



CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

2014 NOV 20 PM 2:49

AGENDA REPORT

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Rachel Flynn

SUBJECT: Citywide Impact Fee Nexus Study
And Implementation Strategy

DATE: November 10, 2014

City Administrator
Approval

Date

11-20-14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council Adopt:

A Resolution Authorizing The City Administrator To Negotiate And Execute A Professional Services Agreement With Hausrath Economics Group For Preparation of An Impact Fee Nexus Study and Implementation Strategy In An Amount Of One Million One Hundred Thousand Dollars (\$1,100,000); And To Apply For, Accept And Appropriate Grant Funds Should They Become Available For The Same Stated Purpose, And to Increase The Contract Amount To Reflect Additional Grant Funds Obtained Without Returning To Council.

EXECUTIVE SUMMARY

Development Impact Fees are a common mechanism used by municipalities to address critical needs for transportation and infrastructure improvements and affordable housing that can be attributed to new development. In response to Council policy direction in June 2013, staff completed an expedited Request for Proposals (RFP) process for a Citywide Impact Fee Nexus Study and Implementation Strategy ("Nexus Study"). Of the two consultant proposals received, Hausrath Economics Group (HEG) was selected as the best qualified team with the proposal that would bring the project to a successful completion (*Attachments A, B and C* provide the HEG team's relevant experience, proposed scope of services and schedule). Staff prepared a resolution which would authorize the City Administrator to negotiate and execute a contract for these services for an initial contract amount not to exceed \$863,409, plus an additional contingency amount up to \$236,591, for a total contract amount of \$1,100,000.

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The RFP, issued in July, noted the City's preference that the Nexus Study be complete by December 31, 2014. However, both proposals received stated that this date was infeasible, suggesting 18 to 24 months as a more realistic schedule to study the different types of potential impact fees.

The current schedule proposed by the consultant to bring a preliminary development impact fee proposal to the City Council by November 2015 and obtain Council approval in early 2016 reflects an aggressive schedule based on the HEG team's extensive experience with multiple jurisdictions to prepare defensible and adoptable impact fee programs. Staff believes that this schedule strikes a balance between the need to complete the study as quickly as possible and the time realistically needed to prepare the thorough and rigorous technical and economic feasibility analyses needed to inform stakeholders and City decision-makers. The significant work needed to justify fees will cover a proportional share of funds from new development but not create a disincentive to new development, as discussed further below.

In order to get the selected consultant team started as soon as possible, Staff recommends that the City Council approve a resolution authorizing the City Administrator or designee to negotiate and execute a Professional Services Agreement (PSA) with Hausrath Economics Group (HEG) to prepare a Nexus Study for a not-to-exceed amount of \$1.1 million (an initial amount of \$863,409, plus a contingency for an additional \$236,591, for a total of \$1,100,000), which is the amount available and appropriated for such purpose in the FY 2013-2015 Adopted City of Oakland Policy Budget discussed under "Cost Summary/Implications," below. Staff is also requesting authorization to apply for, accept and appropriate any additional grant funds that may become available for the Nexus Study and to amend the contract not-to-exceed amounts to reflect such funds, without returning to Council in the interests of ensuring that the project schedule is not delayed by administrative-related actions.

OUTCOME

Passage of this Resolution will allow the City Administrator or designee to negotiate and execute a PSA with HEG to prepare a nexus study that evaluates the level of citywide development impact fees that can be levied by the City of Oakland for 1) transportation, 2) affordable housing and 3) capital improvements (e.g. sanitary sewer, storm drain, police, fire, parks, recreation, library and head-start facilities) based on the reasonable relationship between the amount of fees to be imposed on new development and the impact created by the new development, taking into account the impact of imposing the fees to the feasibility of the new development and the probability of other known funding sources, among other considerations.¹ It will also allow the City Administrator or designee to extend the time of performance of the PSA with HEG and to apply for, accept and appropriate additional grant funds should they become available for this

¹Government Code Sections 66000-66025 establish the legal requirements to implement a development fee program that meet the terms of the Mitigation Fee Act (AB 1600).

project without returning to Council for approval. It will allow these actions to be done as expeditiously as possible.

BACKGROUND

Development impact fees are a commonly used method of collecting a proportional share of funds from new development for infrastructure improvements and other public facilities to serve the development. With rare exceptions, development impact fees are restricted to funding capital costs, including new or upgrades to existing facilities, and are not used for operations and/or maintenance. From a policy perspective, the use of impact fees for operations and maintenance is typically not recommended because it involves using a one-time revenue source (paid once per building permit) that has high variability (due to development cycles) for an ongoing cost. Moreover, there are also some potential legal issues that would have to be further explored and addressed if the impact fees are used for operations and maintenance. The two key concepts for implementation of impact fees are that they may only be charged to new development, and that the funds collected must be expended on improvements needed as a result of the new development. Pursuant to the Mitigation Fee Act, California Government Code Section 66000, *et seq.* (also known as AB 1600), adoption of impact fees requires documentation of the “nexus” or linkage between the fees being charged, the benefit of the facilities to new development and the proportional allocation of costs to be funded by the fees. Impact fees must be adopted by a majority of the legislative body of an entity with the power to impose land use regulatory measures (e.g., Oakland City Council). Impact fees are usually imposed either jurisdiction-wide or in other relatively large areas anticipating significant amounts of new development.

Legislative History

The concept of initiating a development impact fee has been considered in the past as recently as 2009, however, these efforts were never funded. In 2013, the City Council identified funding and directed staff to prepare a nexus study for potential development impact fees for transportation, infrastructure and affordable housing to offset impacts from new development on these City resources. In June 2013, as part of the FY 2013-15 City of Oakland Adopted Policy Budget, \$500,000 was appropriated for a nexus study to support impact fees. An additional \$600,000 from other sources is also available for the project as set forth in the City’s Bond Spending Plan (specifically, \$200,000 each from the Central City East, Central District and Coliseum Redevelopment Areas were identified for this purpose).

Policies to support preparing a nexus and economic feasibility analysis for potential development impact fees for transportation, capital improvements, and affordable housing are included in the recently adopted specific plans for the Broadway Valdez District and for West Oakland, as well as in the public review drafts of the Lake Merritt Station Area Plan, Coliseum Area Specific Plan and the City’s 2015-2023 Draft Housing Element Update. The 1998 *Land Use and Transportation Element* (LUTE) of the City’s General Plan includes an objective T.5 “Secure funding for transportation infrastructure improvements and maintenance” and policies that

support considering “a range of strategies to provide funding for transportation improvements... including, but not limited to, special user fees, development impact fees, or assessment districts” (Policy T5.4).

Request for Proposals and Consultant Selection Process

The recommended Nexus Study and Implementation Strategy (“Nexus Study”) consultant team was selected as a result of a formal consultant selection process. The process began with a competitive RFP in July 2014, followed by an objective interview process in September 2014 involving interviewers representing the City's Planning and Building, Public Works and Housing and Community Development Departments.

Two consultant teams responded to the RFP. After evaluation and scoring of the written proposals both consultant teams were invited to make oral presentations. The two consultant teams were led by the following firms:

- 1) Hausrath Economic Group (HEG); and
- 2) Economic Planning Systems (EPS)

The panel interviewed firms based on the following criteria:

- 1) Demonstration of relevant experience;
- 2) Professional background and qualifications of team members and firms comprising the team;
- 3) Capacity and ability to carry out project within a set budget and timeframe;
- 4) Cohesiveness and appropriateness of the project team and organization;
- 5) Understanding of the work required and proposed approach; and the
- 6) Responsiveness to the proposal.

Based on the above criteria, panelists all ranked HEG as the most qualified team to provide the services.

The HEG team includes the following firms (and areas of expertise and participating office location):

- Hausrath Economics Group (Project Management, Development/Growth Scenario, Economic Feasibility Analysis, Affordable Housing Context, Meeting Facilitation; Oakland)
- Urban Economics (Development Impact Fee Programs, Transportation and Capital Improvements Impact Fee Nexus Analyses; Oakland)
- Fehr & Peers (Transportation Planning, Transportation Impact Fee Nexus Analysis; Oakland)
- BKF Engineers (Utility Infrastructure Planning; Oakland)
- Vernazza Wolfe Associates (Affordable Housing Nexus Analysis; Berkeley)
- Lamphier-Gregory (California Environmental Quality Act – CEQA Compliance; Oakland).

Five out of six of the consultant firms are local businesses, and will provide a total LBE/SLBE participation of 93% of the contract amount.

All team members have extensive local knowledge and experience with Oakland projects directly applicable to the economic, housing and capital planning issues central to the Citywide Impact Fee Study. The team's experience includes nationally recognized expertise in nexus analysis and economic feasibility for a range of development impact fee programs for numerous cities and other jurisdictions. The team also has a successful track record of assisting City decision makers and local stakeholders to find acceptable solutions to challenging policy proposals. Finally, the team has successfully completed similar studies in numerous cities, many with similar characteristics to Oakland in terms of development potential and socio-economic patterns, such as San Francisco, Long Beach, Los Angeles, Fresno, and San Jose. The extensive experience and qualifications of HEG and Urban Economics, the consultant firms, managing the various nexus studies and economic feasibility analysis work, are shown in *Attachment A*.

The draft scope of services and schedule (*Attachments B and C*) are the result of discussions between the City and HEG. Staff carefully analyzed the proposal and fee submitted by the HEG team and believes it represents a fair and reasonable fee for services that will fulfill the desired Nexus Study and Implementation Strategy objectives, per the submitted (and subsequently negotiated) scope of services.

