Sector for Washington, DC-MD-VA-WV PMSA; inflated 3 percent annually to 2004 dollars
- 4/ 1997 Capital Metro Output Multiplier for Construction Sector (office, industrial and commercial buildings), RIMS II Model, Bureau of Economic Analysis
- 5/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis
- 6/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis
- 7/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Construction Sector, RIMS II Model
- 8/ Direct, Indirect and Induced Employment
- 9/ 1997 Capital Metro Earnings Multiplier for Construction Sector, RIMS II Model
- 10/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics, Urban Land Institute

Table 9
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Parking

Economic, Employment and Expenditure Impacts: Construction Period
2004 Dollars

Project Cost (Construction) (1/) **\$16,305,000**

1. Estimated Earnings Impacts

Type of Labor	Construction Value	Labor Hours per \$1,000 (2/)	Total Hours	Total FTE Jobs	Average Earnings/Hr. (3/)	Total Annual Earnings:FTE Jobs
Construction	\$16,305,000	8.1	132,071	66	\$18.41	\$2,526,789

2. Total Economic Impact

Output (\$)	Output Multiplier (4/)	Indirect and Induced Economic Impact	Total Economic Impact
\$16,305,000	1.6929	\$11,297,735	\$27,602,735

3. Expenditure Impacts

Total Earnings	Disposable Earnings (5/)	Consumption Expenditures (6/)
\$2,526,789	\$2,274,110	\$2,160,405

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (7/)	Indirect Employment Impact	Total Employment Impact (8/)
Construction Labor	66	1.8728	58	124

5. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (9/)	Indirect Earnings Impact	Total Earnings Impact (10/)
Construction Labor	\$2,526,789	1.7718	\$1,950,176	\$4,476,965

6. Material Purchases

Type of Purchase	Per \$1,000 Const. Cost	Expenditure
Regionally Purchased	\$305	\$4,973,025
Purchased Out of Region	\$105	\$1,712,025
Total Material Purchases		\$6,685,050
Percentage Total Purchases		74%

Source Notes

1/ Values based on hard construction costs only. Excludes soft construction costs such as land value, A&E, contingency, financing, legal, insurance, taxes, etc.

2/ 1993 Ratios—Urban Land Institute

3/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Construction Sector for Washington, DC-MD-VA-WV PMSA; inflated 3 percent annually to 2004 dollars

4/ 1997 Capital Metro Output Multiplier for Construction Sector (office, industrial and commercial buildings), RIMS II Model, Bureau of Economic Analysis

5/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

6/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

7/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Construction Sector, RIMS II Model

8/ Direct, Indirect and Induced Employment

9/ 1997 Capital Metro Earnings Multiplier for Construction Sector, RIMS II Model

10/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics, Urban Land Institute

Table 10
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Office

Annual Employment Estimate Worksheet
2004 Dollars

Employees (FTE) (1/)	FTE per 1,000 SF (2/)	Total SF	No. Employees
Office	5	602,896	3,014

Office						
Job Classification (3)	No. of FTE	Annual Hours	Total Hours	Average Hourly Wage	Average Annual Wage (4/)	Total Annual Wages
Managers	300	2,080	624,000	\$44.71	\$92,999	\$27,899,610
Professionals	2,110	2,080	4,388,800	\$36.19	\$75,272	\$158,824,764
Support Staff	600	2,080	1,248,000	\$16.88	\$35,113	\$21,067,620
Subtotal	3,010		6,260,800			\$207,791,994
Total Weighted Average Wage Per Hour						\$33.19

Source Notes

1/ FTE indicates "full-time equivalent", working 2,080 hours annually

2/ Employee staffing per square foot based on industry standards and comparable projects in area

3/ Employee staffing estimated at 10% managers, 70% professionals and 20% administrative support

4/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Washington, DC-MD-VA-WV PMSA; Wage estimates for Management Occupations (managers), Business and Financial Operations, Architecture and Engineering Occupations, Legal Occupations, and Computer and Math Science Occupations (Professionals); and Office and Administrative Support (Support Staff); figures inflated 3% annually to 2004 dollars

Sources: Basile Baumann Prost & Associates, Bureau of Labor Statistics, Florida Rock Properties, Inc.

