

April 3, 2008

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

Dear Ms. Fisher:

Mundie & Associates (M&A) is pleased to submit this proposal to assist the City of Menlo Park in its evaluation of the proposed 1300 El Camino Real Project by preparing an fiscal impact analysis of the project and several variants and alternatives that have been described by the City.

M&A is a San Francisco consulting firm, founded in 1981, that provides research-based services in land use and economics. Our staff is anchored by practitioners in urban planning, land use, and economic analysis. Principal staff are Roberta Mundie, President, and Suzanne Lampert, Vice President, who joined the firm in 1987.

Ms. Mundie and Ms. Lampert have over 30 years of experience in fiscal impact analysis, for projects ranging from single buildings to residential subdivisions, mixed-use projects, specific plans, and general plans. Our most recent work includes fiscal impact studies for:

- General Plans in Lodi, Emeryville, Lemoore, Los Banos, and Petaluma;
- two projects – expansion of the Costco store and development of a mixed use project (Peninsula Park), with housing, retail, and hotel uses, in Redwood City; and
- a mixed use project (auto mall, retail center, senior housing community, and possible ice rink), and reuse of the lands currently occupied by auto dealerships, in Pleasanton.

The Pleasanton study addresses some of the same issues as the 1300 El Camino Real study: variations in revenues generated by office space, potential variation in the types of new uses to be developed, and shifts in purchasing patterns from existing retailers within the city to the new outlets.

Further in the past, M&A prepared two important studies for the City of Menlo Park: a fiscal impact model and analysis for the General Plan update in 1990-1991, and an economic analysis of Palo Alto's Sand Hill Road extension in 1997. Ms. Mundie and Ms. Lampert were key contributors to both of these studies.

Our experience in fiscal impact analysis, including the preparation of spreadsheet-based models to project revenues and costs, provides a sound and comprehensive basis for the study you require of the 1300 El Camino Real project. M&A recognizes, for example, that:

- fiscal analysts project land use-based revenues and costs for 20 years using a methodology different from that used by cities' financial and other departments as they prepare one- or

two-year budgets, and consultants preparing fiscal impact studies must therefore work with staff of those departments to arrive at understandings of acceptable methodologies for estimating changes;

- fiscal analyses provide voluminous data that must be distilled into useful information that is presented in a format that is understandable to decisionmakers and to the lay public;
- information inputs as well as assumptions not based on concrete data must be clearly identified and described;
- background information – for example, to explain the difference between nominal and constant dollars, and the effects of different inflation rates on fiscal results – must be clearly presented; and
- some variables are beyond the control of local decisionmakers, and therefore sensitivity analyses focusing on those variables may be desirable to provide perspective on the full range of fiscal outcomes that could result from project approval.

The proposal that follows this letter briefly describes our understanding of the project, outlines a proposed work program, lists data we would need from the City (along with other requirements for City staff involvement), proposes a schedule and budget, and identifies staff who would be assigned to this project along with their availability. Appended to the proposal are a list of relevant projects, references, and the disclosure statement required by the City.

This proposal is effective for 90 days, subject to the following conditions: (1) staff availability may change, as other work opportunities arise, and (2) our billing rates are subject to adjustment at the beginning of each calendar year.

We hope we may look forward to working with you on this project. If you have any questions or require additional information, please do not hesitate to call us.

Suzanne Lampert
Senior Associate

Roberta Mundie
Principal

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UNDERSTANDING OF THE PROJECT

REVIEW OF THE RFP

The Sand Hill Property Company has submitted an application to the City of Menlo Park to redevelop a site located at 1300 El Camino Real. The site, which was previously occupied by an auto dealership, would be rezoned from C-4 (ECR) (General Commercial Applicable to El Camino Real) to P-D (Planned Development). The existing buildings would be demolished and replaced by two commercial buildings with parking. The two buildings would contain a total of 110,066 square feet of space; 420 parking spaces would be located in surface lots and an underground garage.

The proposal includes the possibility of different mixes of retail, office, and health/fitness club uses. The environmental impact report (EIR) for the project also considers a mixed-use project that would include a smaller commercial building than is proposed (84,881 square feet) along with a residential building (41,694 square feet, 36 housing units).

The City of Menlo Park desires a fiscal impact analysis that addresses the following questions:

- What impacts would the proposed project (including variants and alternative) have on the City's operating revenues and costs over a 20-year period? The RFP specifies that revenues and costs should be reported for the City as well as other identified service districts (school, water, park, etc. that have reasonably foreseeable indirect financial or operating impacts), and should be reported on a net annual basis and a cumulative basis in constant 2008 dollars.

A note about constant dollars: In today's fiscal environment, in which assessed values (and, therefore, property taxes) are limited to increases of no more than two percent per year absent sale or modification of a property, different revenues are likely to increase at different rates, and costs are likely to increase at still different rates. To report fiscal results in constant 2008 dollars properly, therefore, requires that inflation rates be assigned to all revenue and cost items, and that those revenues and costs be projected over the study period based on those rates and then discounted back to 2008 dollars at some common discount rate. This approach is used by Mundie & Associates in all of our multi-year fiscal studies.