KEY ISSUES/ANALYSIS

Unlike many surrounding jurisdictions, Oakland has very few development impact fees.² Development impact fees are a way to assign the fair-share costs of impacts from new development in a comprehensive, fair and equitable manner (as opposed to on a project-by-project basis) that does not hamper the economic feasibility of the development. The City is considering potential impact fees to address the impacts of new development for three critical City resources:

- **Transportation:** The City is experiencing renewed interest in major development projects, each of which requires transportation mitigation measures in proportion to the size and impact of the development. Analyzing the impacts can often lead to lengthy environmental review processes on a project-by-project basis due to long-term cumulative transportation impacts tied to regional growth projections. In addition, the

²Oakland currently charges a Fire Services Impact Fee (\$5.00 per square foot for new construction), a Jobs/Housing Impact Fee (\$4.74 per square foot for over 25,000 square feet of office/warehouse space); and a Sewer Mitigation Fee that is dependent project-specific engineering review; there is also an impact fee that only applies to the Leona Quarry residential development ("Southeastern Oakland Traffic Impact Fee"). Fees for water and sewer services are charged by the East Bay Municipal Utility District, while school impacts fees are charged by the Oakland Unified School District.

costs of providing new transportation infrastructure are often disproportionately borne by the first developer moving forward with a development project. The City lacks a simple, clear mechanism to assess developers their fair-share impact costs to the City's transportation network. A potential development impact fee could help to streamline the development process and provide certainty about development costs.

- Affordable Housing: Oakland is in critical need of more affordable housing at all affordability levels. With the elimination of Redevelopment, the City is very limited in its resources to support the production of affordable housing. The City is interested in pursuing a viable mechanism, such as through a potential affordable housing impact fee, to stimulate the production of a specified proportion of units affordable to very low, low, and moderate income households in new residential developments.
- Capital Improvements: As development continues to increase throughout the City – and the population grows – new capital improvements will be required to serve new residents, employees, and visitors to Oakland. A capital improvements impact fee could be used to pay for new or expanded public facilities, such as police and fire stations, libraries, parks, recreation and head start facilities, in addition to streetscape improvements (paving, sidewalks, lighting, trees), and various infrastructure improvements, such as sewer and storm drains.

In order to result in “fair and equitable” impact fee recommendations, the Nexus Study must include:

- Coordination and review across many different City departments;
- Technical analysis that is legally defensible under the Mitigation Fee Act while supporting funding for the City's highest priority needs;
- A rigorous, credible economic feasibility analysis so that any impact fee program appropriately balances the need to accommodate development impacts without creating a disincentive for real estate investment in Oakland; and
- An inclusive process to discuss and gain support from a diverse set of stakeholders to discuss fee allocation (for transportation, affordable housing and capital improvements) since economic constraints are likely to preclude adoption of the maximum justified impact fees. The level of fees that are economically feasible may be substantially lower than the maximum justifiable fees.

The RFP stated a deadline of December 31, 2014 for the Nexus Study findings and recommendations. Both proposals received stated that the December 31, 2014 completion date was infeasible, given the range of potential impact fees, the level of coordination across multiple

City departments, the need to have a thorough and legally defensible technical analysis required pursuant to the Mitigation Fee Act and the rigorous and careful economic feasibility analysis and subsequent deliberation required with City staff, stakeholders and the City Council to assess at what levels the impact fees should be set without creating a disincentive to new development.

Staff expedited the RFP and consultant selection process to the extent possible. Staff has worked closely with the consultant to optimize the schedule to move as quickly as possible without compromising the results of a complex study which involves numerous City departments and other stakeholders. The current schedule proposed by the consultant is very aggressive and anticipates returning to the Council with a draft Development Impact Fee proposal in November 2015. Overall, the schedule will include 1) technical analyses for the different types of fees within six to seven months of project initiation (December/January 2014/15 – July 2015); 2) working with City staff, a Working Group and the City Council to discuss nexus analyses findings, completing the economic feasibility analysis and Draft Development Impact Fee Program over the following five months (August 2015 – December 2015); and, 3) obtaining City Council approval in early 2016.

PROJECT DESCRIPTION

The following is a summary of major products and milestones associated with the proposed consultant scope of services to prepare a nexus study, economic feasibility analysis and to adopt and implement a citywide impact fee program for transportation and capital improvements and affordable housing (See *Attachment B*).

Data Collection and Technical Analyses (Months 1 to 7)

The first six to seven months of the project consist of technical work that will be an intensive effort by the consultant team with the “City Steering Committee,” consisting of representatives from the Offices of the City Administrator, City Attorney and the Planning and Building Department for overall project coordination, as well as from the Departments of Public Works, Housing and Community Development, Police, Fire and the Office of Parks and Recreation, as appropriate, based on the topic(s) addressed. The technical work will consist of:

- Data Collection, Development of Assumptions, and Identification of Fee Inputs. The initial tasks will focus on data collection, developing study assumptions and methodology and identifying transportation, capital improvements, and the affordable housing production context. It is also during this time that the consultant and City will determine the adequate level of CEQA review. (See Tasks 1 through 6, and 9 of *Attachment B*).
- Nexus Analyses. Pursuant to the Mitigation Fee Act, the nexus analyses (Tasks 7.1-7.3 of *Attachment B*) will establish the need for the fee based on impacts attributable to new development; the

use of fee revenues to accommodate those impacts, and the proportionality of the fee amount to the level of impacts generated by a development impact.

Economic Feasibility Analysis, Policy Deliberation and Draft Proposal to City Council (Months 7 to 11)

The next five months of work consists of reaching agreement on the Impact Fee Program considering the findings of the Economic Feasibility Analysis. This is a critical component of the project that ties together the previous streams of work. As noted above, because economic constraints are likely to preclude adoption of the maximum justified impact fees, the level of fees that are economically feasible may be substantially lower than the maximum justifiable fees. Furthermore, the allocation of available fees to transportation, infrastructure or affordable housing is a policy decision that will need to be addressed.

First, the results of the Nexus Analyses and the preliminary findings of the Economic Feasibility Analysis will be compiled into a preliminary draft development impact fee proposal or proposals that will become the basis for policy discussions with stakeholders and the City Council. Then the focus will be on refining preliminary draft proposals through deliberations with a Working Group and with the City Council. The Working Group will be composed of a cross section of stakeholders associated with the proposed impact fees that can provide expertise (see Public Outreach/Interest for a more detailed description of the Working Group).

The intent is to further refine the preliminary draft development impact fee proposal and provide the economic feasibility context for the nexus study, as a basis for creating a citywide impact fee program that can be implemented without adversely affecting Oakland's ability to attract new development. At the end of this phase of the study, the product will be an Impact Fee Program that has been reviewed and vetted by the City Steering Committee, the Working Group of stakeholders, and the City Council.

Fee Adoption (Months 12 to 15)

Based on feedback from the City Steering Committee, Working Group and City Council, the consultant will refine the Development Impact Fee Report, provide input for preparation of the draft ordinance(s) and take these items to City Council for adoption.

After the fee(s) are adopted, the scope of services also includes consultant hours to prepare procedures and training manuals for use by City staff to support program implementation.

PUBLIC OUTREACH/INTEREST

As noted above, the economic feasibility analysis will likely indicate that the increment of impact fees feasible to charge is less than what may be the maximum justifiable amount according to the nexus study results. Thus, it will be important to solicit feedback from a range of stakeholders in order to develop and gain support to adopt a set of economically viable impact

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fees. The proposed Scope of Services includes a series of meetings with an informal Working Group, which will consist of a cross section of stakeholders with interests associated with the impact fee program and with subject matter expertise to contribute to Working Group discussions. The intent of these meetings is to engage and inform stakeholders, to seek input on policy issues, such as tradeoffs among the three types of impact fees in the context of the economic feasibility analysis, to help shape alternatives and recommendations, and, ultimately, to gain support for the fee program.

COORDINATION

The Request for Proposals, consultant selection, and discussion about the consultant scope of services have been conducted in coordination with the Offices of the City Administrator, City Attorney and the Planning and Building Department, as well as the Departments of Public Works, Housing and Community Development, Police, Fire and the Office of Parks and Recreation. On-going project management, policy guidance and implementation will occur in coordination with these and other departments, as appropriate, based on the topic(s) addressed. This report was also reviewed by the Budget Office.

COST SUMMARY/IMPLICATIONS

The fiscal impact to prepare the Citywide Impact Fee Study and Implementation Strategy is reflected in the not-to-exceed amount of the Professional Services Agreement of \$1,100,000. This amount includes \$863,409 for basic services and a project contingency of \$236,591 for a total project cost of \$1,100,000. There may be an opportunity to reconop costs associated with preparing the Nexus Study and ongoing administration of the program. This would be studied in the context of the economic feasibility analysis of the fee program.

As mentioned above, as part of the FY 2013-15 Adopted City of Oakland Policy Budget, \$500,000 was appropriated for a nexus study to support impact fees; an additional \$600,000 from other sources is available for the project as set forth in the City's Bond Spending Plan (specifically, \$200,000 each from the Central City East, Central District and Coliseum Redevelopment Areas were identified for this purpose). Funds are appropriated and available as follows: \$500,000 in the General Purpose Fund (1010), Administration: Planning and Building Org (84111), Nexus Study project (A468550), Unidentified Program (0000), \$200,000 in Central District: TA Bonds Series 2009T Fund (5613), Planning Org (84211), Nexus Study Fund 5613 Project (P468551), Unidentified Program (0000), \$200,000 in Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643), Planning Org (84211), Nexus Study Fund 5643 Project (P468552), Unidentified Program (0000), \$200,000 in Coliseum: TA Bonds Series 2006B-T (Taxable) Fund (5656), Planning Org (84211), Nexus Study Fund 5656 Project (P468553), Unidentified Program (0000); for a total amount of \$1,100,000 in existing appropriations.