Table 11
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Apartments

Annual Employment Estimate Worksheet
2004 Dollars

Employees (FTE) (1/)	No. of Units	No. Employees (2/)
Apartment Staffing	160	11

Apartments						
Job Classification (3/)	No. of FTE	Annual Hours	Total Hours	Average Hourly Wage	Average Annual Wage (4/)	Total Annual Wages
Manager	1	2,080	2,330	\$28.78	\$59,864	\$67,047
Leasing / Marketing Agent	8	2,080	16,307	\$21.09	\$43,868	\$343,923
Administrative Support	2	2,080	4,659	\$16.88	\$35,113	\$78,652
Subtotal	11		23,296			\$489,622
Total Weighted Average Wage Per Hour						\$21.02

Source Notes

1/ FTE indicates "full-time equivalent", working 2,080 hours annually

2/ Estimated number of FTEs estimated at 0.07 employees per residential unit; based on comparable projects in area

3/ Employee staffing estimated at 10% managers, 70% leasing/marketing and and 20% administrative support

4/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Washington, DC-MD-VA-WV PMSA;
Wage estimates for Leasing Manager, Sales/Marketing Agent, and Support Staff; figures inflated 3% annually to 2004 dollars

Sources: Basile Baumann Prost & Associates, Bureau of Labor Statistics, Florida Rock Properties, Inc.

TABLE 12
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Hotel

Annual Employment Estimate Worksheet
2004 Dollars

Employees (FTE) (1/)	No. of Rooms	No. Employees (2/)
Hotel Staffing	235	71

Hotel						
Job Classification (3/)	No. of FTE	Annual Hours	Total Hours	Average Hourly Wage	Average Annual Wage (4/)	Total Annual Wages
Managers	10	2,080	20,800	\$21.62	\$44,960	\$449,595
General Hotel Staff	50	2,080	104,000	\$16.12	\$33,530	\$1,676,480
Support Staff	10	2,080	20,800	\$11.35	\$23,618	\$236,179
Subtotal	70		145,600			2,362,254
Total Weighted Average Per Hour						\$16.22

Source Notes

1/ FTE indicates "full-time equivalent", working 2,080 hours annually

2/ Estimated number of FTEs estimated at 0.07 employees per residential unit; based on comparable projects in area

3/ Employee staffing estimated at 10% managers, 70% general hotel staff and 20% administrative support

4/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Washington, DC-MD-VA-WV PMSA;
Wage estimates for Hotel Managers, General Hotel Staff, and Support Staff; figures inflated 3% annually to 2004 dollars

Sources: Basile Baumann Prost & Associates, Bureau of Labor Statistics, Florida Rock Properties, Inc.

Table 13
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Retail

Annual Employment Estimate Worksheet
2004 Dollars

Employees (FTE) (1/)	FTE per 1,000 SF	Total SF	No. Employees (2/)
Misc. Retail	2	31,598	63
Restaurant	7	7,900	55

Retail						
Job Classification (3/)	No. of FTE	Annual Hours	Total Hours	Average Hourly Wage	Average Annual Wage (4/)	Total Annual Wages
Misc. Retail	63	2,080	131,449	\$12.80	\$26,634	\$1,683,204
Restaurant	55	2,080	115,018	\$9.77	\$20,314	\$1,123,326
Subtotal	118		246,468			\$2,806,530
Total Weighted Wage Average Per Hour						\$11.39

Source Notes

1/ FTE indicates "full-time equivalent", working 2,080 hours annually

2/ Employee staffing per square foot based on industry standards and comparable projects in area

3/ Employee staffing estimated at 10% managers, 70% professionals and 20% administrative support

4/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Washington, DC-MD-VA-WV PMSA;
Wage estimates for General Retail Managers/Sales and Restaurant Managers/Staff; figures inflated 3% annually to 2004 dollars

Sources: Basile Baumann Prost & Associates, Bureau of Labor Statistics, Florida Rock Properties, Inc.