- How would the revenue stream be affected by different levels of revenue from the office component of the project? The RFP identifies three possibilities to be considered, having to do with the proportion of office space – none, some, or all – that is occupied by sales tax-generating uses.
- What other revenue mechanisms are available that would “allow the City to secure ever-increasing revenue benefits the office and fitness components?” This question explicitly recognizes that the major source of revenue from these use types is typically the property tax, and that increases in property tax revenue are strictly limited unless a building is sold. Sales of nonresidential properties cannot be assumed; therefore, it is likely that – absent a supplemental revenue source – revenues from the project would cover an ever-decreasing proportion of costs over time. Other existing sources – such as business license taxes – must be examined to ascertain whether they (in current or restructured form) can fill the gap; if not, ideas for new revenue sources may be needed.

In addition, the City seeks analysis of the following issues:

- Is there value to using the City's existing Fiscal Impact Analysis Model, which was last updated in 2002, for this study? This model uses a linked series of spreadsheets to project revenues and costs.
- What proportion of grocery store sales at an outlet in the proposed project are likely to be shifted from other grocery stores in Menlo Park? Technically, this question addresses an economic issue rather than a fiscal one: only a portion of grocery store sales are subject to sales tax (which affects the fiscal analysis), but a shift in sales could jeopardize the viability of one or more existing grocery outlets.

THE SCOPE OF FISCAL ANALYSIS

Fiscal impacts are the effects of a project – in this case, the proposed development of the 1300 El Camino Real project – on the City's general fund. Typically, fiscal impact analysis is defined by the following guidelines:

- **Focus on one public agency.** Each public agency has its own budget: revenues collected and costs incurred by one agency do not affect those of the others (although the same factors may affect costs and revenues in more than one agency). This analysis would focus on the City of Menlo Park.

The RFP states that the study should also address fiscal impacts on other service districts (e.g., fire, schools, water, and parks). This study would also cover those agencies. The fiscal impacts on each would be reported separately to reflect the separate budget for each agency.

- **Focus on operating costs and revenues.** Operating costs are the annually-recurring costs of providing public services, such as general city administration, public safety, community development, street maintenance, and recreation. Typically, they cover staff salaries and benefits, office supplies, vehicle operating expenses (fuel, insurance, maintenance), maintenance of City facilities and infrastructure, and smaller items of equipment (those intended to be used for up to three years).

Operating revenues are the funds that are collected on an ongoing or recurring basis; they include taxes, license and permit fees, funds received from the state and federal government, and others. These funds are not earmarked for any particular use; instead, they are collected in the General Fund, and the City allocates them as it sees fit to cover the operating costs of public safety, public works, general government, recreation, and other services.

These ongoing/recurring costs of providing services and sources of revenue are the focus of the fiscal analysis.

- **Exclusion of capital costs.** Capital costs are the one-time costs that are incurred to buy or improve land, buildings, infrastructure, and major pieces of equipment. They are typically covered by development impact fees or major grants from the state and/or federal government. In some cases, a City or other public agency will borrow money (in the form of bonds) to pay for a major improvement and then repay that loan with impact fees, revenues from a service that is related to the improvement, special taxes, property tax increments (in the case of redevelopment projects), or other earmarked sources of funds.

Expenditures made for the infrastructure and other public improvements needed specifically to serve new development projects – e.g., roads within a project, extensions of water and sewer lines – are paid for by the developers of those projects. These expenditures are developer costs, not public costs, and consequently are not addressed in this study. If the City desires, M&A will provide estimates of impact fees and other exactions intended to cover capital costs for each of the agencies covered by the study.

- **Focus on the General Fund.** The General Fund of a city’s budget receives the greatest portion of revenues that are available for discretionary appropriation. It is used to fund the day-to-day operations of the city. Therefore, fiscal analysis focuses on the revenues that accrue to and the costs incurred by this fund.

Other funds in the city’s budget are “special funds,” which collect revenues that are designated for specific uses – which may be capital costs or operating costs – and distribute the money to pay for those uses. To the extent that other funds are linked directly to the General Fund, however, they are considered in this analysis.

- **Focus on direct costs and revenues.** Fiscal analysis considers the revenue and cost changes that result directly from actions or changes that occur within the city; for example, new property or sales tax revenues that may be generated by new development, or the cost of new demands for police services.

It does not consider the indirect impacts, such as the positive or negative impacts on property values (and, therefore, on property taxes) of new development that may affect the desirability of existing uses.

- **Focus on the impacts of land use change.** The fiscal analysis assumes that current levels of service will continue in the future. It thus focuses on the changes in revenues and costs that would result from land use change alone, and not the additional changes that would result from improved (or reduced) levels of service. To the extent that the analysis projects budget surpluses in the future (revenues exceeding costs), it may be possible to improve existing services or add new services; to the extent that the analysis projects budget shortfalls (costs exceeding revenues), it may be necessary either to reduce service levels, eliminate some services, or find additional sources of revenue.

Similarly, the fiscal analysis would not consider the effects of changes in (for example) State policy that governs the redistribution of sales taxes back to the local governments, changes in ERAF, a change in the Vehicle License Fee (VLF), or suspension of federal or state revenue sharing programs (grants).

A fiscal analysis could, however, be used to test alternative City responses to projected needs for new revenue sources. For example, the RFP requests identification of revenue sources equivalent to sales tax in-lieu mechanisms that would allow the City to secure ever-increasing revenue benefits from the proposed project. The fiscal model could be constructed with the ability to evaluate the effects of various types of mechanisms.

