COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: January 15, 2008
Staff Report #: 08-008

Agenda Item #: F1

REGULAR BUSINESS: Consideration of the Request for Proposal (RFP) for the Fiscal Impact Analysis (FIA) for a Mixed-Use Office, Research and Development (R&D), Hotel, and Health Club Project at 101 to 155 Constitution Drive and 100 to 190 Independence Drive and the Creation of a Council Subcommittee for the FIA Process.

RECOMMENDATION

Staff recommends that the City Council approve the attached Request for Proposals (RFP) for the Fiscal Impact Analysis (FIA) for the proposed mixed-use development incorporating office, research and development (R&D), hotel, and health club elements located at 101 to 155 Constitution Drive and 100 to 190 Independence Drive and create a Council Subcommittee for the FIA process.

BACKGROUND

The City Council has reviewed the current version of the Constitution and Independence project proposed by Bohannon Development Company five times over the past 10 months with meetings on the following dates:

- City Council Presentation – March 20, 2007
- City Council Environmental Impact Report (EIR) Scoping Session – June 19, 2007
- City Council EIR Scoping Session – July 10, 2007
- City Council Review of FIA Procedure – July 31, 2007
- City Council Review of EIR Scope and Development Agreement Procedure – October 23, 2007

The focus of this report is on the review of the fiscal impacts of the proposed project. All of the previous reports and minutes related to this project, including Planning Commission meetings, are available on the City maintained project page at the following website address:

http://www.menlopark.org/projects/comdev_iac.htm

The applicant has prepared two FIAs – one for the earlier version of the project and one for the current version of the project. Staff has included these two documents plus a peer review of the first FIA and a response to the peer review on the project page for reference as follows:

- Fiscal Impact Analysis, Prepared for Applicant by Brion & Associates, dated October 2005
- Fiscal Impact Analysis Peer Review, Prepared for City by Conley Consulting Group, dated April 2006
- Fiscal Impact Analysis Peer Review Response Memo, Prepared for Applicant by Brion & Associates, dated January 2007
- Fiscal Impact Analysis, Prepared for Applicant by Brion & Associates, dated June 2007

At the July 31, 2007 meeting, the City Council directed staff to obtain an independent FIA of the proposed project, with the selection of the financial analysis consultant conducted through a RFP process. The minutes of the meeting are included as Attachment B. The minutes reference correspondence submitted from a resident; the correspondence is included as Attachment C.

At the October 23, 2007 meeting, the City Council provided direction on the scope of the EIR and work is proceeding based on this direction.

ANALYSIS

RFP Content

The Draft RFP for an FIA (Attachment A) reflects staff's understanding of Council direction to date on the project, including direction on the EIR. The following is a summary of the key components of the recommended scope of work:

- Review the fiscal impact assumptions provided by the applicant to determine reasonableness and then submit findings and modified assumptions for City review.
- Review the City's 2002 Fiscal Impact Model for context.
- Analyze the fiscal impact of the project and each of the five alternatives approved by the Council in the EIR scope.
- Analyze the fiscal impact of the project and each of the five alternatives within the context of two scenarios: 1) the office component generates sales/use tax at a rate that reflects a best estimate based on local market comparables, and 2) the office component generates zero sales/use tax revenue.
- Prepare three drafts of the FIA, including one that provides an opportunity for public input.

The RFP does not ask for a fiscal analysis of the entire M-2 zoning district because staff does not believe that such an analysis is consistent with the approach to the project that the Council authorized when approving the EIR scope. The City is proceeding with the processing of a request for a specific development proposal at 101 to 155 Constitution Drive and 100 to 190 Independence Drive. The City is not considering any other changes to the General Plan at this time. Any future development requests on other properties in the M-2 zoning district would be reviewed on their own merits.