Staff requests authorization to apply for, accept and appropriate any additional grant funds should they become available for the same stated purpose, and to amend total contract not-to-exceed amounts without returning to Council within available appropriations.

The fiscal impact of implementing the Citywide Impact Fee Study and Implementation Strategy, and of administering any future development impact fee program(s), will be unknown until the cost estimates tied to the project are completed.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed development of a nexus study and economic feasibility analysis will support the Council's consideration and adoption of a fair and equitable set of development impact fees that will require private development to fund its fair share of potential transportation, infrastructure, and affordable housing projects in a manner that does not hamper new development. The application of the Development Impact Fee process will streamline the development process and provide certainty about development costs.

Environmental: Establishing impact fees could directly offset the impacts that a potential project creates and serve to mitigate the cumulative transportation impacts identified under the California Environmental Quality Act (CEQA).

Social Equity: Establishing impact fees on new private development will provide for transportation, capital improvements, and affordable housing units. These fees will be used to mitigate impacts of new development Citywide. In particular, the proposed affordable housing impact fee would be used to stimulate the production of housing units affordable to very low, low, and moderate income households.

CEQA

This report is not a project under CEQA. The appropriate level of environmental review to adopt a development impact fee program will be determined and conducted as a part of the project.

For questions regarding this report, please contact Alisa Shen, Planner III, at (510) 238-2166.

Respectfully submitted,



RACHEL FLYNN
Director, Planning and Building Department

Reviewed by
Darin Ranelletti, Deputy Director, Bureau of Planning

Prepared by
Alisa Shen, Planner III
Strategic Planning Division

Attachments

- A. Consultant Key Experience
- B. Draft Scope of Services
- C. Draft Schedule

HAUSRATH ECONOMICS GROUP OAKLAND EXPERIENCE

Citywide Efforts

- ◆ Citywide Development and Growth Scenarios
- ◆ Economic Analysis of Inclusionary Housing Program
- ◆ Citywide and Downtown Oakland Retail Market Assessment
- ◆ General Plan Housing Element Update
- ◆ Oakland General Plan Land Use and Transportation Elements
- ◆ Economic and Land Use Implications of Seismic Retrofitting Requirements for Unreinforced Masonry Buildings

Retail/Commercial Corridors and Neighborhood Commercial Districts

- ◆ Revitalization of East 18th Street/Park Boulevard Commercial District
- ◆ Market and Financial Evaluation of Parkway Theater Proposal
- ◆ Market Strategy for Retailing on Lakeshore Avenue
- ◆ Market Strategy for Retailing on Upper Grand Avenue
- ◆ Assessment of Market Conditions and a Retail/Commercial Strategy in Adams Point/Grand Avenue
- ◆ Market Analysis for Corridor Revitalization and Streetscape Improvements for International Boulevard Corridor
- ◆ Market Analysis for Corridor Revitalization and Streetscape Improvements for MacArthur Boulevard Corridor
- ◆ AC Transit Bus Rapid Transit (BRT) Project

North Oakland

- ◆ Competitive Effects of Safeway Proposal for College and Claremont
- ◆ Amendments to Broadway/MacArthur/San Pablo Redevelopment Plan
- ◆ MacArthur BART Station Area Planning

Downtown and Broadway Corridor

- ◆ Broadway/Valdez District Specific Plan
- ◆ Broadway Corridor Retail Market Assessment
- ◆ Amendments to Central District Redevelopment Plan
- ◆ Oakland Uptown Project
- ◆ Jack London Square Redevelopment Project
- ◆ Site Evaluation for Oakland City Administration Buildings Benefits for Downtown Revitalization
- ◆ Fox Theater Master Plan
- ◆ Blues Nightclub/Hall of Fame, Market and Feasibility Study
- ◆ Market Demand for Mixed-use Housing and Retail Development
- ◆ Office Market Implications of Development, University of California Office of the President Building
- ◆ Amendment to the Central District Redevelopment Plan
- ◆ Oakland Convention Center Feasibility Study
- ◆ A Vision for Downtown Oakland and the Broadway Corridor
- ◆ Downtown Oakland Revitalization and Earthquake Recovery Plan, Retail Element
- ◆ Economic and Land Use Implications of an Arena in Downtown Oakland

Estuary Waterfront

- ◆ Oakland Estuary Plan
- ◆ Oak to 9th/Brooklyn Basin Project

West Oakland and Army Base

- ◆ West Oakland Specific Plan
- ◆ Financial Analysis of Community Benefits for Army Base Development
- ◆ Central Station/Wood Street Project
- ◆ Mandela Grand Project Impact Assessment
- ◆ Mandela Transit Village Housing Market Assessment
- ◆ West Oakland Redevelopment Plan Adoption

- ◆ Kaiser Hospital Master Plan Project Impact Assessment
- ◆ San Pablo Avenue Housing Market Assessment

East Oakland and Coliseum/Airport Area

- ◆ Coliseum City Specific Plan and EIR
- ◆ Retail/Commercial/Industrial Market Assessment for San Antonio District
- ◆ Coliseum Area Redevelopment Plan Amendment
- ◆ Market study for Giant Panda Project at the Oakland Zoo
- ◆ Fruitvale Gateway and Fruitvale Transit Village Projects Impact Assessments
- ◆ Central City East Redevelopment Plan, Growth/Redevelopment Scenario
- ◆ Coliseum Gardens/Lions Crossings Project
- ◆ Metroport Project
- ◆ Leona Quarry Project

- ◆ West Oakland Redevelopment Project Area, Growth/Redevelopment Scenario
- ◆ Oakland Army Base Redevelopment Plan Adoption
- ◆ Oakland Army Base and Maritime Port Project Area, Growth/Redevelopment Scenarios

Goods Movement and Other Industry Sector Analyses

- ◆ MTC Goods Movement/Industrial Land Use Project
 - ◆ Oakland Port Services Location Study
 - ◆ Economic Analysis of Food Processing Sector in Oakland and Alameda County
-

URBAN ECONOMICS DEVELOPMENT IMPACT FEE CLIENTS

Over the course of his career Mr. Robert D. Spencer of Urban Economics was either project manager or principal in charge for development impact fee nexus studies for the public agencies listed below

Cities

- | | | |
|-----------------------------|---------------------------|-----------------------------------|
| 1 City of Bellflower | 24 City of Kingsburg | 47 City of Rolling Hills Estates |
| 2 City of Beverly Hills | 25 City of Lake Elsinore | 48 City of Roseville |
| 3 City of Brea | 26 City of La Mesa | 49 City of Sacramento |
| 4 City of Brentwood | 27 City of Lancaster | 50 City of San Carlos |
| 5 Town of Buckeye, AZ | 28 City of Livermore | 51 City & County of San Francisco |
| 6 City of Calimesa | 29 City of Long Beach | 52 City of San Jose |
| 7 City of Carpinteria | 30 City of Monterey | 53 City of San Leandro |
| 8 City of Coachella | 31 City of Mountain View | 54 City of San Luis Obispo |
| 9 City of Covina | 32 City of Oakley | 55 City of Santa Clarita |
| 10 City of Dublin | 33 City of Oceanside | 56 City of Santa Rosa |
| 11 Town of Eagar, AZ | 34 City of Oxnard | 57 City of Sebastopol |
| 12 City of El Centro | 35 City of Palmdale | 58 City of Shasta Lake |
| 13 City of El Monte | 36 City of Phoenix, AZ | 59 City of Sierra Madre |
| 14 City of El Segundo | 37 City of Pittsburg | 60 City of Soledad |
| 15 City of Emeryville | 38 City of Pleasant Hill | 61 City of South San Francisco |
| 16 City of Fort Worth, TX | 39 Town of Portola Valley | 62 City of Stockton |
| 17 City of Fresno | 40 City of Redding | 63 City of Tracy |
| 18 City of Gilroy | 41 City of Redlands | 64 City of Visalia |
| 19 City of Glendale | 42 City of Redwood City | 65 Town of Wickenburg, AZ |
| 20 City of Hawthorne | 43 City of Reedley | 66 Town of Windsor |
| 21 City of Hercules | 44 City of Rialto | 67 Town of Yucca Valley |
| 22 City of Huntington Beach | 45 City of Richmond | |
| 23 City of Indian Wells | 46 City of Rocklin | |

Counties

- | | | |
|--------------------------|------------------------------|-------------------------|
| 1 County of Butte | 9 County of Placer | 17 County of Solano |
| 2 County of Contra Costa | 10 County of Riverside | 18 County of Stanislaus |
| 3 County of El Dorado | 11 County of Sacramento | 19 County of Sutter |
| 4 County of Fresno | 12 County of San Benito | 20 County of Tehama |
| 5 County of Kern | 13. County of San Bernardino | 21 County of Tulare |
| 6 County of Kings | 14. County of San Joaquin | 22 County of Yolo |
| 7 County of Madera | 15 County of Santa Clara | |
| 8 County of Merced | 16 County of Shasta | |

Fire Districts

- | | | |
|--|--|---|
| 1 Alpine Springs Fire Protection District | 9 Humboldt #1 Fire Protection District | 18 Salda Fire Protection District |
| 2 Contra Costa County Fire Protection District | 10 Keyes Fire Protection District | 19 San Miguel Fire Protection District |
| 3 Diamond Springs Fire Protection District | 11 Menlo Park Fire Protection District | 20 San Ramon Valley Fire Protection District |
| 4 East Contra Costa Fire Protection District | 12 North Tahoe Fire Protection District | 21 Stanislaus Consolidated Fire Protection District |
| 5 Foresthill Fire Protection District | 13. Oakdale Rural Fire Protection District | 22 Suisun Fire Protection District |
| 6 Fresno County Fire Protection District | 14. Placer County Fire | 23 Truckee Fire Protection District |
| 7. Greenfield Fire Protection District | 15. Placer Hills Fire Protection District | 24. Westport Fire Protection District |
| 8 Herald Fire Protection District | 16 Rincon Valley Fire Protection District | 25. West Stanislaus Fire Protection District |
| | 17 Rodeo-Hercules Fire District | |

