



Software & IT Operating Cost Analysis

March 2020

Operating Cost Assumptions

The Annual Business Operating Cost Analysis has been prepared using the following information provided to us on your company operations. If information was not obtained on a particular operating factor, we have used assumptions based on other similar business operations. We would be pleased to change the project parameters if other assumptions may be more appropriate.

Project Parameters

- \$2,500,000 personal property investment
- 10,000 square foot Office: Central Business District, Lease
- Utilities: Included in lease
- 50 jobs (Bureau of Labor Statistics equivalent occupations)

Occupation	Employment
Software Developers, Applications	15
Web Developers	15
Software Developers, Systems Software	10
Computer Network Architects	5
Computer and Information Systems Managers	2
Computer Network Support Specialists	2
General and Operations Managers	1
Total	50



Operating Cost Overview

The Annual Business Operating Cost Analysis has been prepared using the following information provided to us on your company operations. If information was not obtained on a particular operating factor, we have used assumptions based on other similar business operations. We would be pleased to change the project parameters if other assumptions may be more appropriate.

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Annual Operating Cost

Metro	Employee Payroll	Benefits	Real Estate	Property Tax	Operating Cost	Index
Phoenix	\$4,664,747	\$1,104,615	\$276,300	\$55,935	\$6,101,597	100.0%
Austin	\$4,875,734	\$1,157,947	\$503,900	\$55,350	\$6,592,931	108.1%
Denver	\$5,049,267	\$1,196,278	\$361,800	\$55,916	\$6,663,261	109.2%
New York	\$5,723,647	\$1,378,895	\$746,900	\$0	\$7,849,442	128.6%
Salt Lake City	\$4,561,192	\$1,126,651	\$330,200	\$33,363	\$6,051,405	99.2%
San Francisco	\$5,918,014	\$1,423,346	\$821,900	\$29,500	\$8,192,760	134.3%
Seattle	\$5,520,942	\$1,319,572	\$465,000	\$25,951	\$7,331,465	120.2%



Annual Median Wages

Provided in the following table is the annual median wage for each occupation.

Occupation	Phoenix	Austin	Denver	New York	Salt Lake City	San Francisco	Seattle
Software Developers, Applications	\$95,160	\$99,403	\$102,627	\$115,981	\$93,371	\$120,370	\$112,736
Web Developers	\$84,906	\$87,880	\$91,582	\$102,918	\$82,534	\$107,349	\$100,963
Software Developers, Systems Software	\$99,840	\$104,624	\$107,682	\$121,930	\$98,322	\$126,277	\$118,061
Computer Network Architects	\$93,018	\$96,990	\$100,318	\$113,256	\$91,104	\$117,645	\$110,302
Computer and Information Systems Managers	\$123,157	\$134,534	\$138,590	\$165,214	\$119,704	\$160,930	\$141,378
Computer Network Support Specialists	\$73,466	\$75,109	\$79,269	\$88,358	\$70,637	\$92,934	\$87,526
General and Operations Managers	\$107,037	\$115,960	\$121,888	\$147,472	\$103,106	\$143,707	\$125,653



Total Payroll

Payroll is equal to the count of employees listed in the assumptions times the annual median wage. The table below provides the total payroll for the assumed number of employees in each position.

Occupation	Jobs	Phoenix	Austin	Denver	New York	Salt Lake City	San Francisco	Seattle
Software Developers, Applications	15	\$1,427,400	\$1,491,048	\$1,539,408	\$1,739,712	\$1,400,568	\$1,805,544	\$1,691,040
Web Developers	15	\$1,273,584	\$1,318,200	\$1,373,736	\$1,543,776	\$1,238,016	\$1,610,232	\$1,514,448
Software Developers, Systems Software	10	\$998,400	\$1,046,240	\$1,076,816	\$1,219,296	\$983,216	\$1,262,768	\$1,180,608
Computer Network Architects	5	\$465,088	\$484,952	\$501,592	\$566,280	\$455,520	\$588,224	\$551,512
Computer and Information Systems Managers	2	\$246,314	\$269,069	\$277,181	\$330,429	\$239,408	\$321,859	\$282,755
Computer Network Support Specialists	2	\$146,931	\$150,218	\$158,538	\$176,717	\$141,274	\$185,869	\$175,053
General and Operations Managers	1	\$107,037	\$115,960	\$121,888	\$147,472	\$103,106	\$143,707	\$125,653
Total	50	\$4,664,754	\$4,875,686	\$5,049,158	\$5,723,682	\$4,561,107	\$5,918,203	\$5,521,069



Current Employment

The table below provides the number of people currently employed in positions in the related occupations. The analysis includes a sample of likely occupations for this type of project and does not include all of the current employment in a given industry.