FIA Council Subcommittee

The project includes a request for a Development Agreement, and the FIA will be used as a tool for the City during the Development Agreement negotiations. On October 23, 2007, staff recommended the formation of a Council subcommittee to assist staff with the Development Agreement negotiations. Given the sequence of events in the review process, staff does not believe that a subcommittee needs to be formed yet for that purpose, but staff believes that a subcommittee for the FIA process would be helpful at this point in order to assist staff in preparing for the deliberations of the full Council. The staff-recommended process embedded in the RFP and summarized below includes the creation of a subcommittee. The primary responsibilities of the subcommittee would be to review the proposals as part of the consultant selection process and to review the assumptions that the consultant will use to prepare the FIA.

RFP Process

Staff is recommending the following process for issuing the RFP and selecting the consultant:

- Staff would send out the RFP on Wednesday, January 16, 2008 with a submittal deadline of Thursday, February 7, 2008;
- The subcommittee and staff would commence review of the proposals on Friday, February 8, 2008;
- Depending on the number and quality of the proposals, the subcommittee and staff would decide whether interviews were necessary by Tuesday, February 12, 2008;
- If interviews are warranted, staff would schedule them to occur on Tuesday, February 19, 2008;
- The subcommittee and staff would determine a consultant to recommend to the full Council no later than Thursday, February 21, 2008; and
- The full Council would review the recommended consultant proposal to consider awarding the contract on February 26, 2008.

Firms Receiving RFP

Staff intends to send the RFP to the following firms, all of which prepare FIAs and have Bay Area offices:

- Bay Area Economics (www.bae1.com)
- Conley Consulting Group (www.conley-group.com)
- Economic & Planning Systems (www.epsys.com)
- Keyser Marston Associates (www.keysermarston.com)
- Mundie and Associates (www.mundie.com)
- MuniFinancial (www.muni.com)
- Seifel Consulting, Inc. (www.seifel.com)

IMPACT ON CITY RESOURCES

The applicant is required to pay planning permit fees, based on the Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to bear the cost of the associated environmental review and FIA. For the environmental review and FIA, the applicant deposits money with the City and the City pays the consultants.

POLICY ISSUES

The proposed project will ultimately require the Council to consider a policy decision whether to change the General Plan land use designation and the zoning classification for the property. The FIA will provide information that will ultimately inform the Council's decision, along with the EIR, public comment and other information sources.

Staff is pursuing an FIA for one other project at this time – 1300 El Camino Real. 1300 El Camino Real is a project that requires the preparation of an EIR, but does not require a General Plan Amendment. Staff could use the Council's direction on the Constitution and Independence project FIA as a guide in pursuing the FIA for the 1300 El Camino Real project.

ENVIRONMENTAL REVIEW

The preparation of a FIA is not considered a project under the California Environmental Quality Act (CEQA). An Environmental Impact Report (EIR) is being prepared for the development proposal itself.

Thomas Rogers Associate Planner Report Author	Justin Murphy Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed.

In addition, the City has prepared a project page for the proposal, which is available at the following address: http://www.menlopark.org/projects/comdev_iac.htm. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated.

ATTACHMENTS

A. Draft Request for Proposal (RFP) for Fiscal Impact Analysis (FIA)
B. Excerpt of Minutes of the City Council Meeting of July 31, 2007
C. Correspondence from Patti Fry, dated July 31, 2007

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ATTACHMENT A

DRAFT

Request for Proposal (RFP)

for a Fiscal Impact Analysis (FIA)

January __, 2008

Section 1: Background

About Menlo Park

The City of Menlo Park is located on "The Peninsula," between San Francisco and Oakland on the north and San Jose on the south. The City enjoys easy access from both US-101 and Interstate 280, as well as a direct connection to the "East Bay" via the Dumbarton Bridge. The City borders the communities of Atherton, Redwood City, Woodside, East Palo Alto, and Palo Alto, as well as unincorporated San Mateo County lands. In addition, the City is adjacent to Stanford University, along the City's southeastern border. As estimated by the Association of Bay Area Governments (ABAG) in *Projections 2007*, the City in 2005 was home to a total of 30,700 residents and 25,880 jobs. The City's residential neighborhoods are complemented by a number of active commercial areas, most notably the El Camino Real and Sand Hill Road corridors, the central downtown district along Santa Cruz Avenue, and the M-2 industrial district near Bayfront Expressway and US-101.