WORK PROGRAM

To address the questions identified in the RFP, Mundie & Associates would complete the following tasks:

1. Meet to Initiate Study; Assemble Data

M&A staff will meet with City staff to go over the definition of the 1300 El Camino Real Project, review the scope of the fiscal impact analysis, take delivery of initial materials required for this study, and visit the site.

The initial materials (itemized more completely in a subsequent part of this proposal) would include a current City budget and current budgets for other service districts to be considered in the analysis; the City's 2002 fiscal impact model (in a format that is readable by today's computers); an inventory of existing grocery stores in Menlo Park; and relevant sales tax information. If the City has a revenue manual (describing how various sources of revenue are generated), we would also like to obtain a copy of that document.

We will also need financial information about the project that provides a basis for estimating the assessed value and other characteristics that are needed to forecast City revenues.

At this meeting, we will also discuss key parameters for the fiscal analysis and report, including assumptions about interest rates and characteristics that are subject to change and which might be addressed by sensitivity analyses (testing variation in factors beyond the City's control), as well as years to be reported (e.g., annual revenues and costs in two to three indicator years rather than results for all 20 years covered by the study).

2. Review Existing Fiscal Impact Model

We would begin the work by reviewing the City's existing fiscal impact model. This review will indicate whether the model is adaptable for analysis of the 1300 El Camino Real project and the level of effort that would be required to update it to current conditions.

Based on a brief review of documents available on the City's web site, we understand that the model has not been used since 2002, and that there was some discussion about its potential use in 2007 to evaluate the Bohannon project on the Independence Site and the Constitution site (this project is currently the subject of a different RFP for fiscal analysis that also includes a request to evaluate the usefulness of the model).

Our own work with fiscal models that we have prepared in the past suggests to us that updating a full model requires a major effort. Such an update might be desirable for a Specific Plan (or other action covering a significant area of the city). For a specific project, however, it is often more cost effective – and more understandable – to prepare a custom model that focuses on the project's proposed land uses. The advantage of preparing a new model is that it takes less time and money, and highlights the proposed project; the disadvantage is that the specific project is evaluated without a larger framework, so impacts may seem more or less important than they would in that city- or district-wide context.

If our review suggests that using the 2002 model would be a better option than preparing a new model for this specific project, work to update it would include, for example

- Identifying the changes in the City budget that must be incorporated into the model. Such changes would address primarily changes in revenue sources and operating costs (programs and services provided by the City) as well as any shifts in the responsibility for costs assigned to various funds (for example, some cities have shifted all costs of street maintenance out of the general fund and into the gas tax fund).
- Assembling and formatting the information required. In addition to current budget year revenues and costs, this effort could include information about existing land use and assessed values. (Responsibility for assembling this information typically falls to staff. Depending on the area covered, it can be quite difficult and time consuming to complete.)
- Entering the new information into the model to assure that “base case” results are reasonable; fine-tuning as necessary.

Our budget allows 10 hours to review the existing model and 40 hours to adjust the inputs if this model is to be used. If we conclude, in consultation with staff, that it makes more sense to construct a new, project-specific model, those 40 hours would be used for the construction effort.

3. Evaluate Potential for Shift in Grocery Sales

Before embarking on the preparation of the fiscal analysis, we will estimate existing grocery sales in Menlo Park (based on sales tax records and estimated average sales per square foot of building space) and the potential for grocery sales (based on grocery budgets reported in the U.S. Department of Commerce consumer expenditure survey).

Using projected sales figures for the grocery component of the proposed project (including variants and alternatives), we will estimate the likelihood that the project would attract purchases that are currently being made elsewhere in Menlo Park (vs. stores outside Menlo Park). To the extent possible, we will comment on the match between the target market segment for the proposed grocery use and the income distribution of Menlo Park households.

We will report the findings of this task in a working memo, with a recommendation about the percentage of grocery sales that should be considered new to Menlo Park in the fiscal analysis. This working memo will be prepared in language that is suitable for inclusion as an appendix in the final report.

4. Prepare City Fiscal Analysis

Note: Tasks 4a, 4b, and 4c assume that a new fiscal model will be prepared specifically for this project. If, instead, the 2002 model is adapted, Task 4a would not be needed; Task 4b would be recommended; and Task 4c would be required.

a. Formulate Initial Equations for City Revenues and Costs

Using the City’s budget and the budgets of the other service-providing districts, M&A staff will formulate an initial set of equations to project revenues and costs associated with the proposed project (including variants and alternatives). These equations will include assumptions about the

basis for change (e.g., population, employment, square feet of building space), the applicable inflation rate, and the likelihood that a particular revenue source or cost item would change with a change in land use, population, or other characteristic of the project.

Initial equations will be prepared for every revenue and cost item in the budget. Revenues and costs that are expected to be unaffected by the proposed project will be identified.

b. Interview City Staff

M&A staff will meet with City staff to review and confirm or refine the equations formulated in Task 4a. We will ask that Community Development Department staff arrange the interviews, preferably on a single day (we will work with you on the schedule). Based on our initial review of the budget, it appears that we would want to meet with staff in the following departments: Finance, Community Development, Community Services, Library, Police, and Public Works.

To conduct these interviews most efficiently, we will submit questions in advance. We will then meet to discuss the questions and solicit other information about City service delivery standards and systems in order to refine our test equations, as necessary.

