

APPENDIX J

EMPLOYMENT CALCULATIONS

March 3, 2008

Mr. Dwight Steinert
Planning Associates, Inc.
Suite 108
4040 Vineland Ave.
Studio City, CA 91604

Re: Direct Employment Estimate for the Fashion Square Expansion Project

Dear Dwight:

At your request, HR&A Advisors has estimated the on-site employment associated with the proposed expansion of the Fashion Square regional shopping center in Sherman Oaks ("Project"). We are familiar with the project from analysis we prepared on the Project's potential to cause "urban decay."

Although there are rules of thumb that are often used to estimate employment of a development project, and a variety of studies of employee densities per land use, we believe that the most accurate estimate is one that is based on the statistical relationship between the specific financial characteristics of a project and the host economy in which it is situated. Accordingly, to estimate the Project's employment we ran the projected annual sales for the Project through the IMPLAN input-output model of the Los Angeles County economy and determined that the direct employment impact is 788 jobs. It should be noted that these include full-time and part-time jobs (not full-time equivalent jobs), which are characteristic of shopping center employment.

Input-output analysis is an economic impact modeling method for understanding the interactions among the industries in a local economy that result from investment in a new development project or planning initiative. In form, it resembles a giant matrix, or spreadsheet, in which the "inflows" of goods and services needed by an industry (i.e., the purchasing sectors) are the columns and the rows consist of the outputs, or selling sectors. This enables analysis of the specific sectors of an area's economy that are affected, and by how much, when a dollar's worth of investment, new employment or other measure of "final demand" is added to a particular sector or sectors. These inter-industry relationships can be expressed in terms of dollar impacts or employment impacts.

IMPLAN¹ is a widely accepted model that HR&A and many other economics consultants and public agencies use to estimate the economic consequences of new investment in, or other changes to, a local or regional economy.² It explicitly accounts for impact “leakage,” or the fact that not all economic impacts are necessarily experienced inside the geographic area under study. The IMPLAN model can be used to generate estimates of direct, indirect and induced employment, compensation (i.e., wages and benefits) and total economic output (i.e., a summary measure of all spending and economic activity), for both the construction phase of a project, and annually, once it has been completed and occupied. The indirect and induced impacts are often referred to collectively as the “multiplier effect” of direct impacts. The economy of a county is typically used in this analysis, because that scale of geography that is usually sufficient to capture all of the transactional flows between and among sectors of a local economy.

In this case, we entered the \$96 million in estimated annual retail sales and \$22 million in estimate annual restaurant sales from the Project as “final demand” into the IMPLAN model, and the model generated the direct and “multiplier effect” employment associated with that scale of retail and restaurant spending in the Los Angeles County economy. These annual sales values are based on analysis included in our report on the Project’s potential “urban decay” impacts. The resulting direct employment is the number of jobs that would be expected at the Project site. Attachment A provides the sector-by sector details of the IMPLAN-generated direct employment estimate, which sums to 788 full-time and part-time jobs at the Project site.

Please contact me if you have any questions about this Project employment estimate.

Sincerely,

PAUL J. SILVERN,
Partner

¹ IMPLAN (**IM**pnact Analysis for **PLAN**ning), a social accounting and impact analysis software program, was originally developed in 1979 by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Bureau of Land Management to assist the Forest Service in land and resource planning and management. The IMPLAN accounts closely follow the accounting conventions established for the U.S. economy and the rectangular format recommended by the United Nations. The model is now maintained and updated annually by the Minnesota IMPLAN Group, Inc.

² HR&A has previously used IMPLAN to analyze the economic impacts of a wide range of projects throughout southern California and elsewhere in the U.S., including large residential developments, high-rise office buildings, industrial projects, shopping centers, university buildings, and film and television studio campus expansions.