The City of Menlo Park has a total budget of $35.9 million for fiscal year 2007-2008. The City's budget may be found at the following website address

http://www.menlopark.org/departments/fin/budget_0708a.pdf

The City's annual Comprehensive Annual Financial Report (CAFR) can be found at the following website address:

http://www.menlopark.org./departments/fin/CAFR2007.pdf

The City of Menlo Park is served by the Menlo Park Fire Protection District and the West Bay Sanitary District.

Project Description

The project sponsor, the Bohannon Development Company, proposes to amend the Menlo Park General Plan designation for several parcels at 100 and 190 Independence Drive Independence Drive ("Independence site") and at 101 and 155 Constitution Drive ("Constitution site") from Limited Industry to a new Mixed-Use Commercial Business Park designation. See enclosed project area map. Future uses at the two sites would continue to include research & development facilities and offices (and may include light manufacturing and assembly) provided for by the Limited Industry designation, but would also include uses

intended to serve businesses in the area (e.g., cafes/restaurants, convenience stores, and health/fitness centers) and hotel/motel uses. The maximum floor area ratio (FAR) would increase from the 45 - 55% under Limited Industry to 100% for commercial business uses, plus 25% for hotel, and 13.5% for business services under the Mixed-Use Commercial Business Park designation.

The proposed project also would rezone the Independence and Constitution project sites from a General Industrial (M-2) district, which permits warehousing, manufacturing, printing, assembling, and office uses, to a new Mixed Use Commercial Business Park (M-3) district, which will permit administrative and professional offices, research and development, light industrial, motel or hotel, health and fitness centers, restaurants/cafés, convenience stores, parking structures, and storage. The proposed rezoning would permit an increase in the allowable FAR, building coverage, and building heights (see discussion above for the General Plan land use designations).

The project sponsor is proposing that a mix of office, research and development, hotel, health club, restaurant/café, convenience store, and other uses be permitted in the new M-3 district for the Independence site and that a mix of office, office-flex, and research & development space be permitted for the Constitution site. The specific development proposal is for a total of 962,196 square feet, which includes a 235-room hotel.

The project sponsor also proposes to enter into a Development Agreement with the City to secure entitlements for an extended period of time in exchange for demonstrable public benefits.

The Environmental Impact Report (EIR) is currently underway. Additional information about the project, including staff reports and minutes of various Planning Commission and City Council meetings, is available at the following website address:

http://www.menlopark.org/projects/comdev_iac.htm

Section 2: Scope of Work

The consultant is expected to prepare a Fiscal Impact Analysis for the project and each of the five (5) alternatives that are being studied in the EIR. See enclosed summary table of the project and alternatives. Please note that the fifth alternative is a sensitivity analysis that will be determined through the EIR process.

The Fiscal Impact Analysis should identify projected City and Fire District revenues derived from the project and the costs for providing services to the project over a 20-year period presented in constant 2008 dollars in a net annual and on a cumulative basis. All assumptions and methodologies shall be documented. The analysis should also identify all related economic impacts (revenues and costs) associated with the project. The analysis will be used by the City Council as one of the inputs in the decision making process on the project.

In preparing the Fiscal Impact Analysis, the consultant shall review and comment on the project sponsor's Fiscal Impact Analysis which has already been prepared and is available at the following website address:

http://www.menlopark.org/projects/comdev_iac.htm

(Please note the project sponsor's Fiscal Impact Analysis includes separate market studies for the hotel market and the fitness club market.)

As one of the initial steps in the analysis, the consultant shall review and comment on the City's Fiscal Impact Analysis Model, which was last updated in 2002, to determine if there is any value in using the model in preparing the analysis.

When considering potential retail sales/use tax revenue from the office buildings, the analysis shall include both a best estimate scenario based on local market comparables and a scenario that assumes zero sales/use tax.

During the preparation of the fiscal impact analysis, all communications should be with or through City staff. Direct communication with the project sponsor, including its team members, without the involvement of City staff is prohibited. Upon request, City staff will provide the consultant with City sales tax data for use in the Fiscal Impact Analysis. Release of data deemed confidential by the City and/or the State of California State Board of Equalization is subject to execution of a confidentiality agreement limiting the use and further disclosure of the data.