County Transportation Agencies

- | | | |
|---|---|--|
| 1 County of Alameda
Congestion
Management Agency | 3 San Diego Association
of Governments | 5 Shasta County Regional
Transportation Agency |
| 2 Los Angeles County
Metropolitan
Transportation
Authority | 4 San Francisco County
Transportation
Authority | 6 Tehama County
Regional Transportation
Agency |

Other Local Agencies

- | | | |
|--|--|--|
| 1 Coachella Valley
Association of
Governments | 5 San Joaquin Area Flood
Control Agency | 9 Tehachapi Valley
Recreation & Parks
District |
| 2 Dixon Library District | 6 San Joaquin County
Council of
Governments | 10 Yolo County Habitat
Conservation/Natural
Communities
Conservation Plan Joint
Powers Authority |
| 3 East Contra Costa
County Habitat
Conservancy | 7 Stanislaus County
Association of
Governments | |
| 4 San Diego County
Association of
Governments | 8 Stockton-San Joaquin
Library District | |

SCHEDULE A: SCOPE OF SERVICES

Task 1: Project Management and Policy Guidance

The purposes of this task are to effectively manage project schedule, costs, and products, enable City staff to review interim study results, and to support timely policy guidance by City staff.

Task 1.1: Staff Steering Committee

Efficient and effective interaction between City staff and the consultant team will be critical to keeping to the project schedule. Specifically, City staff will need to assist in gathering data and documents, providing input on approach, methodology, and assumptions, commenting on products, and providing policy guidance.

Our project management plan to accomplish these objectives includes the following components.

- ◆ Bi-weekly Steering Committee meetings between City staff consisting of representatives from the Offices of the City Administrator, City Attorney and the Planning and Building Department for overall project coordination, as well as from the Departments of Public Works, Housing and Community Development, Police, Fire and the Office of Parks and Recreation, as appropriate, based on the topic(s) addressed.
- ◆ Attendance at Steering Committee meetings by other City staff and consultant team members as needed depending on the agenda
- ◆ Presentation to the Steering Committee of interim work products to inform and educate City staff on the components of a DIF program and to enable City executive leadership to provide necessary policy guidance.
- ◆ Ongoing maintenance by the consultant team of a project action item matrix for review and amendment at each Steering Committee meeting indicating due dates and staff or consultant assignments.

The first Steering Committee meeting will be a project kick-off meeting. All team members will attend to discuss the overall project approach and schedule and to make any initial adjustments if necessary.

Products: Meeting agendas, project action item matrix, and meeting decision notes.

Meetings: Project management meetings scheduled at a regular time bi-weekly for the first eleven (11) months of the project and monthly thereafter from months 12 through 20 (approximately 31 meetings)

Task 1.2: Project Management

The purpose of this task is to administer the project. Activities include.

- ◆ Contract management including progress reports and invoicing
- ◆ Monthly review of project schedule and budget status.
- ◆ Technical direction and internal team coordination provided by HEG and UE
- ◆ Quality control provided by the subconsultant principal-in-charge responsible for each product, with an additional level of review of all products by HEG or UE.
- ◆ Quality assurance provided by HEG monitoring of subconsultant quality control process.

Products: Invoices and related progress reports

Meetings: See Task 1.1

Task 2: Review Documents & Collect Data

The Consultant team will identify the data and documents needed and seek assistance from City staff to access this information. Members of our team (HEG, F&P, BKF, and VWA) have completed an extensive range of related projects for the City so we are likely to already have many of these documents. The types of documents and data that will be needed include:

- ◆ Ordinances and documentation for existing commercial linkage and sanitary sewer fees
- ◆ General Plan Elements and respective EIRs (such as the *Land Use and Transportation Element*, the *Housing Element*, among others)
- ◆ Specific area plans, Redevelopment Area Plans, EIRs (within the last five years), and related infrastructure studies for areas such as Broadway/Valdez District, Central Estuary Area, Coliseum Area, Lake Merritt BART Station Area, and West Oakland
- ◆ Facility master plans, including East Bay Infiltration and Inflow Study (1986), Pedestrian Master Plan (2002), Storm Drain Master Plan (2006), Bicycle Master Plan (2007), and all other capital improvement programs and capital project lists
- ◆ Major transportation studies such as the Harrison Street/Oakland Avenue Community Transportation Plan, International Boulevard Transit-Oriented Development Project and regional transit provider studies related to Oakland (AC Transit and BART)
- ◆ Facility and infrastructure studies for major development projects such as the Oakland Army Base and the Oak Knoll Naval Hospital
- ◆ Development agreements and projects that have provisions for infrastructure or housing that would supersede a development impact fee program: amount and type

of development covered, details of development agreement provisions. Examples of developments with existing or potential development agreements that could affect coverage include the Brooklyn Basin/Oak to 9th project, the Oakland Army Base development, Coliseum City development, the Oak Knoll development, and the MacArthur BART Station TOD.

- ◆ Housing program documents and data, including information on funding sources, financing programs, recent and anticipated production, non-profit partners, and affordable housing goals and priorities.

These documents will provide the data needed to build the capital improvement program for the Nexus Study. Key information to be drawn includes existing facility data, facility standards to measure the impact of development, estimates of citywide growth and its concentration in specific areas of the City, and relevant staff work including that related to affordable housing production goals, policies, and funding sources. The team will build a shared annotated bibliography to help ensure that Nexus Study assumptions, methodologies, and facility planning policies are consistent with prior related efforts.

Products. None

Task 3: Develop Assumptions, Inputs, and Methodology

Task 3.1: Existing Development and Future Growth Scenario

A single set of estimates for existing levels of development and projected future development will be assumed for the nexus analyses conducted for this study. A set of master tables will be prepared with a common set of assumptions about development by land use category, households and population, and employment. The growth scenario will rely on existing documents and data, including projections for the City prepared by the Association of Bay Area Governments (ABAG) and allocations of growth by City planning area or Specific Plan area consistent with existing City planning analyses and environmental documents.

Early on, decisions will be made regarding base year (likely to be 2015), planning horizon (likely to be 2040 consistent with Plan Bay Area), land use categories, and relevant planning areas or zones for the nexus analysis. Tables will be prepared to provide an overview of base year conditions and the amount of growth forecast. Forecasts of population/households and employment will be translated into housing units and square feet of development by type, as needed to develop estimates of potential impact fee revenue, as fees are typically charges per unit or per square foot.

Oakland has many stable residential neighborhoods filled with single-family homes, duplexes, small apartment buildings, and local-serving retail establishments; these neighborhoods are not likely to experience much change over the next 25 to 30 years. Much of the new development that will occur in Oakland will be redevelopment of previously used industrial or military sites, and infill development that adds density to the downtown and along major corridors. Consequently this work effort will include the allocation of growth to planning areas for use in the transportation and capital facility improvement analysis. The

spatial analysis will provide important context to the review of the market and economic development context for the DIF program, and for consideration of impact fee zones (see Task 3.3).

Consideration will also be given to identifying new development projects or plans covered by development agreements that may supersede some or all of the DIF program provisions, based on input from city staff. The future growth scenario will then be divided into one or more categories—growth that would be covered under the DIF program, growth not covered because of development agreements, and, potentially, growth in projects that would be covered by some aspects of the DIF program.

Product Base Year Conditions and Growth Scenario tables and transmittal memorandum (internal City staff/team memorandum)

Meetings: See Task 1

Task 3.2: Development Impact Fee Survey

The purpose of this task is to conduct a survey of development impact fees in comparable jurisdictions. The level at which other jurisdictions impose exactions on development is one consideration when determining the capacity of the City of Oakland to do the same without inhibiting growth. Developers and senior decision makers in City government often cite fee levels in comparable cities to evaluate their competitiveness when “pricing” the impacts of growth. The survey provides a widely recognized if rough measure of the potential to impose additional fees locally. Though the economic feasibility analysis described more fully in Task 8 will provide a more robust and comprehensive analysis of this issue, a fee survey remains an essential ingredient of the Nexus Study policy analysis.

The impact fee survey will only include fees subject to the MFA. Impact fees imposed under the MFA reflect the most significant differences across jurisdictions in total development costs subject to control by the local agency

To conduct the survey we will survey up to ten comparable jurisdictions. Comparable could mean jurisdictions within the San Francisco Bay Area that compete with Oakland within the same real estate market. Comparable could also mean jurisdictions that are similar to Oakland based on characteristics such as size, density, and development potential. We will discuss the advantages and disadvantages of each approach with City staff and develop a final list of cities to survey. The list may include a combination of cities representing both approaches.

Product Development Impact Fee Survey technical appendix to Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 3.3: Develop Nexus Study Assumptions, Inputs, and Methodology

This task will overlay the various work streams associated with the nexus analysis (Tasks 4 through 7) to ensure a consistent approach where appropriate, support the technical

defensibility of the DIF program, and guide program implementation. The objectives of this task are to:

- ◆ Develop the information related to the nexus approach and assumptions needed to guide the technical and policy decisions necessary for adoption and implementation of the DIF program.
- ◆ Seek immediate guidance from the Steering Committee on key elements of the technical approach, critical path assumptions, and policy issues necessary to proceed with the nexus analysis (Tasks 4 through 7, below).
- ◆ Identify other technical and policy decisions that will need to be addressed as the study proceeds.

