



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

February 14, 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 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.

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 230-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 purpose of the FIA is to assist the City Council, as it considers the proposed major Zoning Ordinance and General Plan amendments, to understand the implications and consequences of such amendments with respect to future land use pressures and the sustainability of the city's finances. It may also be used to inform the negotiation of the Development Agreement.

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.

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 three scenarios that compare to the high and low ranges of sales/use tax revenues of the vicinity (area bounded by US-101, Marsh Road, Bayfront Expressway, and Chilco Street) 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 the potential for owners of other parcels in the vicinity (area bounded by US-101, Marsh Road, Bayfront Expressway, and Chilco Street) to pursue and receive General Plan Amendment, rezoning, and project approval actions for office-only developments at a similar scale as the proposed project, and the potential fiscal impact of such developments. This analysis shall look particularly closely at the twelve parcels between the two project sites, and shall describe and consider the existing revenues from this geographic area.
- Discussion and analysis of the potential fiscal impact of future housing needs associated with the proposal. This portion of the analysis will use as its basis the results of a housing needs analysis that is being conducted as part of the project EIR. The housing needs analysis will include an assessment of the likely market demand for housing associated with the proposal, as well as a discussion and possible estimate of how the City's Regional Housing Needs Allocation (RHNA) might change as a result of

the proposal. If possible, the analysis should include a discussion of the potential service costs associated with any such housing.

- 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 development.

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 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 eight (8) 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 **March 13, 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

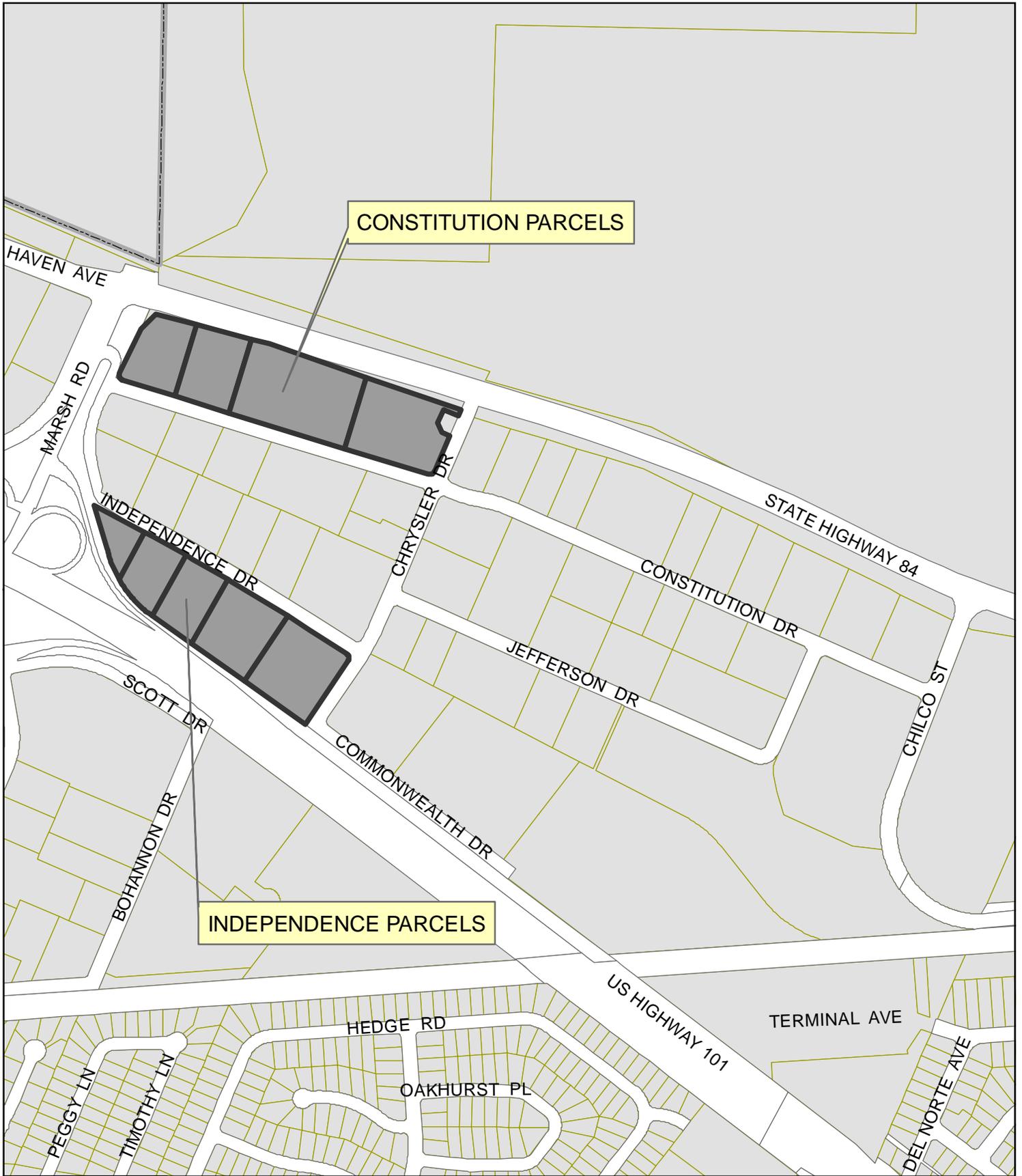
The subcommittee and City staff will tentatively conduct interviews during either the week of March 17 or March 24, 2008 with the intent of providing a recommendation for the review and approval of the City Council on April 1, 2008. The subcommittee would have the ability to direct that staff negotiate 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: 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

DRAWN: THR CHECKED: THR DATE: 01/30/08 SCALE: 1" = 300' SHEET: 1

A1



**Project and Alternatives Data Table
Constitution and Independence Project**

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