The assumptions to be used in the analysis shall be submitted for City review and approval prior to commencing analysis of the various alternatives and variants. The assumptions will be reviewed by staff and a Council subcommittee.

The consultant shall prepare an administrative draft, a screen check draft, a public review draft and a final draft of the Fiscal Impact Analysis.

Section 3: Proposal Content

Please submit a comprehensive response to this request.

<u>Cover Letter</u>

Please begin with a letter introducing your firm, summarizing your participating staff's general qualifications and the firm's specific approach to completing the requested Fiscal Impact Analysis. Also indicate the length of time for which the proposal is effective (minimum of 60 days).

<u>Work Program</u>

Please provide a detailed plan for the services to be provided. Identify any tasks that City staff is expected to complete.

Data Needs

List all information or data sources required to complete the requested analysis and indicate whether the data is best provided by the City or the project sponsor via the City.

Schedule

The proposal shall include a preliminary project schedule that identifies milestones and completion dates by task beginning with the date the City signs a contract with the consultant through formal review and acceptance of the Fiscal Impact Analysis by the City Council.

Budget and Fees

Please provide a fee estimate on a task-by-task basis. The proposal shall include a spreadsheet identifying participating personnel, hourly billing rates, project responsibilities, and estimated amount of time expected for each task, expressed in person-hours. The proposed budget is to be presented as "not-to-exceed," with all overhead/expenses included in the figure. The consultant should outline the terms of payment, based on monthly billings to the City.

Key Personnel

Please identify the names of key personnel expected to perform tasks, their respective titles, experience, and periods of service with the firm. Clearly identify the primary contact person for the proposal. If sub-consultants will be used in the preparation of the Fiscal Impact Analysis, include similar details for these team members in this section.

Availability

Provide a brief statement of the availability of key personnel of the firm to undertake the proposed project.

Project list

List related projects completed by the firm, along with relevant background information (*maximum of 10 examples*). For projects that were completed by a team of consultants, please clarify the specific contribution to the project by your firm.

References

Provide names and telephone numbers of persons the City can call for references regarding the firm's past performance, preferably on similar projects.

Disclosure

Please disclose whether your firm and/or any personnel or sub-consultants to be assigned to this project have previously performed any work for the project sponsor or any of its consulting

team, specifically, Brion & Associates, Community Design + Architecture, EnviroTrans Solutions, Inc., and/or Steefel, Levitt & Weiss, Luce Forward (or Timothy Tosta or Jennifer Renk or Joe Ferrucci), and if so, what work was performed, for whom such work was performed and the date of such work.

Section 4: Selection Process

Please submit seven (7) bound copies, one (1) unbound, single-sided copy on standard-weight paper (no heavy-weight paper or tabbed dividers), and one (1) CD-R including a PDF copy of your proposal at your earliest convenience, but no later than **February 7, 2008** at 5:00 p.m. to:

Thomas Rogers, Associate Planner
Community Development Department
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Proposals will be reviewed by a two-member City Council subcommittee in consultation with the following City staff:

- City Manager Glen Rojas
- Community Development Director Arlinda Heineck
- Finance Director Carol Augustine
- Business Development Manager David Johnson
- Development Services Manager Justin Murphy

The subcommittee and/or City staff will conduct interviews, if deemed necessary, on February 19, 2008 with the intent of providing a recommendation for the review and approval of the City Council on February 26, 2008. As part of the selection process, the City may decide to post proposals on the City's website.

Section 5: Enclosures

- Project Location Map
- Project and Alternative Data Table

If you have any questions during the preparation of your proposal, please contact Thomas Rogers, Associate Planner, by telephone at (650) 330-6722, facsimile at (650) 330-327-1653 or by email at throgers@menlopark.org.