Key technical issues to be addressed include:

- ◆ Based on best practices and City policies, determine the approach to be taken for each fee to document the three key findings required by the MFA related to: (1) the need for the fee based on development impacts, (2) the use of fee revenues to accommodate those impacts, and (3) the proportionality of the fee amount to the level of impacts generated by a development project.
- ◆ The need for geographic zones either (1) to maintain a reasonable relationship between development and the use of fee revenues, or (2) to meet policy objectives related to fairness and equity.

Key policy issues to be addressed include:

- ◆ Identifying policies related to facility standards that determine development impacts (e.g. General Plan transportation LOS policies).
- ◆ Allocating the potential fee burden among:
 - Land use categories to support both the “reasonable relationship” standard in the MFA and related case law and the City’s economic development objectives
 - City planning areas taking into account current and potential future market conditions.
- ◆ Determining the level at which fee revenues will be segregated by use; for example, whether to have separate police and fire impact fee accounts or a single public safety account.

Key implementation issues to be addressed include:

- ◆ Adjusting fees to reflect changing development economics over time
- ◆ Credit and reimbursement policies for developers that build and dedicate affordable housing and public facilities funded by the DIF program.
- ◆ Time of collection in the development process.
- ◆ Alternate development-related funding mechanisms such as assessments and special taxes.

- ◆ Addition of a charge on each fee payment to fund ongoing program administration.

This task will be a highly interactive effort with the Steering Committee to support City staff understanding of DIF program options and ownership of key decisions.

Products: Materials to support Steering Committee agendas such as slides, tables, and short decision memoranda as needed

Meetings: See Task 1.

Task 4: Identify Transportation Improvements

Task 4.1: Project Identification

This task will result in a database to manage all the potential transportation projects that could be considered for inclusion in the fee program. The database will be used to track the origin of each project considered for the fee program, the discussion of its applicability, and ultimately the decision of whether the project is incorporated into the fee program.

The consultant team will review all applicable planning and environmental clearance documents that address the City's future transportation needs. Relevant documents will include:

- ◆ General Plan Elements and respective EIRs (such as the *Land Use and Transportation Element*, the *Housing Element*, among others)
- ◆ All Specific Plans and EIRs for major development projects within the last five years and areas (such as Coliseum City, Broadway-Valdez District, Lake Merritt Station Area Plan, etc.)
- ◆ Bicycle Master Plan
- ◆ ITS Master Plan
- ◆ Others as identified by City staff

This task will also incorporate all existing and in-process area traffic impact fee programs, for example the existing Leona Heights and planned Broadway-Valdez fee programs. The nexus analysis in Task 7.2 will specifically address how these programs will be integrated into a citywide approach.

These planning efforts have involved substantial community input and objective analysis to identify transportation projects and programs to facilitate the movement of people within Oakland. Combining the improvements identified in planning documents, the mitigations identified in the EIRs, and the expression of the City's goals contained in the citywide plans should achieve the multi-modal transportation network that meets the City's standards and policy objectives.

The consultant team will review draft and final plans, as available, to identify a complete list of transportation projects to be considered for the fee program. It will be assembled in a GIS format for documentation, management, mapping and presentation. Initial attributes

may include: project title, description of work, plan/document source, and location(s). Other attributes that will be incorporated as the study progresses, depending on need and availability of information, include estimated cost, schematic designs, level of service data, and topics of public discussion.

Projects for maintenance and rehabilitation, if identified, will not be included in the database because the fee program is intended for projects that enhance, improve, or expand the movement of people to serve the demands of new growth.

The GIS database and a supporting memorandum will be reviewed by the City. Comments will be incorporated into the database and memorandum and re-submitted for up to two additional rounds of review before being finalized.

The project list will include a variety of project types, such as modifying street widths and lane configurations, improving streetscape elements, adding or enhancing bicycle and pedestrian facilities, installing or upgrading traffic signals, and improving accommodations for transit vehicles. The need for these projects will have already been established through the planning process or CEQA review that generated them. Therefore, the nexus analysis can focus on establishing an equitable mechanism for allocating the costs of those projects to new development.

If the available list of improvements based on existing documentation does not include certain growth areas then we will develop a list of potential improvements at a conceptual level with sufficient technical justification for inclusion in the nexus analysis. In particular, we may need to develop a preliminary list of improvements associated with the downtown transportation study currently in process to complete this task.

For use in the City's capital budgeting process following adoption of the DIF program, we will recommend criteria for ranking project priority such as geographic proximity to major growth areas, economic development benefits, the project's readiness for construction, neighborhood support for the project, and potentially other factors. Supporting streamlined environmental review of development projects within specific plan areas and consistency with City goals and policies, such as the "Transit-First Policy" and the Complete Streets Policy, will also be a consideration.

Products: Transportation Improvements GIS database (three administrative drafts)

Meetings: See Task 1

Task 4.2: Project Costs and Funding

We will prepare a table of updated costs for projects that had previous construction cost estimates. We will apply escalation rates based on project costs we have seen relative to the year those estimates were produced. These rates can vary significantly from national averages depending on the economic climate of when the original estimates were produced.

We will prepare a table of costs for projects that were not previously estimated. Unit costs will be established for types of projects such as: bulb-outs, curb ramps, pavement striping, flashing beacons, etc. We have identified a list of 16 initial types, and will budget for an

additional 14 types not yet identified, for a total of 30 project types to be given unit costs. These unit costs will then be applied to each project.

Compiling these two tables into one table of projects considered for the DIF will provide an overall basis for the nexus analysis in Task 7.2. We assume this table will need to be revised once based on comments or revisions to the projects.

We will also estimate dedicated capital project funding that could reasonably be anticipated to compliment DIF revenues over the planning horizon of the program. We will derive these estimates based on input from City staff and from existing planning documents such as the City's capital budget and the Countywide Transportation Plan prepared by the Alameda County Transportation Commission.

Products: Transportation Improvements technical appendix to Nexus Study Report that incorporates Tasks 4.1 and 4.2 results (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 5: Identify Capital Improvements

Task 5.1: Sewer and Storm Drain Utilities

We will identify capital improvement projects necessary to accommodate storm and sanitary sewer service demand from new development, and assemble an inventory of existing assets to support a buy-in fee (see Task 7.3). Evaluation of specific impact areas will be limited to storm and sewer lines that serve either a single large-scale development project (greater than 40 acres) or multiple smaller development areas with a combined development area of at least 5 acres. This task excludes water service (provided by East Bay Municipal Utilities District), gas, electric and communications services (provided by outside Agencies). It is anticipated that individual development areas of greater than 40 acres will be responsible for upgrading deficient lines impacted by their project and regional allocation of costs is not necessary.

The project team will work with City staff to research, evaluate and compile a list of prioritized projects and programs. Sewer flow rates and line sizes will be taken from the 2012 Asset Management Implementation and Sanitary Sewer Management Plan, supplemented with information from the 1986 Sanitary Sewer Evaluation Study and the City GIS database. Storm drain information will be from the storm drain condition assessment study, FEMA Flood Insurance Study (FIS), Alameda County Flood Control reports and the City GIS database. Where design flows are unavailable, BKF will provide simplified calculations (Rational Method for skeletal drainage layouts for small systems and area-based regression curves based on peak flow rates presented in the FIS). No adjustments will be made to account for storage. All computations will be for nexus analysis purposes and will not be suited for design purposes.

Analyses will use existing, readily available information. No survey is proposed as a part of these tasks. Solutions will be based on replacing lines in-place. Regional solutions will not be

included in this study. The team will make recommendations where further study of regional options appears cost effective.

Areas with limited downstream deficiencies may be better suited for allowances to facilitate growth and funding than areas where the project will exacerbate problem areas. Conversely, development that will reduce flows to areas with significant downstream problems will be identified. We will provide parameters for documenting reductions in flows associated with development. We will also identify lines where, even with reduced project flows, there may be deficient downstream lines that require replacement. We will estimate the extent to which replacement of lines may result in a reduction in infiltration and inflow.

We will analyze estimated future capital improvement needs based on anticipated levels of development and estimate capital improvement costs. Total costs will be provided for system rehabilitation or replacement. The total cost will include an allowance for utility relocation, design, permitting, construction, and project management. The total cost will be used in Task 7.3 to allocate a fair share to the DIF program. Capital project cost estimates will be provided in current dollars and will be segregated by basin or other type of sub-area.

For use in the City's capital budgeting process following adoption of the DIF program, we will recommend criteria for ranking project priority such as geographic proximity to major growth areas, infiltration and inflow reduction to offset increased sewer flows, economic development benefits, the project's readiness for construction, neighborhood support for the project, and potentially other factors. Supporting streamlined environmental review of development projects within specific plan areas will also be a consideration.

We will provide a sample methodology for validating reductions in sewer and storm water flows. Areas with available off-site capacity or where reduction in flows would provide substantial benefit will be identified.

We will also estimate dedicated capital project funding that could reasonably be anticipated to compliment DIF revenues over the planning horizon of the program. We will derive these estimates based on input from City staff and from existing planning documents such as the City's capital budget.

Product: Sewer and Storm CIP technical appendix to Nexus Study Report (one administrative draft, see Task 10.2 for final drafts)

Meetings: See Task 1

Task 5.2: Other Capital Improvements

We will identify potential capital improvements for four categories (police, fire, parks, and libraries) relying on available city capital planning documents and interviews with City staff. Unlike the transportation and utilities analyses, the nexus analysis for other capital improvements is not as dependent on identifying a comprehensive capital plan.