ATTACHMENT A

Employment Estimate for the Fashion Square Expansion Project

IMPLAN Industry Sector	Direct	Indirect	Induced	Total	Percentage	Cum. %
410 General merchandise stores	411.7	0.8	4.3	416.8	39.8%	39.8%
481 Food services and drinking places	376.3	4.6	15.5	396.4	37.9%	77.6%
431 Real estate	0.0	11.8	4.4	16.2	1.5%	79.2%
390 Wholesale trade	0.0	7.9	6.7	14.6	1.4%	80.6%
454 Employment services	0.0	8.7	3.1	11.8	1.1%	81.7%
465 Offices of physicians- dentists- and other health	0.0	0.0	8.6	8.6	0.8%	82.5%
451 Management of companies and enterprises	0.0	6.3	1.1	7.3	0.7%	83.2%
467 Hospitals	0.0	0.0	6.9	6.9	0.7%	83.9%
405 Food and beverage stores	0.0	0.8	4.3	5.1	0.5%	84.4%
470 Social assistance- except child day care services	0.0	0.0	5.0	5.0	0.5%	84.9%
494 Private households	0.0	0.0	4.9	4.9	0.5%	85.3%
438 Accounting and bookkeeping services	0.0	3.5	1.1	4.6	0.4%	85.8%
458 Services to buildings and dwellings	0.0	3.1	1.5	4.5	0.4%	86.2%
447 Advertising and related services	0.0	4.0	0.6	4.5	0.4%	86.6%
468 Nursing and residential care facilities	0.0	0.0	4.1	4.1	0.4%	87.0%
401 Motor vehicle and parts dealers	0.0	0.6	3.3	3.9	0.4%	87.4%
462 Colleges- universities- and junior colleges	0.0	0.3	3.5	3.8	0.4%	87.8%
425 Nondepository credit intermediation and related a	0.0	2.8	0.9	3.7	0.4%	88.1%
444 Management consulting services	0.0	2.7	0.7	3.5	0.3%	88.4%
437 Legal services	0.0	1.6	1.7	3.3	0.3%	88.8%
479 Hotels and motels- including casino hotels	0.0	1.7	1.5	3.2	0.3%	89.1%
399 Couriers and messengers	0.0	2.6	0.5	3.2	0.3%	89.4%
394 Truck transportation	0.0	1.9	1.2	3.1	0.3%	89.7%
430 Monetary authorities and depository credit interme	0.0	1.2	1.7	2.8	0.3%	89.9%
398 Postal service	0.0	2.0	0.8	2.8	0.3%	90.2%
412 Nonstore retailers	0.0	0.5	2.3	2.8	0.3%	90.5%
408 Clothing and clothing accessories stores	0.0	0.4	2.3	2.7	0.3%	90.7%
411 Miscellaneous store retailers	0.0	0.4	2.3	2.7	0.3%	91.0%
472 Spectator sports	0.0	1.7	0.9	2.6	0.2%	91.2%
426 Securities- commodity contracts- investments	0.0	0.9	1.6	2.5	0.2%	91.5%
471 Performing arts companies	0.0	2.1	0.4	2.5	0.2%	91.7%
493 Civic- social- professional and similar organizati	0.0	0.7	1.8	2.5	0.2%	92.0%
457 Investigation and security services	0.0	1.9	0.6	2.5	0.2%	92.2%
469 Child day care services	0.0	0.0	2.4	2.4	0.2%	92.4%
483 Automotive repair and maintenance- except car wasi	0.0	0.5	1.8	2.3	0.2%	92.6%
455 Business support services	0.0	1.7	0.6	2.3	0.2%	92.9%
427 Insurance carriers	0.0	0.4	1.8	2.2	0.2%	93.1%
406 Health and personal care stores	0.0	0.4	1.8	2.2	0.2%	93.3%
400 Warehousing and storage	0.0	1.8	0.3	2.1	0.2%	93.5%
404 Building material and garden supply stores	0.0	0.4	1.7	2.1	0.2%	93.7%
73 Bread and bakery product- except frozen- manufact	0.0	1.7	0.3	2.0	0.2%	93.9%
466 Other ambulatory health care services	0.0	0.0	2.0	2.0	0.2%	94.1%
478 Other amusement- gambling- and recreation industri	0.0	0.1	1.7	1.8	0.2%	94.2%
107 Cut and sew apparel manufacturing	0.0	0.0	1.8	1.8	0.2%	94.4%
499 Other State and local government enterprises	0.0	0.8	0.9	1.7	0.2%	94.6%
43 Maintenance and repair of nonresidential buildings	0.0	1.4	0.3	1.7	0.2%	94.7%
461 Elementary and secondary schools	0.0	0.0	1.7	1.7	0.2%	94.9%
422 Telecommunications	0.0	0.9	0.7	1.6	0.2%	95.1%
489 Drycleaning and laundry services	0.0	0.8	0.8	1.6	0.2%	95.2%
487 Personal care services	0.0	0.0	1.5	1.5	0.1%	95.4%
439 Architectural and engineering services	0.0	1.0	0.5	1.5	0.1%	95.5%
464 Home health care services	0.0	0.0	1.5	1.5	0.1%	95.6%
463 Other educational services	0.0	0.1	1.3	1.4	0.1%	95.8%
409 Sporting goods- hobby- book and music stores	0.0	0.2	1.1	1.3	0.1%	95.9%
402 Furniture and home furnishings stores	0.0	0.2	1.1	1.3	0.1%	96.0%
476 Fitness and recreational sports centers	0.0	0.3	0.9	1.2	0.1%	96.1%
418 Motion picture and video industries	0.0	0.8	0.3	1.2	0.1%	96.3%
498 State and local government electric utilities	0.0	0.7	0.4	1.1	0.1%	96.4%
452 Office administrative services	0.0	0.8	0.3	1.1	0.1%	96.5%
459 Other support services	0.0	0.8	0.3	1.1	0.1%	96.6%
442 Computer systems design services	0.0	0.8	0.3	1.0	0.1%	96.7%
492 Grantmaking and giving and social advocacy organiz	0.0	0.0	1.0	1.0	0.1%	96.8%
68 Meat processed from carcasses	0.0	0.9	0.2	1.0	0.1%	96.9%
139 Commercial printing	0.0	0.8	0.2	1.0	0.1%	97.0%
420 Radio and television broadcasting	0.0	0.8	0.1	1.0	0.1%	97.1%
395 Transit and ground passenger transportation	0.0	0.3	0.6	0.9	0.1%	97.1%
403 Electronics and appliance stores	0.0	0.2	0.7	0.9	0.1%	97.2%
428 Insurance agencies- brokerages- and related	0.0	0.2	0.7	0.9	0.1%	97.3%
407 Gasoline stations	0.0	0.2	0.7	0.9	0.1%	97.4%
397 Scenic and sightseeing transportation and support	0.0	0.5	0.3	0.8	0.1%	97.5%
All Other Sectors	<u>0.3</u>	<u>14.0</u>	<u>12.2</u>	<u>26.5</u>	<u>2.5%</u>	100.0%
Totals	788.3	111.9	147.0	1,047.3	100.0%	

Source: IMPLAN Pro ver. 2.0.1025; HR&A, Inc.