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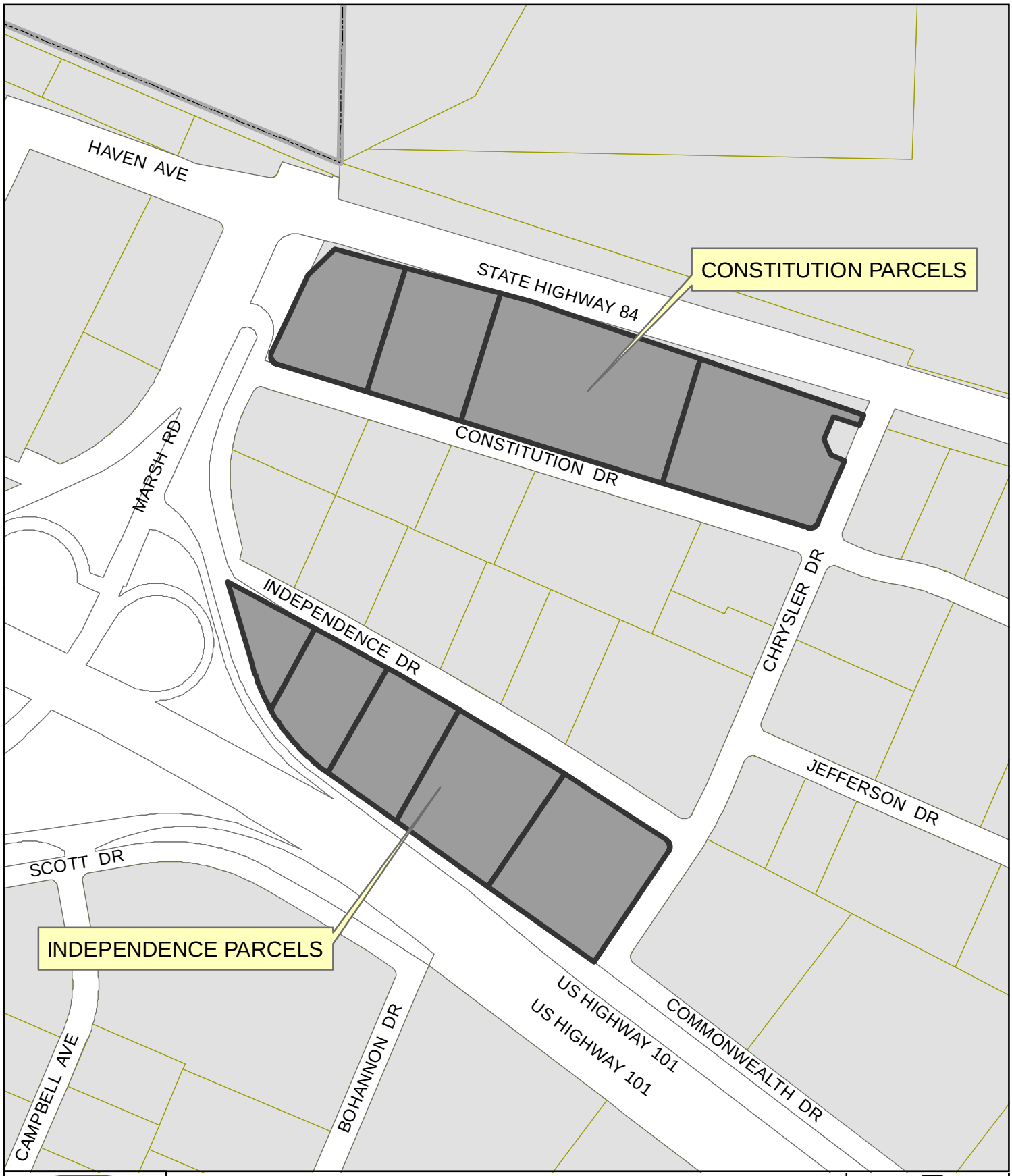