TABLE 14
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Parking

Annual Employment Estimate Worksheet
2004 Dollars

Employees (FTE) (1/)	No. of Facilities	No. Employees (2/)
Parking Staffing	2	14

Parking						
Job Classification	No. of FTE	Annual Hours	Total Hours	Average Hourly Wage	Average Annual Wage (4/)	Total Annual Wages
Attendant (2/)	10	2,080	20,800	\$8.75	\$18,200	\$182,001
Security	2	2,080	4,160	\$8.75	\$18,200	\$36,400
Maintenance	2	2,080	4,160	\$8.75	\$18,200	\$36,400
Subtotal	14		29,120			\$254,801
Total Weighted Average Per Hour						\$8.75

SOURCE NOTES

1/ FTE indicates "full-time equivalent", working 2080 hours annually

2/ Includes weekday attendant (Monday-Friday, 6 am to 8 pm); night attendant (Monday-Friday, 8 pm to 6 am); and weekend / holiday attendant

4/ May 2003 Bureau of Labor Statistics Metropolitan Area Occupational Wage Estimates for Washington, DC-MD-VA-WV PMSA; Wage estimates for Parking Attendants; figures inflated 3% annually to 2004 dollars

Sources: Basile Baumann Prost & Associates, Bureau of Labor Statistics, Florida Rock Properties, Inc.

Table 15
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Office

Employment and Expenditure Impacts: Annual Operations (At Build Out)
2004 Dollars

1. Estimated Annual Earnings Impacts - Permanent Employment				
Factor	Total FTE	Average Earnings per FTE per Hr (1/)		Total Annual Earnings
Office	3,010	\$33.19		\$207,791,994
2. Expenditure Impacts				
Output Type	Total Annual Earnings	Disposable Earnings (2/)	Consumption Expenditures (3/)	
Office	\$207,791,994	\$187,012,795	\$177,662,155	
3. Total Employment Impacts				
Output Type	Total FTE Jobs	Employment Multiplier (4/)	Indirect Employment Impact	Total Employment Impact (5/)
Office	3,010	1.968	2,914	5,924
4. Total Earnings Impacts				
Output Type	Total Annual Earnings	Earnings Multiplier (6/)	Indirect Earnings Impact	Total Earnings Impact (7/)
Office	\$207,791,994	1.728	\$151,272,572	\$359,064,566

Source Notes

1/ Weighted average earnings per hour for all employees

2/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

3/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

4/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Households, RIMS II Model

5/ Direct, Indirect and Induced Employment

6/ 1997 Capital Metro Earnings Multiplier for Services Sector (office employees), RIMS II Model

7/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics

Table 16
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Apartments

Employment and Expenditure Impacts: Annual Operations (At Build Out)
2004 Dollars

1. Estimated Annual Earnings Impacts - Permanent Employment/Households

Factor	Total FTE/HH	Average Earnings/Hr. / HH Income (1/)	Total Annual Earnings / HH Income
Apartment Staffing	11	\$21.02	\$489,622
Households	160	\$110,293	\$17,646,911

2. Expenditure Impacts

Output Type	Total Annual Earnings / HH Income	Disposable Earnings / HH Income (2/)	Consumption Expenditures (3/)
Apartment Staffing	\$489,622	\$440,660	\$418,627
Households	\$17,646,911	\$15,882,220	\$15,088,109

3. Total Employment/Household Impacts

Output Type	Total Annual Earnings / HH Income	Total FTE Jobs/HH	Employment Multiplier (4/)	Indirect Employment Impact	Total Employment Impact (5/)
Apartment Staffing	\$489,622	11	1.1868	2.1	13.3
Households	\$17,646,911	160	10.6	187	187

4. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (6/)	Indirect Earnings Impact	Total Earnings Impact (7/)
Apartment Staffing	\$489,622	1.3983	\$195,017	\$684,639
Households	\$17,646,911	0.2517	\$4,441,727	\$4,441,727

Source Notes

- 1/ Weighted average for all employees and households; residential household income based on average monthly rental rate of \$2,574 per month (\$2.50 per SF x 1,029 SF per unit average) which represents 28% of gross income; based on figures provided by Florida Rock Properties, Inc.
- 2/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis
- 3/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis
- 4/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Services Sector (services to dwellings and other buildings, households), RIMS II Model
- 5/ Direct, Indirect and Induced Employment
- 6/ 1997 Capital Metro Earnings Multiplier for Services Sector (services to dwellings and other buildings, households), RIMS II Model
- 7/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics

Table 17
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Hotel

Employment and Expenditure Impacts: Annual Operations (At Build Out)
2004 Dollars