Once the interviews are complete, we will submit (1) meeting notes to the staff with whom we met, to confirm our understanding of how costs and revenues are expected to change, and (2) a second working memorandum to staff that summarizes the revenue and cost assumptions and equations we propose to use in the fiscal impact analysis.

c. Project City Revenues and Costs

Using information about the proposed project in combination with the revenue and cost equations formulated and refined in Tasks 4a and 4b, M&A will project future changes in City revenues and costs for a 20-year period. The model that is used for this projection will report estimates for each revenue and cost item, along with a net balance, for each year in the study period; it will also report cumulative totals. Reported amounts will be expressed in constant FY 2008 dollars (as described on p. 1 of this proposal).

(If the City's 2002 fiscal impact model is used, reporting may be constrained by the format and scope of that model.)

We will review the synthesized results of this task with City staff before beginning work on the draft report.

5. Prepare Fiscal Analyses for Other Service Districts

The RFP identifies several other districts – fire, schools, water, and park – for which fiscal impacts should be projected.

Impacts on these districts will vary, depending on their structures and the applicable finance regulations. The water district, for example, is likely to be operated as an enterprise fund, with water charges set at a level intended to cover operating costs, and connection fees intended to cover capital costs.

School district operating costs are regulated (and subsidized, if necessary), by the State of California, and therefore are effectively not affected by new development. Capital funding, in the form of school impact fees, may be affected by new development.

The fire and park districts are likely to be affected by new development, at least with regard to revenues. M&A staff will meet with district staff to discuss funding sources and the potential impacts of new development (in particular, the types of development included in the proposed 1300 El Camino Real project) on their revenues and costs. Pursuant to these discussions, M&A will project revenues and costs for the fire and park districts through the 20-year study period.

M&A asks that City staff identify district staff to be interviewed for this analysis and, if possible, make initial contacts with district staff. M&A will then contact water and school district staff to review the initial equations about impacts on revenues and costs stated above; if these equations cannot be approved by staff, we will set up interviews and meet with staff to formulate revenue and cost equations. M&A staff will also conduct interviews with fire and park staff similar to those planned with City staff.

If impacts on operating revenues and costs are anticipated, M&A will work with district staff to establish a basis for projecting changes and will estimate future revenues and costs associated with the proposed project.

We will confirm our conversations with district staff with (1) meeting notes summarizing the information provided and conclusions drawn in our interviews and (2) memos summarizing the resulting projections.

Task 5 will be completed concurrently with Task 4. The proposed revenue and cost equations for each district will be included in the working memorandum to be prepared at the end of Task 4b.

6. Investigate Potential for New Revenue Mechanism

As suggested on p. 1 of this proposal, the existing restrictions on municipal revenue sources, and particularly on the property tax, make it difficult for cities to collect sufficient funds to cover ever-increasing costs of providing services. The RFP requests an investigation 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.”

M&A staff will begin this investigation by examining the City’s current revenue sources to identify any potential for restructuring to achieve this goal. We will supplement that investigation with a review of published sources – e.g., from the League of California Cities – to find out whether other cities have adopted mechanisms such as the one sought by Menlo Park. If possible, we will ask the Finance Director to poll finance directors in other cities to find out whether and how they have addressed this issue.

We will report our findings in a third working memorandum to staff. This memo, like the previous two, will be prepared in language that is suitable for inclusion as an appendix in the final report.

7 Prepare Report

a. Administrative Draft Report

M&A will prepare a fiscal impact report that presents the results of the fiscal analysis. This report will describe:

- the purpose of the study
- the characteristics of the project
- the scope of fiscal analysis
- the existing condition (the City's 2007-08 operating budget; distribution of revenues by source and costs by service)
- impacts of the proposed project (including variants and alternatives) on the City of Menlo Park
- impacts of the proposed project (including variants and alternatives) on other service districts
- consideration of a revenue mechanism that would enable the City to capture sales tax in-lieu revenues from office and fitness space in the project.

Appendices to the report will detail the assumptions about revenue and cost changes as well as inflation rates, and will describe the process of inflation and discounting that is followed to report fiscal results in constant dollars. A possible option, at the City's direction, is the inclusion of an additional appendix that discusses the evaluation of the 2002 fiscal impact model.

We will submit an administrative draft report to the City for review. We anticipate that this draft will be submitted in electronic form, but we are open to providing up to two hard copies for review.

We ask that comments on the administrative draft be returned in a single, marked-up copy of the report, and that comments be clear, legible, and mutually consistent.

b. Prepare Screen Check Draft

Upon receipt of comments on the administrative draft report, M&A will revise the document to reflect the City's review. (At the City's request, we will be happy to meet with you to go over the comments.) We will then submit a screen check draft for further review.

As with the administrative draft, we ask that comments on the screen check draft be returned in a single, marked-up copy of the report, and that comments be clear, legible, and mutually consistent.

c. Prepare Public Review Draft

Upon receipt of comments on the screen check draft report, M&A will again revise the document to reflect the City's review. We will then submit a public review draft of the report for publication.

d. Prepare Final Draft

The RFP is silent on the process of review that will occur between publication of the public review draft of the fiscal impact report and the final report.

In any case, once we receive comments on the public review draft, M&A staff will finalize the fiscal impact report.

8. Attend Public Meetings

The RFP does not identify public meetings that should be included in the scope of work and budget. We have provided a separate budget for public meetings. The budgeted amounts include preparation time (assuming that public presentations of our findings will be required), travel time, and meeting time.