CITY OF MENLO PARK

LOCATION MAP

BOHANNON OFFICE/HOTEL MIXED-USE

A1

DRAWN: THR CHECKED: THR DATE: 06/04/07 SCALE: 1" = 300' SHEET: 1

Project and Alternatives Data Table
Constitution and Independence Project

	Project	Alternative 1 No Project; Existing Buildings Re-Occupied	Alternative 2 No Project; Existing M-2 Build Out	Alternative 3 Office at Current M-2 Maximum (45% FAR); Hotel/Health Club per Current Proposal	Alternative 4 Total FAR per Original Proposal; Hotel/Health Club per Current Proposal	Alternative 5 Reduced-Intensity Alternative Based on Sensitivity Analysis	
Independence Site							
Lot Area	308,815	308,815	308,815	308,815	308,815	308,815	sf
Floor Area							
Office/R&D	200,000	85,057	138,967	138,967	220,803	TBD	sf
	100.0%	*27.5%*	*45.0%*	*45.0%*	*71.5%*		*FAR*
Restaurant	6,947	0	0	6,947	6,947		sf
	1.0%	*0.0%*	*0.0%*	*1.0%*	*1.0%*		*FAR*
Health Club	76,420	0	0	76,420	76,420		sf
	11.0%	*0.0%*	*0.0%*	*11.0%*	*11.0%*		*FAR*
Hotel	173,682	0	0	173,682	173,682		sf
	25.0%	*0.0%*	*0.0%*	*25.0%*	*25.0%*		*FAR*
Retail/Community	0	0	0	0	0		sf
	1.5%	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*FAR*
Total	457,049	85,057	138,967	396,015	477,851		sf
	148.0%	*27.5%*	*45.0%*	*128.2%*	*154.7%*		*FAR*
Constitution Site							
Lot Area	385,911	385,911	385,911	385,911	385,911	385,911	sf
Floor Area							
Office/R&D	494,726	133,694	173,660	173,660	275,926	TBD	sf
	128.2%	*34.6%*	*45.0%*	*45.0%*	*71.5%*		*FAR*
Restaurant	0	0	0	0	0		sf
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*FAR*
Health Club	0	0	0	0	0		sf
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*FAR*
Hotel	0	0	0	0	0		sf
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*FAR*
Retail/Community	10,421	0	0	10,421	10,421		sf
	2.7%	*0.0%*	*0.0%*	*2.7%*	*2.7%*		*FAR*
Total	505,147	133,694	173,660	184,081	286,347		sf
	130.9%	*34.6%*	*45.0%*	*47.7%*	*74.2%*		*FAR*
Total Project							
Lot Area	694,726	694,726	694,726	694,726	694,726	694,726	sf
Floor Area							
Office/R&D	694,726	218,751	312,627	312,627	496,729	TBD	sf
	100.0%	*31.5%*	*45.0%*	*45.0%*	*71.5%*		*FAR*
Restaurant	6,947	0	0	6,947	6,947		sf
	1.0%	*0.0%*	*0.0%*	*1.0%*	*1.0%*		*FAR*
Health Club	76,420	0	0	76,420	76,420		sf
	11.0%	*0.0%*	*0.0%*	*11.0%*	*11.0%*		*FAR*
Hotel	173,682	0	0	173,682	173,682		sf
	25.0%	*0.0%*	*0.0%*	*25.0%*	*25.0%*		*FAR*
Retail/Community	10,421	0	0	10,421	10,421		sf
	1.5%	*0.0%*	*0.0%*	*1.5%*	*1.5%*		*FAR*
Total	962,196	218,751	312,627	580,096	764,199		sf
	138.5%	*31.5%*	*45.0%*	*83.5%*	*110.0%*		*FAR*

ATTACHMENT B

CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
APPROVED EXCERPTS
Tuesday, July 31, 2007
7:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
Menlo Park City Council Chambers

7:00 p.m. REGULAR MEETING (Menlo Park City Council Chambers)

ROLL CALL - Fergusson, Cohen, Boyle, Cline, Robinson

Staff present - Acting City Manager Heineck, City Attorney McClure and City Clerk Vonderlinden. Other City staff was present in the audience.

F. REGULAR BUSINESS

4. Consideration of Fiscal Impact Analysis (FIA) procedure for a proposal for a mixed-use office, Research and Development (R&D), hotel, and health club project at 101 to 155 Constitution Drive and 100 to 190 Independence Drive. (Staff Report #07-136)

Thomas Rogers, Associate Planner, presented the report to Council. He spoke about the options before Council and staff's recommendation. He provided details on a fiscal impact analysis model developed in 2002 but not currently in use. Mr. Rogers referred to a piece of correspondence from a resident, Ms. Patty Fry, and how she advocates for an expansion of the scope of work.