1. Estimated Annual Earnings Impacts - Permanent Employment

Factor	Total FTE	Average Earnings per FTE per Hr (1/)	Total Annual Earnings
Hotel	70	\$16.22	\$2,362,254

2. Expenditure Impacts

Output Type	Total Annual Earnings	Disposable Earnings (2/)	Consumption Expenditures (3/)
Hotel	\$2,362,254	\$2,126,028	\$2,019,727

3. Total Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (4/)	Indirect Employment Impact	Total Employment Impact (5/)
Hotel	70	1.5685	40	110

4. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (6/)	Indirect Earnings Impact	Total Earnings Impact (7/)
Hotel	\$2,362,254	1.6282	\$1,483,968	\$3,846,221

Source Notes

1/ Weighted average for all employees

2/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

3/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

4/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Households

RIMS II Model

5/ Direct, Indirect and Induced Employment

6/ 1997 Capital Metro Earnings Multiplier for Services Sector (Hotels), RIMS II Model

7/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics

Table 18
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Retail

Employment and Expenditure Impacts: Annual Operations (At Build Out)
2004 Dollars

1. Estimated Annual Earnings Impacts - Permanent Employment

Factor	Total FTE	Average Earnings/Hr. (1/)	Total Annual Earnings
Retail	118	\$11.39	\$2,806,530

2. Expenditure Impacts

Output Type	Total Annual Earnings	Disposable Earnings (2/)	Consumption Expenditures (3/)
Retail	\$2,806,530	\$2,525,877	\$2,399,583

3. Total Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (4/)	Indirect Employment Impact	Total Employment Impact (5/)
Retail	118	1.3676	44	162

4. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (6/)	Indirect Earnings Impact	Total Earnings Impact (7/)
Retail	\$2,806,530	1.5643	\$1,583,725	\$4,390,254

Source Notes

1/ Weighted average for all employees

2/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

3/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

4/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Services Sector

RIMS II Model

5/ Direct, Indirect and Induced Employment

6/ 1997 Capital Metro Earnings Multiplier for Retail Trade Sector, RIMS II Model

7/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics

Table 19
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties: Parking

Employment and Expenditure Impacts: Annual Operations (At Build Out)
2004 Dollars

1. Estimated Annual Earnings Impacts - Permanent Employment

Factor	Total FTE	Average Earnings/Hr. (1/)	Total Annual Earnings
Parking	14	\$8.75	\$254,801

2. Expenditure Impacts

Output Type	Total Annual Earnings	Disposable Earnings (2/)	Consumption Expenditures (3/)
Parking	\$254,801	\$229,321	\$217,855

3. Total Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (4/)	Indirect Employment Impact	Total Employment Impact (5/)
Parking	14	1.3614	5.1	19

4. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (6/)	Indirect Earnings Impact	Total Earnings Impact (7/)
Parking	\$254,801	1.6473	\$164,933	\$419,734

Source Notes

1/ Weighted average for all employees

2/ Disposable Income was 90% of Personal Income as of March 2004 (preliminary), Bureau of Economic Analysis

3/ Consumption Expenditures was 95% of Disposable Income as of March 2004 (preliminary), Bureau of Economic Analysis

4/ 1997 Capital Metro Employment Multiplier Estimates Per \$1 Million Income for Services Sector
RIMS II Model

5/ Direct, Indirect and Induced Employment

6/ 1997 Capital Metro Earnings Multiplier for Services Sector (Automobile Parking), RIMS II Model

7/ Direct, Indirect, and Induced Earnings

Sources: Basile Baumann Prost & Associates, Bureau of Economic Analysis, Bureau of Labor Statistics

Table 20
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Income Tax Receipts - Construction Period
2004 Dollars

Period/Worker Category	BASELINE Estimated Number of FTE Jobs	Average Wage/Hour (1/)	Estimated Annual Wages Per FTE Job (2/)	Assumed Standard Deductions Per Filer (3/)	Estimated Individual Taxable Income (4/)	Total Taxable Income	BASELINE Realized Taxes DISTRICT (5/) (6/)
Construction Workers - Office	366	\$18.41	\$38,285	\$3,370	\$34,915	\$12,778,776	\$332,186
Construction Workers - Apartments	98	\$18.41	\$38,285	\$3,370	\$34,915	\$3,421,639	\$88,946
Construction Workers - Hotel	151	\$18.41	\$38,285	\$3,370	\$34,915	\$5,272,118	\$137,049
Construction Workers - Retail	24	\$18.41	\$38,285	\$3,370	\$34,915	\$837,953	\$21,783
Construction Workers - Parking	66	\$18.41	\$38,285	\$3,370	\$34,915	\$2,304,369	\$59,902
A&E, legal, marketing and promotion						\$20,337,814	\$676,232
Total						\$44,952,669	\$1,316,098