Rather, the focus in this task will be on gathering existing facility information (acres, building square feet, site improvements, vehicles and equipment for each of the four capital improvement categories) to calculate an existing facility level of service standard. This

existing facility standard provides the nexus between the impact of development and the need for the impact fee based on maintenance of the City's current level of facilities per capita of service population (residents plus workers)

This task will also develop the data (needed to identify the impact of development on operating costs for park and recreation services such as parks maintenance and recreation programming. This data will include total operating costs by type of service and net costs after deducting any dedicated revenues

For use in the City's capital budgeting process following adoption of the DIF program, we will recommend criteria for ranking project priority such as geographic proximity to major growth areas, economic development benefits, the project's readiness for construction, neighborhood support for the project, and potentially other factors. Supporting streamlined environmental review of development projects within specific plan areas will also be a consideration

We will also estimate dedicated capital project funding that could reasonably be anticipated to complement DIF revenues over the planning horizon of the program. We will derive these estimates based on input from City staff and from existing planning documents such as the City's capital budget.

Products: Capital Improvements technical appendix to Nexus Study Report (one administrative draft, see Task 10.2 for final drafts)

Meetings See Task 1

Task 6: Identify Affordable Housing Production Context and Funding Options, and Consider Potentials for Development Incentives

Unlike the community capital improvements and public facilities identified in Tasks 4 and 5, affordable housing needs cannot be neatly assembled and categorized in a database or list of improvement projects. The issues are dynamic and economic modeling is required to satisfy the nexus requirements of the MFA. That technical residential nexus analysis is described in Task 7.1.

To establish the broader context for the focused residential nexus analysis in Task 7.1, the work in Task 6 will generate information for consideration by City staff, the Nexus Study Working Group, and City decision-makers during their consideration of potential residential impact fee levels. This task will provide background context on affordable housing production trends and goals in Oakland and potential funding options and strategies for achieving those goals. The work will focus on summarizing the market and public policy context and the funding and land use policy options and constraints.

This will be a high-level assessment—drawing from existing documents and plans and input from the City's Housing Development Department. It also will include a closer look at the potential for using development incentives (higher density, higher heights, different parking requirements, etc.) to encourage affordable housing production, drawing from the economic feasibility analysis in Task 8.

Specific topics to be addressed under this task include:

- ◆ Current housing production goals from the Housing Element and/or other policy documents including Oakland's Specific Plans, identifying both market rate and affordable housing goals,
- ◆ Recent production trends for market-rate and affordable housing;
- ◆ Status of the pipeline of future projects;
- ◆ The current funding and financing landscape at the Federal and State levels for producing affordable housing;
- ◆ Local funding sources and options (post-Redevelopment) including the adopted allocation of "Boomerang" Funds for affordable housing, funds from the City's Jobs/Housing Impact Fee, HOME funds, other funds in the City's Affordable Housing Trust Fund and Low and Moderate Income Housing Asset Fund, and other possible options; (Much of this information will be based on input from the City's Housing Development Department.)
- ◆ Role of tax credits, other financing strategies, and non-profit housing developers in Oakland affordable housing production;
- ◆ Assessment of potentials and constraints for using development incentives including density bonuses and other land use incentives that could reduce time or costs of development, in return for producing/funding affordable housing (drawing from the economic feasibility analysis in Task 8);
- ◆ Identification of other policy options and their possible application in Oakland, such as inclusionary housing and in lieu fee programs.
- ◆ Consideration of the rough magnitude of affordable housing needs that could be met by the residential impact fee policy option under the MFA requirements and nexus analysis (drawing from work under Task 7.1), and
- ◆ Order of magnitude consideration of the relationship between the depth of affordability for new housing (by household income category) and the number of new units that could be produced.

Products: Affordable Housing Production Context and Funding Options technical appendix to Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 7: Conduct Nexus Analyses

Task 7.1: Affordable Housing Impact Fee Nexus Analysis

The purpose of the residential nexus analysis is to establish a defensible basis for imposing an impact fee on new market-rate residential development in Oakland to mitigate the housing market impacts associated with that new residential development. More specifically, the nexus analysis identifies the increased demand for *affordable* housing that can be linked to the development of market rate housing and estimates the maximum justifiable impact fee amount that could be imposed to fill the funding gap between new housing development costs and what low and moderate income households linked to that development can afford to pay for housing. Residential impact fee revenue derived from such an analysis would be used to fill funding gaps for affordable housing production in Oakland.

The primary driver for the increase in demand for affordable housing in the residential nexus analysis is the increase in expenditures for goods and services attributable to buyers and renters of new market rate housing units in Oakland. According to the residential nexus model, this increase in household expenditures associated with new market-rate housing units results in employment growth. Some of these new employees can afford market rate housing (based on household income), and some will earn incomes below the level needed to afford market rate housing. It is the housing market impacts for this second group of employee-households that are addressed by the residential nexus analysis and an affordable housing impact fee.

The technical analysis involves a number of steps. Some of these steps are straightforward, others require choices to best reflect market and policy considerations pertinent to Oakland's situation. This analysis answers the question, "What is the maximum impact fee that can be charged?" This analysis does not address "At what level should the housing impact fee be set?" This second question is addressed in the Economic Feasibility Analysis in Task 8 and the identification of a Preliminary DIF Program Proposal in Task 7.4, and will be further considered by the Nexus Study working Group and the City's decision-makers.

We list below the key elements of the residential nexus technical analysis.

- ◆ Housing prototypes – for market rate ownership and rental housing
- ◆ Market-rate residential sales prices and rents
- ◆ Household income distributions for the residents of new market-rate ownership and rental housing
- ◆ Household expenditures by income category
- ◆ IMPLAN model analysis of household expenditures to generate estimates of economic activity and employment attributable to the household spending
- ◆ Analysis of occupations, wages and worker-household sizes to link the additional employment to demand for affordable housing demand

- ◆ Affordability gap analysis to calculate the difference between development costs for new modest residential units and the amount worker households can afford to pay for housing at various income levels

The final step in the analysis links the affordability gap (dollars per unit) by household income category back to the market-rate residential units by means of the number of affordable units by income category associated with those market-rate residential units. From this result we derive the maximum justified impact fee amount per market-rate residential unit (by type) as determined by the nexus analysis.

Products: Affordable Housing Impact Fee Chapter for Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 7.2: Transportation Impact Fee Nexus Analysis

The first step in the cost allocation process will be to determine the locations of any existing deficiencies in the City's transportation network, so that those deficiencies can be accounted for in the fee calculations. In light of the significant amount of planning work the City has already completed, and the desired schedule for completion of this nexus study, we are not proposing to collect new traffic count data at this time. Instead, we will assemble and summarize the existing conditions data that has already been collected and analyzed in recent EIRs and citywide planning studies and use that data to characterize locations where current transportation characteristics are not meeting the City's standards. The magnitude of the deficiency will be calculated and used to discount the cost of that particular improvement in the fee calculations.

This task will also incorporate all existing and in-process area traffic impact fee programs and nexus studies to the extent data is available, for example the existing Leona Heights and potential Broadway-Valdez fee programs. We will also coordinate with City staff, as necessary, regarding the concurrent processes underway to streamline transportation impact review per SB 743 and to prepare a Priority Development Areas' Complete Streets Plan.

We will generate a fee schedule to apportion facility costs to specific land use categories. Using trip generation rates typically applied in transportation impact analyses prepared for the City, we will calculate fees for each land use category that reflect that category's typical impact on the transportation system. Draft report tables will be prepared for City staff to review at each step of the analysis, including the schedule of maximum justified transportation impact fees by land use category. The land use categories will be identified in consultation with City staff and the consultant team, with an eye toward achieving consistency between fee programs and ease of application when City staff are implementing the programs.

Products: Transportation Impact Fee Chapter for Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 7.3: Capital Improvements Impact Fee Nexus Analysis

The capital improvements impact fee analysis will have components for sanitary sewer, storm drain, police, fire, libraries, and parks. For sewer and storm drain impacts, level of service will be based on (1) buy-in to the current system to support system upgrades and/or (2) expansion of the system to accommodate increased flows. For the latter approach development's fair share of estimated costs will depend on a list of improvements (see Task 5.1). For the other capital improvements (police, fire, libraries, and parks), level of service will be based on the existing standard derived from facility inventories (see Task 5.2), and the maximum justified fee will be based on maintaining that standard as growth occurs. For parks and recreation services, the fee will also be based on maintaining existing service levels based on the funding needed to maintain the service over the planning horizon of the nexus study.

For all capital improvements we will carefully allocate project costs and funding as follows:

- ◆ Costs associated with correcting existing deficiencies will require funding from non-fee funding sources
- ◆ Costs associated with accommodating cumulative development will be fully allocated to the capital improvements impact fee.
- ◆ Costs associated with improving service levels for existing and new development will be allocated using a fair share methodology to non-fee funding sources and the capital improvements impact fee.

Products: Capital Improvements Impact Fee Chapters (sanitary sewer, storm drain, parks, libraries, fire, police) for Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 7.4: Preliminary DIF Program Proposal

The purpose of this task is to compile the nexus studies and economic impact analysis into a DIF Program proposal presented in slides with text, charts, and tables. We will work with the Steering Committee to craft the policy proposal that may include alternatives for consideration by senior City management. The preliminary program proposal will be a high-level summary appropriate for discussion of policy alternatives and be based on (1) nexus study findings from Tasks 4 through 7.3, (2) the economic feasibility assessment from Task 8, and (3) input from City staff regarding needs and priorities.

This approach allows stakeholders and City decision makers to "weigh in" (Working Group and City Council in Task 10) on a detailed policy proposal without burdening the product with the documentation required of a comprehensive nexus study. This approach is designed to facilitate constructive deliberations that lead to an acceptable alternative. We anticipate substantial effort by the lead members of our team during this task to work with these participants towards development of an acceptable DIF program structure.

