



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 6, 2008
Staff Report #: 08-055

Agenda Item #: D2

CONSENT CALENDAR: Authorize the City Manager to Enter into a Contract with Mundie & Associates for the Preparation of a Fiscal Impact Analysis of a Proposed Project at 1300 El Camino Real.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into a contract with Mundie & Associates for the preparation of a Fiscal Impact Analysis (FIA) of a proposed project located at 1300 El Camino Real.

BACKGROUND

The development proposed for the property located at 1300 El Camino Real consists of the demolition of buildings associated with an existing vacant auto dealership and construction of two commercial buildings for a total of 110,066 square feet. The proposal includes a primary project and two variations. While the building footprint and size would remain the same in each variation with a Floor Area Ratio (FAR) of 75 percent, the proposed mix of uses varies. The primary project description and two project variations or options are as follows:

Primary Project Description

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

Option 1

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

Option 2

- Retail/Restaurant (26,266 square feet)

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

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

Although the review of the proposed development is ongoing, the focus of this report is the selection of a firm to prepare the FIA for the project. All previous reports and related items for this project are available on the City maintained project page at the following website address:

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

ANALYSIS

On March 10, 2008, staff distributed a Request for Proposals (RFP) for the FIA to seven firms. Staff received proposals in response to the RFP from the following firms, all of which prepare FIAs and have Bay Area offices: Mundie & Associates, MuniFinancial, and Seifel Consulting, Inc. The proposals and the RFP are available on the project web site, as noted above, and are also available for review at the City offices.

At its April 22, 2008 meeting, the Council considered a staff-recommended approach and two alternative options to the review of the proposals. The Council supported an approach that included:

- Interviewing Mundie and Associates, as they were the only firm that had not already been interviewed as part of the Constitution and Independence project FIA process;
- Reviewing the proposals and qualifications of all three firms and developing a recommendation regarding the most qualified consultant for this project; and
- Presenting the recommended consultant proposal for Council consideration and award of contract on May 6, 2008.

The intent of the interview was to confirm the firm's understanding of the RFP, assess the firm's expertise in fiscal impact analysis, and determine if the firm is a good match for the City. Staff believes that recent interviews with MuniFinancial and Seifel Consulting for the Bohannon Development Company project at 101 to 155 Constitution Drive and 100 to 190 Independence Drive provided a fair opportunity to assess the competency of these two firms and that further interviews were not necessary. The interview serves as one input in the overall selection process for a consultant on the 1300 El Camino Real project, which staff views independently from the selection process for the Constitution and Independence project.

On April 23, 2008, a staff panel consisting of the Finance Director, Development Services Manager, and Associate Planner interviewed a representative from Mundie and Associates. Following the interview session, staff conducted reference checks for Mundie and Associates.

The Mundie and Associates proposal for fiscal impact analysis services is included as Attachment A. The following is a summary of the key components of the proposed scope of work:

- Review the City's 2002 Fiscal Impact Model for context.
- Evaluate the potential for a shift in grocery sales as a result of the development.
- Analyze the fiscal impact of the project on the City and other service districts.
- Discuss and analyze other legal methods equivalent to sales-tax-in-lieu mechanisms that would allow the City to secure ever-increasing revenue benefits from the office and fitness components of the project.
- Prepare three drafts of the FIA, including modifications in response to staff and public comments.
- Attendance at public meetings as needed.

Mundie and Associates is proposing to prepare the administrative draft report 10 weeks from the signing of the contract. The proposed budget is \$52,979, the cost of which would be borne by the applicant, although the applicant would have no control or direction over the work of the consultant.

Staff believes that Mundie & Associates' proposal is clear and concise and best meets the objectives of the FIA for this project at a reasonable cost. Mundie & Associates provided two work samples bound into a single document. One copy is available for review at the Community Development Department and another copy has been placed for review in the Council offices. Staff believes that the resulting product will provide an important source of information for the City Council and public to consider when discussing the merits of the applicant's primary proposal, project variations, and the mixed-use residential alternative being studied in the EIR.

IMPACT ON CITY RESOURCES

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

POLICY ISSUES

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

At this time, the City has no policy as to when a City-sponsored fiscal impact analysis is required. In the August 27, 2007 information item staff report on this project, staff indicated that it planned to require the preparation of a FIA for all projects that require an EIR until such time that the City Council establishes a policy. During the Council project priority process for Fiscal Year 2008-09, staff proposed a project to establish a policy and guidelines for the preparation of FIAs (Community Development Project Number CD5), but the project fell below the recommended line for funding.

ENVIRONMENTAL REVIEW

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

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PUBLIC NOTICE

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

In addition, the City has prepared a project page for the proposal, which is available at the following address: http://www.menlopark.org/projects/comdev_1300ecr.htm. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated.

ATTACHMENTS

- A. [Mundie & Associates Proposal to Provide Fiscal Impact Analysis, dated April 3, 2008](#)