



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: April 22, 2008
Staff Report #: 08-055

Agenda Item #: F1

REGULAR BUSINESS: Consideration and Implementation of a Process for Selecting a Consultant for the Fiscal Impact Analysis (FIA) for the Proposed Development Project Located at 1300 El Camino Real.

RECOMMENDATION

Staff recommends that the City Council approve a staff-conducted review process for selecting a consultant for the Fiscal Impact Analysis (FIA) for the proposed development project at 1300 El Camino Real.

BACKGROUND

The City Council last reviewed the current version of the 1300 El Camino Real project proposed by Sand Hill Property Company on August 28, 2007 as an information item on the revised application and the Notice of Preparation for the Environmental Impact Report (EIR). As currently proposed, the applicant would demolish buildings associated with an existing vacant auto dealership and construct two commercial buildings for a total of 110,066 square feet. The proposal includes a primary project and two variations. While the building footprint and size would remain the same in each variation with a Floor Area Ratio (FAR) of 75 percent, the proposed mix of uses varies. The primary project description and two project variations or options are as follows:

Primary Project Description

- Grocery Store/Market (51,681 square feet)
- Non-medical Office (58,385 square feet)

Option 1

- Grocery Store/Market (15,277 square feet)
- Retail/Restaurant (11,127 square feet)
- Health and Fitness Club with associated spa including sports massage (25,277 square feet)
- Non-medical Office (58,385 square feet)

Option 2

- Retail/Restaurant (26,266 square feet)
- Health and Fitness Club with associated spa including sports massage (25,415 square feet)
- Non-medical Office (58,385 square feet)

Additionally, an alternative is being studied as a part of the EIR that would include an 84,881-square-foot commercial building and a 41,694-square-foot residential building with 36 two-bedroom units (10.6 dwelling units/acre). The alternative proposal assumes an allowed density bonus of 15 percent, with a resulting total FAR of 86.25 percent.

The focus of this report is on the review process for selecting a firm to prepare the fiscal impact analysis for the 1300 El Camino Real project. All previous reports and related items for this project are available on the City maintained project page at the following website address:

http://www.menlopark.org/projects/comdev_1300ecr.htm

ANALYSIS

On March 10, 2008, staff distributed a Request for Proposal (RFP) for the FIA, which is included as Attachment A, to the following firms, which also received the RFP for the 101 to 155 Constitution Drive and 100 to 190 Independence Drive (Constitution and Independence) project:

- 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)

The RFP was modeled on the one prepared for the Constitution and Independence project and included the following key components of the recommended scope of work:

- Review the City's 2002 Fiscal Impact Model for context.
- Analyze the fiscal impact of the primary project description, the two project variants and the alternative being prepared for the EIR within the context of three scenarios: 1) the office component is occupied by sales-tax-generating uses (corporate sales offices, e.g.); 2) the office component is occupied by non-sales-tax-generating uses (law offices, e.g.); and 3) the office component is occupied by a mixture of sales-tax-generating uses and non-sales-tax-generating uses, with the projected balance based on market comparables.

- A market analysis comparing potential customer redistribution for grocery stores in the Menlo Park area and the potential for increased grocery store sales in Menlo Park.

Staff received proposals in response to the RFP from the following firms, all of which prepare FIAs and have Bay Area offices:

- Mundie and Associates
- MuniFinancial
- Seifel Consulting, Inc.

The three firms' proposals have been posted on the project web page. MuniFinancial and Seifel Consulting also submitted proposals for the Constitution and Independence project and were recently interviewed by a City panel comprised of City staff and a Council Subcommittee. The intent of the interview was to confirm the firm's understanding of the RFP, assess the firm's expertise in fiscal impact analysis, and determine if the firm is a good match for the City. Staff believes these recent interviews provided a fair opportunity to assess the competency of these two firms and that further interviews of MuniFinancial and Seifel Consulting are not needed at this time. The interview serves as one input in the overall selection process for a consultant on the 1300 El Camino Real project, which staff views independently from the selection process for the Constitution and Independence project.

The proposed process for the selecting the consultant for the 1300 El Camino Real project is for staff to:

- Interview Mundie and Associates, as they are the only firm that has not already been interviewed as part of the Constitution and Independence project FIA process;
- Review the proposals and qualifications of all three firms and develop a recommendation regarding the most qualified consultant for this project; and
- Present the recommended consultant proposal for Council consideration and award of contract on May 6, 2008.

Optional Approaches

The Council may wish to consider optional approaches to selecting a firm to prepare the FIA for the 1300 El Camino Real project. One option would be to have staff interview all three firms in order to allow the two previously interviewed firms an opportunity to respond specifically to the 1300 El Camino Real RFP and supplement their written proposals with an oral presentation. A second optional approach would be for the Council to form a Council subcommittee to select the firm to recommend to the full Council. Either of these options will result in increases to the project timeline. The Council may direct staff to interview all three firms and/or form a subcommittee at its April 22, 2008 meeting.

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 zoning classification for the property from C-4 (General Commercial Applicable to El Camino Real) to P-D (Planned Development). The FIA will provide information that will ultimately inform the Council's decision, along with the EIR, public comment and other information sources.

ENVIRONMENTAL REVIEW

The preparation of a FIA is not considered a project under the California Environmental Quality Act (CEQA). An EIR is being prepared for the development proposal itself. It is likely that the Draft EIR will be released prior to release of the Draft FIA.