DATA NEEDS

To prepare the fiscal analysis outlined above, Mundie & Associates would ask the City of Menlo Park and the project sponsor to provide the following information:

- Complete project description, including amount of building space and expected value of each type of land use (including parking); phasing of the project; expected sales per square foot in the retail space; and other information that may be identified during the course of the study.
- 2002 fiscal impact model in an electronic form readable on today's computers, one or more reports based on that model, and documentation of the model.
- Current operating budgets for the City and other service districts to be covered in the study.
- More detailed revenue summary for the City than appears in the current operating budget (general fund revenue by line item)
- (If available:) City's revenue manual (a document that describes how various sources of revenue are generated).
- Inventory of existing grocery stores in Menlo Park; sales tax information for those stores.

It is possible that other information needs will be identified as the study progresses. For example, if the City wishes to include a discussion of impact fees and capital costs, we will need staff to supply estimates of the fees that would be paid by the project.

In addition to the data identified above, it would be extremely useful to this study to secure the assistance of the Finance Director in reviewing the determinants of the City's revenue sources and polling other cities' finance directors about revenue mechanisms (see Task 6).

SCHEDULE

We would be prepared to begin work on the fiscal impact analysis outlined above within one week of receiving authorization to proceed.

We ask that you allow 10 weeks for completion of the scope of work outlined above through Task 6a. This time frame includes preparation of draft and final reports on all the topics covered. This schedule assumes our ability to schedule the initial meeting with City staff (Task 1) within one week of receiving authorization to proceed, and that we are able to schedule the interviews with staff (Task 4b) in approximately the third week after the initial meeting.

Completion of Tasks 6 and 7 will depend on the time required by City staff to review the successive draft reports and the time required for the public review and approval process.

BUDGET AND FEES

Our charges are based on the actual time devoted to your project by our staff, billed at standard hourly rates. These rates are subject to revision at the beginning of each calendar year. For 2007, our rates are:

Roberta Mundie, Principal	\$170 per hour
Suzanne Lampert, Senior Associate	167 per hour
Marissa Ellis-Plouin, Staff Associate	105 per hour

Expenses, such as for subsistence and incidental travel costs, publications and printing, are invoiced at their cost to us. Other expenses are charged according to our current rates (subject to change on January 1 of each year): travel in staff-owned vehicles, \$0.485 per mile; in-house photocopying, \$0.25 per page; FAX receipts and transmittals, \$0.25 per page (or as otherwise established by the IRS); telephone charges (including FAX line), itemized cost multiplied by 1.5.

Bills are submitted monthly and are payable on receipt.

For the scope of work outlined above excluding Task 7 (attendance at public meetings), we ask that you allocate a budget not to exceed \$49,900.

For attendance at public hearings, we ask that you add \$2,500 per event.

This budget would be allocated among personnel and tasks as shown in the table at the top of the next page.

Budget Detail

	Mundie		Lampert		Plouin		Total	
	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
1 Initial Meeting	4	\$680	4	\$668			8	\$1,348
2 Review 2002 Model								
Initial Review			10	1,670			10	1,670
Adjustments ^a			40	6,680			40	6,680
3 Shift in Grocery Sales	1	170	2	334	12	\$1,260	15	1,764
4 City Fiscal Analysis								
a. Formulate Initial Equations			16	2,672			16	2,672
b. Interview City Staff			16	2,672			16	2,672
c. City Revenues and Costs			24	4,008			24	4,008
5 Fiscal Analyses for Other Service Districts			32	5,344			32	5,344
6 Other Revenue Mechanisms	4	680	40	6,680			44	7,360
6 Prepare Report								
a. Admin. Draft Report	4	680	40	6,680			44	7,360
b. Screen Check Draft			20	3,340			20	3,340
c. Public Review Draft			4	668			4	668
d. Final Draft	2	340	16	2,672			18	3,012
Project Administration	10	1,700					10	1,700
Subtotal	25	\$4,250	264	\$44,088	12	\$1,260	301	\$49,598
Expenses								
Travel ^b								\$96
Communications, etc.								200
Subtotal								\$296
Total								\$49,894
7 Public Meetings (budget per meeting)								
Time			12	\$2,004			12	\$2,004
Expenses								75
Total per public meeting								\$2,079

a If it is decided that the 2002 model should not be used, these hours are reallocated to Task 4c.

b Assumes three round trips, 70 miles/trip; no parking cost.

KEY PERSONNEL

Roberta Mundie, Principal, would be in overall charge of this study for Mundie & Associates. Ms. Mundie is a Harvard-trained planner whose professional work bridges the fields of environmental planning and urban economics. Her work in fiscal analysis began in 1972, with a study of the impacts of growth in Livermore and Pleasanton as those cities adopted annual growth limits. More recently, she has contributed to fiscal studies in Antioch, Redwood City, and Menlo Park. Other areas of Ms. Mundie's work include economic elements of numerous city plans, from the APA-award-winning plan for Petaluma (1976) to the recently-completed plan for the City of San Ramon; economic and market analysis for specific plans and projects; and a lead role in most of M&A's CEQA work. She has been a key contributor to CEQA projects that require the formulation of alternatives that define the environmental envelope of opportunity. Ms. Mundie personally oversees all work at Mundie & Associates. Her interest in writing is evident in the emphasis M&A places on clarity in the texts and tables in the firm's reports.