Products: Preliminary DIF Program Proposal (slides, tables, and transmittal memoranda as appropriate)

Meetings: See Task 1

Task 8: Economic Feasibility Analysis

The objective of this task is to provide the economic feasibility context for the nexus study, as a basis for creating a DIF program that can be implemented without adversely affecting Oakland's ability to attract new development. Work under this task will (a) create the economic feasibility model for testing the impacts of a development impact fee program; (b) test the impacts of DIF alternatives incorporating both the benefits and the costs for new development, (c) develop order-of-magnitude estimates of potential fee revenues that could be collected, and (d) assess the potential for use of development incentives in exchange for providing capital improvements or affordable housing, or to offset the costs of impact fees.

The economic impact analysis will be completed to provide input for the Preliminary DIF Program Proposal under Task 7.4.. The analysis will be further refined as needed during deliberations by the Steering Committee and the Working Group and finalized for the Final Report to reflect the recommended fee program.

Task 8.1: Develop Economic Feasibility Model

The analysis will define representative development prototypes for Oakland and associated market-based data for use in assessing the impacts on project feasibility of potential levels of development impact fees. For this scope of work, up to 20 prototypes are assumed. We will define several different housing prototypes and prototypes for retail, office, R&D/business park, light industrial/flex space, and warehouse development. We will consult with City staff on prototype definition and on assumptions about permitting costs and other existing and proposed fees and charges, including the existing jobs/housing impact fee, existing school district impact fee, and other charges by the City and EBMUD. Sources for defining prototypes will include the housing project prototypes developed for the Economic Impact Analysis of *An Inclusionary Housing Program in Oakland*, Oakland's *Housing Element*, market analysis for recent specific planning efforts in the City, other economic feasibility analysis work in Oakland, and input from Oakland developers.

The prototypes and market/cost data will assume a longer-term "normal" economic and real estate context for development, independent of the effects of business cycles.

While major development costs are for the most part uniform throughout areas of the City, the market context for development is not. The analysis will identify different rent/price levels to evaluate the sensitivity of feasibility conclusions by location. This more refined understanding of the local market context will inform policy considerations related to fee zones, economic development, and other related concerns.

Task 8.2: Assess Impacts on Economic Feasibility

The development project prototypes and associated cost/revenue data will be used to test the sensitivity of real estate development feasibility to possible levels of total impact fees (existing and potential new fees as identified by the nexus analyses under Tasks 7.1 to 7.3 above). The economic analysis will identify significant differences in impacts on development feasibility among building prototypes, land uses, and locations in Oakland.

The analysis will focus on identifying the levels at which new fees could be significant enough to adversely affect Oakland's ability to attract development. The analysis will consider three perspectives:

- ◆ Potential effects on project feasibility from the developer's perspective;
- ◆ Potential effects on residual land values from the landowner's perspective, and
- ◆ Potential effects on prices and rents to the occupants of the space

The analysis will incorporate consideration of the potential benefits to new development of the facilities to be financed by impact fees, as well as whether fees would offset the cost of improvements developers might otherwise be required to fund. We will also integrate assessment of time and cost savings due to CEQA streamlining and other savings achieved in the development approval process.

To answer the question about likely impacts on development feasibility and economic development objectives, the analysis will evaluate the following.

- ◆ Differential impacts by land use and location within the City.
- ◆ Fees levied in other nearby jurisdictions—considering the magnitude of the differentials and the competitive advantages or disadvantages for Oakland.
- ◆ Real estate market adjustments to the higher costs represented by higher fee levels—considering how the burden of new fees would be shared among developers, land owners, and the occupants of housing and building space: the effect of lower investment returns in the shorter term, the capacity to pass on increased development costs in the form of higher prices/rents and/or lower land values in the longer-term future.
- ◆ The need for phasing-in fees consistent with the real estate market in different parts of the city, and consideration of possible waivers for specific land uses and/or locations to better meet city economic development objectives.
- ◆ Possible effects of the DIF program on development and land use patterns in Oakland

The timing for imposing development impact fees will be a relevant implementation consideration, as the development climate in Oakland is now improving and shows longer-term signs of on-going improvement, although market potentials vary significantly among parts of the city. The economic analysis will explore how phasing new impact fees might minimize impacts on emerging markets and locations.

Task 8.3: Prepare Estimates of Potential Fee Revenue

We will prepare order-of-magnitude estimates of potential fee revenue that could be collected based on the growth scenario for Oakland and possible fee levels identified from the results of the nexus analyses, the economic feasibility analysis, and consideration of the range of fees in comparable, nearby cities. The revenue estimates will be prepared for future growth based on the full 2040 development scenario. First, the estimate of potential fee revenue will be prepared for total potential revenue (not differentiated by type of fee) as input for considering the preliminary DIF Program Proposal under Task 7.4 (see above). Then, the estimate will be broken down by type of fee consistent with the preliminary DIF Program Proposal. As needed, revenue estimates could be prepared for DIF Program alternatives under consideration, assuming up to four program alternatives.

Task 8.4: Consider Potentials for Use of Development Incentives

The economic feasibility model for development prototypes in Oakland (see 8.1 and 8.2 above) will be used to test whether and how development incentives could be effective in offering benefits for development in exchange for the provision of capital improvements or affordable housing, or to offset costs of development impact fees. The findings will be summarized qualitatively, addressing the potentials (how and where incentives could be effective) and the constraints (why and where incentives are unlikely to be effective, as well as the types of changes in land use controls that would be needed.) Consideration will also be given to whether incentives to encourage community benefits could affect the types and amounts of development built.

Examples of possible development incentives include the following:

- ◆ Allowing additional development through higher densities and/or higher heights
- ◆ Reducing the costs of development such as by changing parking or other development requirements.
- ◆ Reducing the time and costs involved in project review and approval

We will seek input from city staff to identify the types of incentives that have been identified and discussed, and that should be considered in this effort. It is assumed that the focus will be on potential incentives for market-rate residential development to produce affordable housing.

The results of the four subtasks above will provide input for identifying the Preliminary DIF Program Proposal under Task 7.4. The analysis will be further refined as needed during deliberations by the Working Group and City Council and finalized for the Final Report to reflect the recommended fee program.

Products: Economic Feasibility Assessment Chapter for Nexus Study Report (one administrative draft; see Task 10.2 for final drafts)

Meetings: See Task 1

Task 9: Environmental Review

The objectives of the review are twofold:

- ◆ Coordinate with the economic feasibility assessment to determine changes in the level of development project environmental approval (potential CEQA streamlining benefits) and mitigation obligations that would result from the DIF program.
- ◆ Determine the level of environmental review necessary for adoption of the DIF program.

We will communicate the findings of the second objective in a technical memorandum. Based on our experience with similar programs, our scope of work and budget assume that the DIF program will be statutorily exempt from environmental review. We expect that most of the improvements to be funded through a fee program will be those identified as part of the City's recent Specific Plan and other area plan programs, General Plan Elements and Redevelopment Area Plans and respective EIRs, the 2012 Army Base EIR Addendum, and other major project EIRs within the last five years. Those documents address much of the City, and the improvements identified as mitigation measures in those prior documents have already been subject to CEQA review for potential secondary effects, and should likely not require further analysis. Similarly for the affordable housing fee we would assume the City's latest Housing Element EIR plus each of the previous Specific Plans will have already provided adequate CEQA review for development of affordable housing projects that may be eligible for funding assistance from the fee program.

To the extent that the full list of desired transportation improvements, capital improvements, and affordable housing projects to be funded through the DIF program may include more than those improvements previously identified, there may be a need for additional environmental review. This need for additional review need not affect adoption of the DIF program and may be done as those projects are programmed in the Two-Year Capital Improvement Program.

Products: DIF Program Environmental Review technical memorandum (three administrative drafts, one final memorandum)

Meetings: See Task 1

Task 10: Support Fee Adoption

Task 10.1: Nexus Study Working Group

An informal Working Group will be established to include a cross section of stakeholders with interests associated with the DIF program and with subject matter expertise to contribute to Working Group discussions. Once the technical analysis has been completed through Task 9, there will be a series of interactive meetings with the Working Group, City staff, and the consultant team. The intent is to engage and inform stakeholders, to seek input on policy issues, to help shape alternatives and recommendations, and to gain support for

the fee program Working Group meetings are also anticipated during the fee adoption process to allow for final stakeholder input before adoption by the City Council

Invitations for Working Group participation will be carefully considered based on direction from City staff. The consultant team will be responsible for presenting and explaining study work and findings and providing input and assessment of alternatives as may be requested to facilitate decision-making, and reviewing meeting notes. City staff will participate in Working Group meetings to provide input throughout the process and address issues that may arise and also be responsible for preparing meeting agendas, handling meeting notifications and arrangements, facilitating meeting discussions, and preparing meeting notes.

Products: Stakeholder meeting materials (handouts and/or slides as appropriate)

Meetings: Up to eight meetings

Task 10.2: Draft Nexus Study Report and Supporting Documents

We will support adoption of the DIF program by drafting the Nexus Study Report. The Nexus Study Report will document all phases of the analysis necessary to make the findings required under the MFA for adoption of the DIF program. The Report also will include the findings of the economic feasibility assessment. Finally, the Study Report will include an implementation strategy addressing key implementation issues that require public review and Council approval such as phasing in fees over time and credit and reimbursement policies.

To draft the ordinance we will draw from our extensive library of existing DIF program ordinances and seek direction on policy and implementation issues from City staff as needed. The fee ordinance will require review by the City Attorney.