Council discussed the model used in 2002 and Ms. Heineck provided details on what it would take to update it for use now. She said that resources would have to be drawn from Community Development and the Finance Division to resurrect the tool. She explained that it would be essential for the Council to review the assumptions and the model itself prior to its use as an assessment tool. Mayor Fergusson asked staff to clarify the process whereby this tool was used and discontinued and Ms. Heineck provided details. Council discussed the Fiscal Impact Analysis (FIA) and Peer Review (PR) assumptions and methodology with Mr. Rogers providing details. Council asked questions about the FIA and Mr. Rogers explained a standard FIA and what it covers. Council Member Robinson said he read the 2005-06 Analysis and Peer Review and found it illuminating. Council Member Robinson said that the report references the 2002 tool and so he found the methodology useful. Council discussed the timeline and staff said that if option two was selected this would not result in a delay.

Council discussed the two documents that have been released. Mr. Murphy said that the two documents were referenced in the staff report tonight. Vice Mayor Cohen would have liked to have known that these two documents were out earlier. Mr. Murphy provided details and explained that staff had no intention of withholding the documents. Council Member Cline asked about current practices regarding the FIA. Mr. Rogers provided detailed on the process that is commonly followed and the two paths that are available to Council. Option two of preparing a City-controlled fiscal impact analysis was discussed and Mayor Fergusson said she had questions of the applicant. Council Member Boyle asked for a point of order to have Council decide whether the meeting should go past midnight. Council discussed the matter and was hopeful that this would be over by midnight. Three Council Members supported going beyond midnight.

Mayor Fergusson asked if the application is at a point of benefiting from a Study Session. Ms. Heineck confirmed that was the case. Mr. Murphy explained details of the application. Council Member Cline asked about what has been done in the past regarding fiscal analysis. Mr. Rogers

explained that the Rosewood Hotel and Linfield projects followed a similar approach to that being recommended where the applicant prepared its own FIA followed by a peer review.

Public Comment
Paul Collacchi, former Mayor of Menlo Park, and speaking with time donated by Morris Brown, provided a history on the fiscal model used around 2000 and 2002. He explained the direction given to staff by Council. Mr. Collacchi said that the model might have been discontinued between 2002 and 2004 but he suggests reusing it and he explained its benefits.

Elias Blawie, with time donated by Dan Brawner, asked Council to support an independent FIA. He asked that the process be open, transparent and respected. He provided history and he shared his surprise at how much discretion he believes staff has in the process. He believes the public is being left out. Mr. Blawie read from the minutes regarding the model and he supported Ms. Fry's comments. He said he is supportive of reasonable development consistent with the General Plan but when major changes are proposed he wants compelling and clear benefits.

Vincent Bressler requested that housing impacts be evaluated for this project. He thanked Council Member Boyle for talking about public input and its need. He does not support having someone who has a conflict of interest report the impacts because they are not impartial.

Joanne Goldberg said that this might be setting a precedent for M2 and other areas. She is looking for a long-term analysis including review of other items such as direct and indirect impacts. She asked that this be a City controlled process.

Council Member Cline said he had asked staff about the model and he asked Ms. Heineck to expand on the response she had given him about the model. Ms. Heineck said that the model was developed to be used for individual projects and not for a larger area. She said that when Council used it for the M2 study, it required adjustments to the model and the results were criticized based on the model not being used for its original purpose. She said that the model was not used after that based on the criticism and subsequent budget cuts that did not allow for the annual updating of the model. Council Member Cline suggested a hybrid model and Ms. Heineck explained that there would be benefit in reviewing the model independently from a particular project.