Suzanne Lampert, Senior Associate, would be in day-to-day charge of this study, and would be the principal investigator and author. Ms. Lampert is a Princeton-trained planner whose professional focus is on urban development forecasting, market research relating to urban land uses and projects, fiscal impact analysis, and feasibility analysis for private and public landowners. She has prepared fiscal impact models to compare the effects of alternative general plan concepts in Emeryville, Santa Rosa, Rohnert Park, Novato, San Ramon, Menlo Park, and San Luis Obispo, and has supervised the preparation of models for Lodi, Lemoore, Los Banos. She has also completed or supervised smaller-scale fiscal impact analyses in Pleasanton, Cloverdale, Redwood City, San Mateo, Novato, Antioch, San Francisco, Mountain View, and a variety of other locations. Her fundamental understanding of fiscal relationships provides a solid basis for the design and completion of the type of fiscal model that is appropriate for this project.

Marissa Plouin, Staff Associate, would also contribute to this study. Ms. Plouin, an M&A staff member for not quite a year, has proven her ability to participate fully in fiscal analysis, including developing the set of variables that form the basis of the customized spreadsheets M&A prepares for each such study, working with public agency staff to confirm and adjust cost and revenue equations, conducting the computer assisted analysis, and preparing narrative conclusions relating to the findings. She was the primary architect of M&A's fiscal impact models for general plans in Lodi, Los Banos, and Lemoore, and a key contributor to the final fiscal analysis for the Petaluma General Plan. Ms. Plouin is currently completing her Master's at the University of California-Berkeley; one of the fiscal studies in which she has participated at M&A is the subject of the major project she is preparing to satisfy Berkeley's academic requirements for the graduate program in planning.

Resumes for these staff members follow this page.

**ROBERTA MUNDIE
PRINCIPAL**

EDUCATION

Radcliffe College/Harvard University,
AB *cum laude*, 1966

Harvard University, MCP (Master of
City Planning), 1970

University of San Francisco, Master of
Arts in Writing (1998)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Planners (AICP)
The Urban Land Institute
American Planning Association (APA)
Association of Environmental Professionals (AEP)
California Planning Roundtable

AWARDS

Sacramento Valley Section, APA
1992 Award for Planning Implementation
(for Sacramento Central City Housing Strategy)

California Chapter, APA
1987 Award for Comprehensive Planning
(for City of Petaluma General Plan)

EXPERIENCE

Ms. Mundie founded Mundie & Associates in 1981 following nine years as senior staff of a San Francisco socio-economic research firm. Her M&A work has included a broad mix of land development related studies, from general plan work to environmental impact reports to focused market, economic and fiscal analyses.

Head of Mundie & Associates from its establishment, Ms. Mundie brings to her work a clarity in organization, and in written and spoken presentation, that contributes significantly to the quality of M&A's work products. Among her special interests are the interrelationship of land use and transportation, resources planning and use of the CEQA process in public decisionmaking.

PROJECTS

General Plan Fiscal Analysis > preparation of fiscal studies for numerous General Plan updates, including San Ramon, Novato, Menlo Park, and Santa Rosa.

Urban Limit Line Analysis > assisted Contra Costa County in its consideration of modifications to its ULL, removing 15,000+ acres from development potential under the current general plan. Analysis for the EIR included a detailed analysis of inter-county growth and commutation patterns.

Antioch Infrastructure Plan EIR > evaluation of the potential impacts of alternative development schemes – including housing and employment-related uses – that could be accommodated by infrastructure plans for two future urban areas. The EIR was designed to serve as the foundation for annexation and formulation of environmentally-responsive specific plans for the two areas.

Fiscal Analysis of Major Development Area > forecast of fiscal implications of development of Folsom East, an undeveloped area accounting for one-fourth of the land in the City of Folsom.

Fiscal and Financial Analysis for Specific Plan > evaluation of the fiscal effects associated with a proposed 3,700-acre upscale residential development in the foothills of Union City and Fremont. Assisted in application of M&A-developed fiscal impact model to forecast costs and revenues.

Gateway Fiscal Impact Evaluation > consultant to City of Orinda staff in contributing to, and commenting on, a fiscal analysis of the 900+-acre Gateway project.

Fiscal Analysis of Research & Development Facility > analysis of selected agency costs and revenues associated with the development of a 108-acre, 2,000 employee research facility on campus land at the University of California, Santa Cruz.

Fiscal Analysis of Residential Development Options > evaluation of potential fiscal consequences of alternative development patterns (representing three flood plain management scenarios) of Laguna Creek area, City of Sacramento.

Fiscal Critique of Annexation Proposal > review of an application for annexation of Bayfront lands to the City of Vallejo at the request of the California Attorney General's Office on behalf of responsible state agencies. M&A conducted a critical review of the potential fiscal impacts of the project and prepared an alternative cost/revenue analysis utilizing more current and more conservative assumptions, to demonstrate the range of the project's possible fiscal outcomes. Analysis reached conclusions counter to those of City-sponsored study, and annexation did not proceed.

SUZANNE LAMPERT
VICE PRESIDENT

EDUCATION

University of California, Berkeley,
AB, urban studies, 1971

Princeton University, Woodrow Wilson School
of Public and International Affairs,
MPAUP (Public Affairs and Urban
Planning), 1975

PUBLICATIONS

“Scoping Meetings: Get the Public Involved with
Your Projects,” *California Planner*, July 1990.