Source Notes

1/ See tables on preliminary economic impact of construction

2/ Annual wages for a full-time job are estimated by multiplying average wage by 2080 hours

3/ Assumes one Standard Deduction of \$2,000, One Personal Exemption of \$1,370

4/ Taxable income taken as Estimated Annual Wages - Assumed Standard Deductions

5/ Income taxes for these taxable income ranges are estimated at \$1,400 + 9.5% of taxable income > \$20,000

6/ Assumes 35% construction workers live in the District of Columbia; based on industry standards within District

7/ Labor income estimated at 1/3 of soft costs for A&E, legal, marketing and promotion, etc. Assumes 35 percent of this income is from District residents

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue

Table 21
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Income Tax Receipts - Annual Operations (At Build Out)
2004 Dollars

Employee Category	BASELINE Estimated Number of FTE Jobs / HH	Average Earnings/Hour (1/)	Estimated Annual Earnings Per FTE / Income Per HH	Assumed Standard Deductions Per Filer / HH (2/)	Estimated Individual / HH Taxable Income (3/)	BASELINE Realized Taxes DISTRICT (4/)(5/)
Office	3,010	\$33.19	\$69,034	\$3,370	\$65,664	\$5,323,452
Apartment (staffing)	11	\$21.02	\$43,716	\$3,370	\$40,346	\$16,955
Apartment (households)	160		\$110,293	\$3,370	\$106,923	\$1,336,617
Hotel	70	\$16.22	\$33,746	\$3,370	\$30,376	\$85,860
Retail	118	\$11.39	\$23,685	\$3,370	\$20,315	\$101,327
Parking	14	\$8.75	\$18,200	\$3,370	\$14,830	\$6,905
Total						\$6,871,115

Source Notes

1/ See tables on preliminary economic impact of operations (at build out)

2/ Assumes one Standard Deduction of \$2,000, One Personal Exemption of \$1,370

3/ Taxable income taken as Estimated Annual Wages - Assumed Standard Deductions

4/ Income taxes for these taxable income ranges are estimated at \$1,400 + 9.5% of taxable income > \$20,000

5/ Assumes 35% office employees, 50% apartment staffing, 55% hotel employees, 60% retail employees, 50% parking employees and 100% apartment residents are residents of the District of Columbia; based on industry standards for District

Sources: Basile Baumann Prost & Associates, DC Office of Finance and Revenue

Table 22
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Real Property Tax Impacts: Annual Operations (At Build Out)
2004 Dollars

<i>Assumptions</i>	
Assessment Ratio/MV	100%

Operation (At Build Out)				
Use	Estimated Assessed Value (1/)	Taxable Value	District Tax Rate per \$100 (3/)	District Taxes
Office	\$211,013,600	\$211,013,600	\$1.85	\$3,903,752
Apartment	\$40,666,080	\$40,666,080	\$1.85	\$752,322
Hotel	\$37,670,895	\$37,670,895	\$1.85	\$696,912
Retail	\$11,152,655	\$11,152,655	\$1.85	\$206,324
Parking	\$17,143,983	\$17,143,983	\$1.85	\$317,164
Total	\$317,647,214			\$5,876,473

Source Notes

2/ Estimated assessed value for office based on estimated market value of \$350 per square foot; based on recent comparable investment sales in District market for Class A office space

Estimated assessed value for apartments, hotel, retail and parking based on income approach to valuation (NOI/capitalization rate)

3/ Rates are for fiscal year 2004 for District; information obtained from District Office of the Chief Financial Officer

Sources: Basile Baumann Prost & Associates, DC Office of the Chief Financial Officer, Florida Rock Properties, Inc.