As with discussion of the preliminary program proposal in Task 7.4, we anticipate substantial effort by the lead members of our team during this task to work with stakeholders and City decision makers to support adoption of the DIF program.

Products: Nexus Study Report (two administrative drafts (in addition to first administrative drafts at completion of work tasks), one public review draft, one final report)

Per the schedule, one month is assumed for the second round (month 15) and one month for the third round (month 16) of review for the full report, each month including two weeks for City staff comments and two weeks for consultant edits/responses. The first round of review occurs after submittal of products completed under the work tasks. It is assumed that the consultant team will receive a compiled set of non-conflicting comments from city staff at each round of review.

Reports: The following submittals are assumed:

Electronic files for all work products

For the Steering Committee, up to 10 hard copies of appendices, chapters, and the final report at each round of review, when products are 30 pages or more in length.

Up to 10 bound, hard copies of the Final Nexus Study Report at the end of the project.

Meetings: Four public meetings (total) with the City Council (the Community and Economic Development Committee and/or full Council) (see Task 10.1 for Working Group meetings)

Task 10.3

The consultant team will provide input to the staff report and ordinances and resolutions associated with Council review and adoption of the DIF program. Input to the staff report will include, for example, material from the Nexus Study Report and prior Working Group and Council presentations, as well as comments on staff report drafts. Input to ordinances and resolutions will include relevant samples from other cities and comments on ordinance and resolutions drafts.

Task 11: Conduct Staff Training

We will draft DIF program procedures manuals for use by the Planning and Building Department and Finance Department to support implementation of the program. We will use the manual in training seminars for City staff. Based on staff comment during the training seminars we will revise the manual so that it becomes a key reference document for City staff responsible for administration of the DIF program.

Products: DIF Program Procedures Manual (one administrative draft, one DIF staff review draft, one final manual)

Meetings: Two (2) staff training seminars

Attachment C: Draft Schedule

Oakland Nexus Study Project Schedule

	Lead Support	2014												2015			2016		
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Task 1: Project Management & Guidance		-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
Task 1 1 Steering Committee	HEG UE	*	**	**	**	**	**	**	**	**	**	**	**	**	**	**	*		
Task 2: Data Collection	HEG All																		
Task 3: Assumptions & Methodology																			
Task 3 1 Growth Scenario	HEG --																		
Task 3 2 Impact Fee Survey	HEG UE																		
Task 3 3 Assumptions & Methodology	HEG UE																		
Task 4: Transportation Improvements																			
Task 4 1 Project Identification	F&P UE																		
Task 4 2 Project Costs & Funding	F&P BKF																		
Task 5: Capital Improvements																			
Task 5 1 Sewer & Storm Drain Utilities	BKF UE																		
Task 5 2 Other Capital Improvements	UE --																		
Task 6: Affordable Housing Context	HEG VWA																		
Task 7: Nexus Analyses																			
Task 7 1 Affordable Housing	VWA HEG																		
Task 7 2 Transportation	UE F&P																		
Task 7 3 Capital Improvements- Utilities	UE BKF																		
Task 7 3 Capital Improvements- Other	UE --																		
Task 7 4 Prelim. DIF Program Proposal	HEG UE																		
Task 8: Economic Feasibility Analysis	HEG --																		
Task 9: Environmental Review	LG UE																		
Task 10: Fee Adoption	HEG UE																		
Task 10 1 Working Group / DIF Program	HEG UE																		
Task 10 2 Nexus Study Report	HEG UE																		
Task 10 3 Staff Report, Ordinance Input	HEG UE																		
Task 11: Staff Training	HEG UE																		

KEY

DIF = Development Impact Fee
 Other Capital Improvements = parks, libraries, police, fire

Firms.

HEG = Hausrath Economics Group UE = Urban Economics
 F&P = Fehr & Peers BKF = BFK Engineers
 VWA = Vernazza Wolfe Associates LG = Lamphier-Gregory

Deliverables:

- = Interim work product
- = Administrative Draft
- = Public Review Draft
- = Final Product

Meetings

- = City Staff Steering Committee / Staff Training Seminar
- = Stakeholder Working Group
- = CED Council Committee / Full Council meetings

2014 NOV 20 PM 2:49

Celena Chen
City Attorney
for Mark Wald

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HAUSRATH ECONOMICS GROUP FOR PREPARATION OF AN IMPACT FEE NEXUS STUDY AND IMPLEMENTATION STRATEGY IN AN AMOUNT OF ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000); AND TO APPLY FOR, ACCEPT AND APPROPRIATE GRANT FUNDS SHOULD THEY BECOME AVAILABLE FOR THE SAME STATED PURPOSE, AND TO INCREASE THE CONTRACT AMOUNT TO REFLECT ADDITIONAL GRANT FUNDS OBTAINED WITHOUT RETURNING TO COUNCIL

WHEREAS, the City of Oakland has a critical need to ensure impacts from new development to transportation, sanitary sewer, storm drain, police, fire, parks, recreation, library and head-start facilities (hereinafter defined as "capital improvements") and affordable housing resources are addressed and development impact fees are a commonly used mechanism to address this need; and

WHEREAS, in 2013, the City Council directed staff to prepare a nexus study for development impact fees for transportation, capital improvements and affordable housing and identified and appropriated funding for this purpose; and

WHEREAS, a total amount of \$1,100,000.00 in funds are appropriated and available as follows: (a) \$500,000 in the General Purpose Fund (1010), Administration: Planning and Building Org (84111), Nexus Study project (A468550), Unidentified Program (0000); (b) \$200,000 in Central District: TA Bonds Series 2009T Fund (5613), Planning Org (84211), Nexus Study Fund 5613 Project (P468551), Unidentified Program (0000); (c) \$200,000 in Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643), Planning Org (84211), Nexus Study Fund 5643 Project (P468552), Unidentified Program (0000); and (d) \$200,000 in Coliseum: TA Bonds Series 2006B-T (Taxable) Fund (5656), Planning Org (84211), Nexus Study Fund 5656 Project (P468553), Unidentified Program (0000); and

WHEREAS, Government Code Sections 66000-66025 establish the legal requirements for a jurisdiction to implement a development impact fee program for fees that meet the terms of the Mitigation Fee Act (AB 1600); and

WHEREAS, policies to support preparing a nexus study for potential development impact fees for transportation, capital improvements, and affordable housing are included in the recently adopted specific plans for the Broadway Valdez District and for West Oakland, the

public review drafts of the Lake Merritt Station Area Plan, Coliseum Area Specific Plan and the City's 2015-2023 Draft Housing Element Update, as well as the 1998 Land Use and Transportation Element (LUTE) of the City's General Plan; and

WHEREAS, the firm of Hausrath Economics Group was selected through a review of competitive proposals, professional qualifications and negotiations relative to providing a comprehensive fee and Scope of Services within the City's available budget and authorized Scope of Services for the project; and

WHEREAS, the City Council finds that this agreement for services is of a professional nature the services under this agreement will be temporary, and this agreement shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, there may be opportunities in the future to apply for grant funds for this project and such grant funds may be awarded and should be available for the nexus study; now, therefore be it

RESOLVED, that the City Council accepts that a total amount of \$1,100,000.00 in funds are appropriated and available as follows: (a) \$500,000 in the General Purpose Fund (1010), Administration: Planning and Building Org (84111), Nexus Study project (A468550), Unidentified Program (0000); (b) \$200,000 in Central District: TA Bonds Series 2009T Fund (5613), Planning Org (84211), Nexus Study Fund 5613 Project (P468551), Unidentified Program (0000); (c) \$200,000 in Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643), Planning Org (84211), Nexus Study Fund 5643 Project (P468552), Unidentified Program (0000); and (d) \$200,000 in Coliseum: TA Bonds Series 2006B-T (Taxable) Fund (5656), Planning Org (84211), Nexus Study Fund 5656 Project (P468553), Unidentified Program (0000); and be it

FURTHER RESOLVED, that the City Administrator or designee is hereby authorized to negotiate and execute a Professional Services Agreement in substantial conformance with the December 2, 2014 City Council Community & Economic Development Committee Agenda Report and *Attachments B* (Draft Scope of Services) *and C* (Draft Schedule) to said Agenda Report with Hausrath Economics Group in an initial contract amount not-to-exceed eight hundred sixty-three thousand four hundred nine dollars (\$863,409), subject to the review and approval of the Office of the City Attorney; and be it

FURTHER RESOLVED, that the City Administrator or designee is hereby authorized to exceed the amount for additional services for project contingencies, unforeseen conditions and/or other circumstances deemed necessary to timely complete the project, in an amount not to exceed two hundred thirty-six thousand five hundred ninety-one dollars (\$236,591), for a total not-to-exceed contract amount of one million one hundred thousand dollars (\$1,100,000), consistent with the terms of this Resolution and Agenda Report and subject to the review and approval of the Office of the City Attorney; and be it

FURTHER RESOLVED, that the City Administrator or designee is hereby authorized to apply for, accept and appropriate grant funds should they become available for this project, and to amend total contract not-to-exceed amounts to reflect the additional grant funds within the duration of the project term and available appropriations, consistent with the terms of this Resolution and Agenda Report and without returning to the City Council; and be it

FURTHER RESOLVED, that the City Administrator or designee is authorized to (a) approve any subsequent amendments to or extensions of time to perform said agreement provided that such amendments or extensions shall be reviewed and approved by the Office of the City Attorney and filed with the City Clerk's Office and (b) take any and all other necessary steps and actions to implement the Citywide Nexus Study and Implementation Strategy consistent with the terms of this Resolution and Agenda Report; and be it

FURTHER RESOLVED, that the recitals contained in this resolution are true and correct and are an integral part of the City Council's decision.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California