AWARDS

Sacramento Valley Section, California Chapter APA,
1992 Award for Planning Implementation
(for Sacramento Central City Housing Strategy)

EXPERIENCE

Ms. Lampert has been a key staff member at Mundie & Associates since 1987. Her practice includes environmental impact analysis as well as general and specific plans, real estate feasibility analysis, fiscal impact analyses and market studies for both public and private clients.

Her experience with CEQA projects ranges from general plans and specific plans to single family subdivisions, multi-family housing projects, shopping centers, industrial parcels, and mixed use projects, and includes both urban and rural areas. Focal issues addressed in EIRs Ms. Lampert has prepared include land use conflicts, traffic, visual impacts, community character, public services, and fiscal impacts.

Prior to joining Mundie & Associates, Ms. Lampert was Vice President/Senior Planner at Gruen Gruen + Associates, a Bay Area economic research firm, and a financial analyst at Santa Fe Pacific Realty Corporation (now Catellus) in San Francisco. She has taught Economic Fundamentals for Planners at UC Extension.

PROJECTS

Fiscal Impacts of General Plans ➤ Impacts on operating revenues and costs of proposed General Plan alternatives and/or preferred plans in Emeryville, Los Banos, Lemoore, Petaluma, Santa Rosa, Rohnert Park, San Ramon, Sebastopol, and San Luis Obispo. Studies focused on future operating surpluses/deficits and changes in the city's reserve.

Fiscal Impacts of Infill Residential Development Projects ➤ for the City of Oakland, projections of changes in public sector revenues and service costs that would result from (1) a 1,500-unit market rate housing project and (2) a project with 800 housing units and 30,000 square feet of retail space.

Economic and Fiscal Impacts of a Warehouse Retail Expansion ➤ effects of expanding the existing Redwood City Costco Wholesale store and adding a gas station to the site. Both analyses incorporated assumptions about shifts in retail spending away from existing businesses, including gas stations.

Economic and Fiscal Impacts of a Downtown Mixed Use Project ➤ effects of a proposed retail-cinema project in downtown Redwood City on business activity in the immediate area and on City revenues and costs. The economic analysis considered the possibility that new retail space would shift purchases away from existing businesses.

Fiscal Impacts of a Destination Resort in Cloverdale ➤ Fiscal analysis of resort project consisting of hotel and spa, 18-hole golf course, “resort homes” (available for visitor occupancy), conventional residences, and retail and office space. Prepared in conjunction with EIR to provide quantification of project fiscal benefits.

Fiscal Impacts of a Downtown Multiplex Cinema ➤ cost and revenue impacts of a proposed cinema project in San Mateo. Estimates of some revenue changes – e.g., sales taxes – were based on a companion economic study that projected changes in nearby retail activity that would result from development of the project.

Public Services Analyses for EIRs ➤ analysis of impacts of a variety of projects on public services, including police protection, fire protection, public works (street maintenance), and school enrollment. Projects include residential developments and mixed-use proposals. Assessments of school enrollment impacts are based on conversations with and documents obtained from school districts and analysis of census data.

**MARISSA PLOUIN
STAFF ASSOCIATE**

EDUCATION

University of California, Berkeley,
BA, French, 2001
Highest Honors

École des Hautes Études (Paris, France),
Masters in History and Civilizations, 2004
Highest Honors

University of California, Berkeley,
Masters in City Planning,
Anticipated 2008

PUBLICATIONS

Forthcoming: "Chicken Coops and Machines of
Interminable Errors: A History of the Grands
Ensembles in Parisian Suburbs,"
Berkeley Planning Journal, Spring, 2008

AWARDS

Recipient of merit scholarships in the Department
of City and Regional Planning, U.C. Berkeley, 2006-
07, 2007-08

Awarded Best Student Paper by the *Berkeley
Planning Journal* editorial staff, 2007

PROFESSIONAL AFFILIATIONS

American Planning Association
Assoc. of Environmental Professionals

EXPERIENCE

Ms. Plouin has been a staff member at Mundie & Associates since May, 2007. For M&A, she has prepared analyses of the effects of General Plan-related growth on the fiscal condition of numerous cities, conducted several land use-focused studies, and participated in two City of Pleasanton CEQA projects.

Prior to joining Mundie & Associates, Ms. Plouin worked for the City of Emeryville's Economic Development Department and UNESCO's Urban Development Department at its headquarters in Paris, France.

PROJECTS

General Plan Fiscal Analyses ➤ impacts of preferred General Plan scenarios on operating revenues and costs for the Cities of Los Banos, Lemoore, and Lodi. Particular attention was given in Lodi to the effects of future growth (and retail development in nearby Stockton), and in the other two cities to the effects of sluggish housing sales and declining housing appreciation rates.

General Plan Fiscal Analysis ➤ impacts of the Petaluma General Plan on the City's future fiscal health. Sensitivity analyses were conducted to explore the consequences of alternative rates of inflation and nonresidential development.

Research on Environmental Impacts of Major Redevelopment Plans ➤ research on employment, population, and public services for the EIR on the redevelopment plan for Candlestick Point in San Francisco.

Neighborhood Change Analysis ➤ review of recent neighborhood change in a portion of San Francisco's Mission District and identification of potential incentives for change embedded in a proposed major zoning revision for the area.

Research on Economic Impacts of Tribal Casinos ➤ interviews with staff members and business owners in thirteen medium-sized California cities to identify the impacts of tribal casinos on local economies. This information provided background to M&A's response to comments on the draft General Plan and EIR for a North Bay city.