Table 23
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Direct Sales Tax Impacts: Construction Period and Annual Operations (At Build Out)
2004 Dollars

Inputs	District Tax Rates
Sales Tax Rate	5.75%
Restaurant Tax Rate	10.00%
Parking Tax Rate	12.00%
Hotel Room Tax Rate	14.00%

Construction Period			
	Direct Expenditures	Estimated Percent Made in District	Estimated District Sales Tax Revenues (2/)
Regional Material Purchases (1/)	\$53,109,757	10%	\$305,381

Annual Operations (At Build Out)		
Use	Total Taxable Sales (3/)	Total Tax Revenues District
Hotel Rooms	\$8,706,163	\$1,218,863
Retail Sales	\$12,247,540	\$704,234
Restaurant Sales	\$4,052,495	\$405,249
Parking	\$1,349,608	\$161,953
Estimated Direct Sales Tax Revenue to District	\$26,355,805	\$2,490,299

Source Notes

1/ Regional Purchases are taken, per national averages, to represent 25% of contract construction work

2/ Utilizes 5.75% sales tax

3/ Total taxable sales based on sales per square foot estimates provided by BBP Associates;
based on comparable projects in District

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue

Table 24
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Indirect Sales Tax Impacts: Construction Period (Annually)
2004 Dollars

Work Related Impacts - Construction Workers	
	FTE
Construction Workers	705
Total	705
Retail Expenditure Per Employee Per Year in DC	\$500
Total Retail Sales in District	\$352,500
<i>Retail Sales (90% of sales)</i>	\$317,250
<i>Restaurant Sales (10% of sales)</i>	\$35,250
Estimated Indirect Sales Tax Revenue to District	
<i>Retail Sales Tax (5.75% tax rate)</i>	\$18,242
<i>Restaurant Sales Tax (10% tax rate)</i>	\$3,525
Estimated Indirect Sales Tax Revenue to District	\$21,767

Residential Related Impacts - Construction Workers							
	FTE	Total Consumption Expenditures	Percent District Residents	Number of District Residents	Consumption Expenditures for District Residents	Percent Retail Expenditures in District	Total Retail Sales
Total Project	705	\$23,077,053	35%	247	\$8,076,968	50%	\$4,038,484
Total	705	\$23,077,053		247	\$8,076,968		\$4,038,484
Total Retail Sales in District	\$4,038,484						
<i>Retail Sales (90% of sales)</i>	\$3,634,636						
<i>Restaurant Sales (10% of sales)</i>	\$403,848						
Estimated Indirect Sales Tax Revenue to District							
<i>Retail Sales Tax (5.75% tax rate)</i>	\$208,992						
<i>Restaurant Sales Tax (10% tax rate)</i>	\$40,385						
Estimated Indirect Sales Tax Revenue to District	\$249,376						

Source Notes

1/ Indirect sales tax revenue to District is off-site sales tax revenues generated as a result of purchases made by project occupants and employees in off-site District locations

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue

Table 25
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Indirect Sales Tax Impacts: Annual Operations (At Build Out) (1/)
2004 Dollars

Residents		Apartments
Number of Households		160
Household Consumption Expenditures		\$15,088,109
Less vacancy rate of 5%		\$14,333,703
Percent Retail Expenditures in District		50%
Total Retail Sales in District (2/)		\$7,166,852
Retail Sales (90% of sales)		\$6,450,166
Restaurant Sales (10% of sales)		\$716,685
Estimated Indirect Sales Tax Revenue to District		
Retail Sales Tax (5.75% tax rate)		\$370,885
Restaurant Sales Tax (10% tax rate)		\$71,669
Estimated Indirect Sales Tax Revenue to District		\$442,553

Employees - Work Related Impacts	
Employees	FTE
Office	3,010
Apartment (staffing)	11
Hotel	70
Retail	118
Parking	14
Total	3,224
Retail Expenditure Per Employee Per Year in DC	\$500
Total Retail Expenditures in District	\$1,611,847
Retail Sales (90% of sales)	\$1,450,662
Restaurant Sales (10% of sales)	\$161,185
Estimated Indirect Sales Tax Revenue to District	
Retail Sales Tax (5.75% tax rate)	\$83,413
Restaurant Sales Tax (10% tax rate)	\$16,118
Estimated Indirect Sales Tax Revenue to District	\$99,532