Megan Fisher
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 project, which is available at the following address: http://www.menlopark.org/projects/comdev_1300ecr.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. Request for Proposal (RFP) for Fiscal Impact Analysis (FIA)



Request for Proposal (RFP) for a Fiscal Impact Analysis (FIA)

March 10, 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 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 general fund 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. This project site is served by Cal Water’s Bear Gulch District.

Project Location

The project site, which currently contains surface parking and a vacant auto dealership built in 1967, is located in Menlo Park in San Mateo County. The site comprises approximately 3.4 acres and is bounded by: Garwood Way and Caltrain railroad tracks to the north; mixed commercial and parking uses occupying the proposed Derry Mixed-Use Project site to the north and east; El Camino Real to the south; and a senior residential complex to the west. The site is within easy walking distance of the Menlo Park Caltrain station and downtown shopping and services. A map showing the location of the project site is attached as Figure 1.

Project Description

This project will be referred to as the “1300 El Camino Real Project.” The applicant, Sand Hill Property Company, has applied for the following:

Rezoning: Change the zoning of the project site from C-4 (ECR) (General Commercial Applicable to El Camino Real) to P-D (Planned Development).

Planned Development Permit: Establish development regulations and conduct architectural review for the proposed development.

Lot Merger and Minor Subdivision: Merge the six existing parcels and create up to four commercial condominium units.

BMR Agreement: To pay in-lieu fees associated with the City’s Below Market Rate Housing Program.

Heritage Tree Removal Permit: To remove two on-site and six off-site heritage trees.

Environmental Review: To review the proposed project for potential environmental impacts.

The applicant is proposing to demolish buildings associated with an existing vacant auto dealership and construct two commercial buildings for a total of 110,066 square feet and approximately 420 parking spaces located at grade and in an underground parking structure. The proposal includes a primary project and two variations. While the building footprint and size would remain the same with a Floor Area Ratio (FAR) of 75 percent, the proposed mix of uses varies. The primary project description and two project variations or options are as follows:

Primary Project Description

- Grocery store/Market (51,681 square feet)
- Non-medical Office (58,385 square feet)

Option 1

- Grocery store/Market (15,277 square feet)
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- Non-medical Office (58,385 square feet)

Additionally, an alternative is being studied as a part of the Environmental Impact Report (EIR) that would include an 84,881-square-foot commercial building and a 41,694-square-foot residential building with 36 two-bedroom units (10.6 dwelling units/acre). The alternative proposal assumes a density bonus of 15 percent, with a resulting total FAR of 86.25 percent.

The front building is proposed to have a 25-foot setback off El Camino Real, and as viewed from El Camino Real, a 10-foot left side setback and a 145-foot right side setback. The rear building is proposed to have a 30-foot setback off Garwood Way, and as viewed from El Camino Real, a 71-foot left side setback and a 10-foot right side setback. The buildings are proposed to have a maximum height of approximately 40 feet. Figure 2 is the site plan of the project that will be analyzed in the EIR, and Figure 3 is the site plan for the EIR alternative.

The 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_1300ecr.htm

Section 2: Scope of Work

The consultant is expected to prepare a Fiscal Impact Analysis for the primary project description, two variants, and one alternative project description. The Fiscal Impact Analysis should identify projected City and other service district (including but not limited to fire, school, water, park, etc. districts that have direct and reasonably foreseeable indirect financial or operating impacts) 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.

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 component of the project, the analysis shall include three scenarios that compare to the high and low ranges of sales/use tax revenues of the vicinity (the downtown area and El Camino Real corridor) over the prior 10-year period:

- The office component is occupied by sales-tax-generating uses (corporate sales offices, e.g.);
- The office component is occupied by non-sales-tax-generating uses (law offices, e.g.); and
- The office component is occupied by a mixture of sales-tax-generating uses and non-sales-tax-generating uses, with the projected balance based on market comparables. This scenario shall be accompanied by a table of typical market rents by office use type.

As part of separate chapters or appendices, the analysis shall also include the following:

- Discussion and analysis of other legal methods equivalent to sales-tax-in-lieu mechanisms that would allow the city to secure ever-increasing revenue benefits from

the office and fitness components.

- A market analysis comparing potential customer redistribution for grocery stores in the Menlo Park area and increased grocery store sales in Menlo Park.

These components shall include at a minimum a qualitative analysis, and should include quantitative analysis as needed. These components shall be itemized in the proposed budget.

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.

Cover Letter

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).

Work Program

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 a minimum of three (3) 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, Kenneth Rodrigues and Partners, Inc., BKF Engineering, and/or Sand Hill Property Company (or Pater Pau, Jeff Warmoth, or Reed Moulds), 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 six (6) 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 **April 4, 2008** at 5:00 p.m. to:

Megan Fisher, Associate Planner
Community Development Department
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Proposals will be reviewed by 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 City staff may conduct interviews during of April 14, 2008 or April 21, 2008. Staff may negotiate specific modifications to a preferred proposal in consultation with the consultant. As part of the selection process, the City may decide to post proposals on the City's website.

Section 5: Figures

1. Project Location Map
2. Primary Project Site Plan
3. Alternative Site Plan with Housing

If you have any questions during the preparation of your proposal, please contact Megan Fisher, Associate Planner, by telephone at (650) 330-6737, facsimile at (650) 330-327-1653 or by email at mefisher@menlopark.org.

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