Environmental Impact Analysis of Specific Plan Amendment ➤ evaluation of environmental impacts of the proposed amendment to the Happy Valley Specific Plan. The amendment proposes shifting the site of additional residential development proposed under the Specific Plan and relocating the roadway that would provide the only general access both to that project and to Pleasanton's Callippe Preserve Golf Course.

Environmental Impact Analysis of Residential Development ➤ preparation of a series of appendices for the Final EIR on a controversial hillside custom lot development in Pleasanton.

AVAILABILITY

Mundie & Associates staff take pride in the quality of our work. One key to maintaining our quality standards is to choose carefully which jobs to pursue, and not to pursue jobs that for which we do not have adequate time.

The staff members identified above, and included in the budget table on the preceding page, will be available beginning in mid-May to devote time to the fiscal analysis for 1300 El Camino Real. Ms. Lampert is scheduled to be away from the office for several weeks in July, but no other staff absences are planned for the duration of Tasks 1 through 7.

PROJECT LIST: SELECTED EXPERIENCE

Mundie & Associates was the sole firm involved in each of the following studies:

Fiscal Impacts of a Mixed-use Project ➤ potential impacts on city revenues and costs of a mixed use project including approximately 800 housing units, a 200-room hotel, a private marina, and 10,000 square feet of retail space in **Redwood City**. Mundie & Associates projected the impacts of the project as proposed, and then tested the effects of project alterations (eliminating the hotel or only partial buildout of the housing component).

Economic and Fiscal Impacts of a Warehouse Store Expansion and Gas Station ➤ analysis of the potential impacts of a proposed expansion of the Costco Wholesale warehouse store, with the addition of a gas station, in Redwood City. The economic analysis considered impacts on existing businesses: particular attention was paid to existing gas stations, and gas station owners were invited to participate in a focus group interview to provide their perspectives on the likely impacts of the new station. The fiscal analysis compared the new revenues expected from the store expansion and gas station (net of likely shifts in spending from existing outlets) on the City's revenues to changes in the City's costs of providing public services to the store location.

Fiscal Analysis of a Mixed-use Retail/Cinema Project ➤ analysis of potential impacts of a mixed-use project in downtown **Redwood City** on City operating costs and revenues. The proposed project would provide 80,000 square feet of retail space and a 20-screen, 4,500-seat multiplex cinema on one block and a 988-space parking structure with approximately 36,000 square feet of retail space (including a specialty foods market) on a second block. M&A compared projected changes in property tax, sales tax, and other revenue sources to expected changes in the cost of providing police and fire protection, public works, and other ongoing City services to determine the net impact of the project on the City's annual budget.

Fiscal Impacts of a Mixed-use Project ➤ revenues and costs associated with the annexation of surplus county land to the **City of Pleasanton**, and development of that land with an auto mall, a senior housing facility, a commercial center, and a community park, with potential development of a privately-owned and -operated ice rink in the community park. M&A projected the impacts of the proposed development assuming different magnitudes of increase in auto sales as the city's existing dealerships relocated to the new, larger site. M&A also estimated revenues that would be available from redevelopment of the sites currently occupied by the auto dealers, as well as the opportunity cost to Pleasanton if the surplus land were not annexed and, instead, were allowed to develop in a neighboring city.

Fiscal Impact Analysis of a Destination Resort ➤ projections of operating costs and ongoing revenues associated with a mixed-use project in the **City of Cloverdale**. The project would include a resort hotel and spa, 18-hole golf course, conventional single family homes and "resort homes" (available for visitor occupancy), 120,000 sq. ft. of commercial space, and 25,000 sq. ft. of office space. This analysis was prepared in conjunction with an EIR on the project.

Fiscal Analyses for General Plans/Plan Updates ➤ fiscal impacts of a new general plans for the cities of **Emeryville, Lodi, Los Banos, Lemoore, Petaluma, Santa Rosa, Rohnert Park, San Ramon, Novato, Sebastopol, and Menlo Park**. Mundie & Associates prepared customized computer-assisted model to project the effects of different land use schemes on operating/ongoing revenues

and costs. In each case, the model was used to compare impacts of the alternative plans on annual operating surpluses/deficits, potential contributions to capital projects and other uses, and the City's operating reserves.

Fiscal Analysis of a Major Residential Infill Development ➤ analysis of the impacts on City tax revenues and the costs of public services that would result from development of a major infill project in West **Oakland**. The project included 1,500 market-rate housing units and, possibly, some local-serving retail use. The resulting report highlighted the impacts on general fund revenues, which typically are the major source of funding for ongoing/operating service costs, of the project's location in a redevelopment project area.

Petaluma

Fiscal Analysis of Annexation and Residential Development ➤ analysis of the expected cost and revenue effects of a proposed annexation to the City of **Novato**, with part of the annexation area proposed for development of a 21-unit residential neighborhood with community facilities and private streets. The analysis considered the fiscal impacts of a project with public streets and fewer housing units as well as the proposed project.

REFERENCES

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DISCLOSURE

Neither Mundie & Associates, nor any personnel of Mundie & Associates, has previously performed or is currently performing work for the project sponsor (Sand Hill Property Company, or Pater Pau, Jeff Warmoth, or Reed Moulds) or any of its consulting team (Kenneth Rodrigues and Partners, Inc. and BKF Engineering)