Employees - Related Impacts					
	FTE	Total Consumption Expenditures	Percent District Residents	Percent Retail Expenditures in District (3/)	Total Retail Sales
Office	3,010	\$177,662,155	35%	45%	\$27,981,789
Apartment (staffing)	11	\$418,627	50%	45%	\$94,191
Hotel	70	\$2,019,727	55%	45%	\$499,882
Retail	118	\$2,399,583	60%	45%	\$647,887
Parking	14	\$217,855	50%	45%	\$49,017
Total	3,224	\$182,717,947			\$29,272,768
Total Retail Expenditures in District	\$29,272,768				
Retail Sales (90% of sales)		\$26,345,491			
Restaurant Sales (10% of sales)		\$2,927,277			
Estimated Indirect Sales Tax Revenue to District					
Retail Sales Tax (5.75% tax rate)		\$1,514,866			
Restaurant Sales Tax (10% tax rate)		\$292,728			
Estimated Indirect Sales Tax Revenue to District		\$1,807,593			

Source Notes

1/ Indirect sales tax revenue to District is off-site sales tax revenues generated as a result of purchases made by project occupants and employees in off-site District locations

2/ Estimated retail and restaurant sales ratios based on statistics provided by National Restaurant Association and DC Office of Planning

3/ Adjusted for work related expenditures made by project employees

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue

Table 26
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Indirect Sales Tax Impacts: Annual Operations (At Build Out) (1/)
2004 Dollars

Hotel Guests	
Total Estimated On Site Sales (1/)	8,706,163
Estimated Hotel Patrons Annually	86,976
Total Average Daily Spending per Patron (2/)	\$358
Less Daily Hotel Expenses by Patrons	50%
Additional Spending - Off Site	\$179
20% Off Site Daily Spending - Retail/Entertainment (3/)	\$36
Estimate Off-Site Spending in District of Columbia (4/)	\$1,714,692
Estimated District Retail Sales Tax Revenue (5/)	\$98,595
30% Off Site Daily Spending - Restaurant (3/)	\$54
Estimate Off-Site Spending in District of Columbia (4/)	\$2,572,037
Estimated District Restaurant Sales Tax Revenue (6/)	\$257,204
Total Spin Off Sales Tax Revenue from Hotel Patrons	\$355,798

Source Notes

1/ Includes gross room revenues

2/ Based on International Association of Convention and Visitors Bureau (IACVB) data

3/ Estimated percent based on IACVB data

4/ Assumes 55% of off-site spending occurs in the District

5/ Uses retail sales tax rate of 5.75%

6/ Uses restaurant tax rate of 10%

*Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc.,
DC Office of Finance and Revenue*

Table 27
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Estimated Corporate Franchise Tax Impacts: Annual Operations (At Build Out)
2004 Dollars

	Estimated Total Taxable Income: District (1/)	Corporate Income Tax Rate: District	Estimated Franchise Taxes: District
Office	\$6,243,038	9.975%	\$622,743
Apartments	\$64,210	9.975%	\$6,405
Hotel	\$174,123	9.975%	\$17,369
Retail	\$326,001	9.975%	\$32,519
Parking	\$26,992	9.975%	\$2,692
TOTALS	\$6,834,364		\$681,728

Source Notes

1/ Calculated for real estate operations, office tenants, hotel and retail operations. One half of office tenants assumed to be tax exempt.
Taxable income estimated to be 2 percent of gross revenues

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue

Table 28
Preliminary Evaluation of Economic Impact
100 Potomac Avenue, SE PUD - Florida Rock Properties

Personal Property Tax Impacts: Annual Operations (At Build Out)
2004 Dollars

	Operational Phase
Total Estimated Project Personal Property Value (1/)	\$317,647,214
Assumed Ratio of Real Property to Personal Property (2/)	10%
Estimated Personal Property Value	\$31,764,721
Adjusted Estimate--Personal Property Assessable (3/)	\$23,823,541
Tax Rate for Personal Property (4/)	\$3.40
Total Personal Property Taxes	\$810,000

Source Notes

1/ Based on assessed value of property and improvements of project components

2/ Based on ratio of estimated real property tax collections to personal property tax collections -- D.C. Office of Finance and Revenue

3/ 75% of personal property considered assessable (accounts for depreciation)

4/ Per \$100 of assessed value

Sources: Basile Baumann Prost & Associates, Florida Rock Properties, Inc., DC Office of Finance and Revenue