Occupation	Phoenix	Austin	Denver	New York	Salt Lake City	San Francisco	Seattle
Software Developers, Applications	13,028	13,491	20,187	75,108	6,450	43,466	53,363
Web Developers	2,060	1,674	1,457	12,206	1,013	5,461	5,327
Software Developers, Systems Software	7,730	7,558	7,380	19,271	3,682	17,135	15,337
Computer Network Architects	2,297	1,928	4,503	9,739	634	3,857	3,392
Computer and Information Systems Managers	138	566	205	1,793	136	2,444	1,316
Computer Network Support Specialists	4,973	2,371	2,846	13,938	1,089	3,698	3,353
General and Operations Managers	39,261	18,982	23,608	150,563	23,136	42,052	29,905
Total	69,487	46,570	60,187	282,616	36,141	118,113	111,992

Fringe and Mandated Benefits

- The table below breaks down the fringe and mandated benefits costs which are in addition to base payroll.
- Retirement and Savings Plans and Life and Health Insurance are calculated at a standard 5.87% and 11.5% of total payroll respectively. The percentages are based on Bureau of Labor Statistics average employer costs.
- Social Security is set at a standard federal rate of 6.2% of total payroll.
- Worker's compensation is a set rate per \$100 of total payroll that all employers must pay and is calculated using a survey released by the Oregon Department of Consumer Services. The standard rate in Arizona is \$1.50 per \$100 of total payroll. Actual calculations are based on individual risk rates of specific occupations used in the analysis.
- Unemployment Insurance is a set rate per employee based on the amount of wages subject to tax and the percentage of income taxed.

Metro	Retirement And Savings Plan	Life And Health Insurance	Social Security	Workers Compensation	Unemployment Insurance	Total Annual Cost	Index
Phoenix	\$265,891	\$531,781	\$289,214	\$10,729	\$7,000	\$1,104,615	100.0%
Austin	\$277,917	\$555,834	\$302,296	\$9,751	\$12,150	\$1,157,947	104.8%
Denver	\$287,808	\$575,616	\$313,055	\$9,089	\$10,710	\$1,196,278	108.3%
New York	\$326,248	\$652,496	\$354,866	\$29,191	\$16,095	\$1,378,895	124.8%
Salt Lake City	\$259,988	\$519,976	\$282,794	\$7,298	\$56,595	\$1,126,651	102.0%
San Francisco	\$337,327	\$674,654	\$366,917	\$32,549	\$11,900	\$1,423,346	128.9%
Seattle	\$314,694	\$629,387	\$342,298	\$7,177	\$26,015	\$1,319,572	119.5%

Real Estate

The estimated annual real estate costs for each metro are equal to the estimated annual lease rate for Office: Central Business District real estate times the square-footage.

Metro	Lease Rate	Square Feet	Total Annual Cost	Index
Phoenix	\$27.63	10,000	\$276,300	100.0%
Austin	\$50.39	10,000	\$503,900	182.4%
Denver	\$36.18	10,000	\$361,800	130.9%
New York	\$74.69	10,000	\$746,900	270.3%
Salt Lake City	\$33.02	10,000	\$330,200	119.5%
San Francisco	\$82.19	10,000	\$821,900	297.5%
Seattle	\$46.50	10,000	\$465,000	168.3%



Property Taxes

The estimated annual property tax payments for each metro are equal to the effective tax rate times the value of the taxable property. Note that an effective tax rate is equal to the original tax rate times the corresponding assessment ratio.

Metro	Effective Personal Tax Rate	Taxable Personal Property	Total Annual Cost	Index
Phoenix	2.24%	\$2,500,000	\$55,935	100.0%
Austin	2.21%	\$2,500,000	\$55,350	99.0%
Denver	2.24%	\$2,500,000	\$55,916	100.0%
New York	0.00%	\$2,500,000	\$0	0.0%
Salt Lake City	1.33%	\$2,500,000	\$33,363	59.6%
San Francisco	1.18%	\$2,500,000	\$29,500	52.7%
Seattle	1.04%	\$2,500,000	\$25,951	46.4%

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