Council Member Robinson asked questions about the different methodologies. Mr. Rogers explained the internal review process and the roles played by the Finance and Community Development staff. Ms. Heineck explained that the Finance Division plays a key role in establishing the City cost assumptions. Subsequently, the Community Development Department applies project data to the model. Mr. Rogers and Mr. Murphy, Community Development Services Manager, explained their experience with fiscal impact assessments. Mr. Murphy said that during the review for the Rosewood Hotel, the Council provided direction to staff on the analysis method which included an analysis prepared by the project applicant and an independent peer review controlled by staff. Council Member Boyle was doubtful that the previous model would fit all projects. He provided reasons why he does not think this would be a good approach. He also pointed out that the model does not include housing. A discussion about the zoning designation ensued and staff provided details about the industrial designation. Council Member Robinson said that even when the model is applicable there are impacts that will not be covered. He cautioned Council and himself that the final judgment will be based on the totality of the impacts and not just on one analytical tool. He would consider going with option two but he is not too committed to the RFP process. He suggested Ms. Connelly as the independent reviewer because she seems to have a good grasp of the issues.

Mayor Fergusson said that the question for her is how to fulfill the goals set out by the General Plan and creating a fiscal impact analysis that is trustworthy. Mayor Fergusson feels that resurrecting the previous model is like creating a new project. She said that as good as it may have been she does not see it as the best option and she witnessed the level of controversy over

it so she does not want to fight that battle. She supported option two but she is interested in the RFP process. She wants the City to have full control of the process. She agreed with Council Member Robinson that the final decision will be based on the sum of the parts. Council Member Cline said that a consistent method would be good and one that factors in the various elements. He fully understands the model and why it was created. He supported looking at it again but he is not certain of the timing. He would like to take the subjectivity out of this and he is looking for uniformity in the process. He supported the City being in charge of the process and an RFP process.

Vice Mayor Cohen said he cannot ignore former Mayor Collacchi's input at the cost of expediency. He cannot support option two without looking at the previous model. Council Member Boyle supported option one including a broader scope of work and specifying that the peer review also cover those items. He said that if Council is not ready to accept the current fiscal impact analysis Council could ask for more detail. Ms. Heineck confirmed that Council could do that. Council Member Cline supported looking at the model but maybe making it a long-term project. Vice Mayor Cohen talked about the Derry Project and how $100,000 was accepted in-lieu of looking at the consultants' work and comments. Mayor Fergusson said she would honor the model by asking the consultant to look at it and she would like to consider resurrecting it with the priorities and goal setting process and allow a full Council discussion around it. Council Member Robinson found a need for this model because there is no baseline. He added that there is a benefit in having a model because there are commonalities in all projects.

M/S Cline/Robinson to conduct City controlled Fiscal Impact Analysis (option two) with a Request for Proposal being issued and reviewed by Council, including having the consultant review the previous model.

City Attorney McClure said that staff could prepare the RFP and bring it back for Council approval. Staff asked questions about the FIA. Vice Mayor Cohen said that if staff were to incorporate Ms. Fry's recommendations he would say that was a good thing. Council Member Boyle suggested that the motion include that the RFP include review of the applicants' FIA. **The maker of the motion and second accepted such suggestion.**

Motion as restated by City Attorney McClure:
Motion to adopt option two (City controlled Fiscal Impact Analysis) prepared by a consultant contracting with City staff, having staff prepare a draft RFP to bring back to Council for approval and the RFP will have a provision that the selected consultant will review the assumptions and other data that was utilized in conjunction with the City developed model to see if any information or material may be incorporated into this analysis. The motion also directs staff to proceed with a Peer Review of the existing Fiscal Impact Analysis subject to the applicants' approval of spending the money.

Council Member Robinson asked that staff come back with a couple of different RFP's for Council's consideration. Staff is to include various options and consider input from the public like Ms. Fry's letter. The Mayor asked the applicant to comment.

Mr. Bohannon thanked the public and Council for its input and discussion.

Motion carries 3-1-1 with Council Member Boyle opposing and Vice Mayor Cohen abstaining.

K. ADJOURNMENT – The meeting adjourned at 12:27 a.m.

Respectfully submitted,

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Silvia M. Vonderlinden, Certified Municipal Clerk

Approved as submitted at the Council Meeting of September 18, 2007.