

AGREEMENT AMENDMENT

City Manager's Office
701 Laurel St., Menlo Park, CA 94025
tel 650-330-6620



Amendment #: 002462-1

AGREEMENT FOR SERVICES BETWEEN THE CITY OF MENLO PARK AND BAE URBAN ECONOMICS

THIS FIRST AMENDMENT is made and entered into this 23 day of May, 2019, by and between the CITY OF MENLO PARK, a Municipal Corporation, hereinafter referred to as "CITY," and BAE URBAN ECONOMICS, hereinafter referred to as "FIRST PARTY."

1. Pursuant to Section 4 Compensation and Payment of Agreement No. 002462, ("Agreement"), Section 4A Compensation and Payment [amendment to section] to read as follows"

"CITY shall pay FIRST PARTY an all-inclusive fee that shall not exceed \$28,790 as described in Exhibit "A," Scope of Services. This compensation shall be based on the rates described in Exhibit "A." All payments, including fixed hourly rates, shall be inclusive of all indirect and direct charges to the Project incurred by FIRST PARTY. The CITY reserves the right to withhold payment if the City determines that the quantity or quality of the work performed is unacceptable"

Except as modified by this Amendment, all other terms and conditions of Agreement No. 002462 remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SIGNATURE PAGE TO FOLLOW

FOR FIRST PARTY:



Signature

David Shiver

Printed name

94-3185917

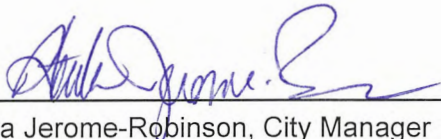
Tax ID#

APPROVED AS TO FORM:



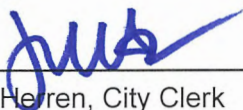
William L. McClure, City Attorney

FOR CITY OF MENLO PARK:



Starla Jerome-Robinson, City Manager

ATTEST:



Judi A. Herren, City Clerk

May 3, 2019

Date

Principal

Title

5/22/19

Date

5/23/19

Date

5/28/19

Date

bae urban economics

SCOPE OF SERVICES

This section outlines BAE's proposed work program.

Task 1: Start-up Meeting and Review of Related Materials

BAE will attend a meeting with City staff and the applicant to review the proposed project, discuss the methodology for the public benefit analysis, determine what data and materials are available for BAE's review, and visit the project site. BAE has included a list of information needs in this proposal for review and discussion prior to and during the start-up meeting. This task includes review of all reports and background material provided to us.

Task 2: Conduct Public Benefits Value Analysis

The value analysis will determine the additional value of the Project resulting from the Public Benefit Bonus, relative to the potential value of a similar project at the base level density. BAE will prepare two pro formas for the Project based on build-out (i.e., after all phases of the project have been fully constructed) and stabilized operations. One pro forma will model the Project without the Public Benefit Bonus, and the other pro forma will model the Project with the Public Benefit Bonus, to provide a direct comparison between the value at the base level density and the value at the bonus level density. Residual Land Value is calculated by determining the market value of the completed project and deducting total development costs, including developer profit. This method provides an answer for what land value a project can support, and for this analysis it will identify the "extra value" created by the Public Benefit Bonus.

BAE will formulate pro forma assumptions based on review and research of market rents and sale prices and development costs for comparable developments. We will also review all information on revenues, costs, or other assumptions provided to the City by the applicant. We will identify items where we believe income, cost, or other assumptions by the applicant cannot be supported, and will work with City staff and the applicant to resolve these differences.

Task 3: Evaluate Public Benefit Proposal

The description of the proposed project includes the proposed public benefits that the project would provide at the public benefit level density. The primary proposed public benefit is a cash payment to the City of Menlo Park based on 50 percent of the difference between the project profit at the public benefit density and the project profit from a potential development at the baseline density. Secondary public benefits cited in the project description potentially include additional BMR units and/or open space.

BAE will evaluate the public benefit contribution proposed by the project sponsor by comparing the applicant's proposed contribution to a set of benchmarks based on public benefit contributions from prior projects in Menlo Park and other jurisdictions. The evaluation will include a calculation of the proposed cash payment based on the findings from Task 2 and will focus on whether the amount of the proposed cash payment is comparable to cash payments

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Berkeley, CA 94710
510.547.9380

Sacramento
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Davis, CA 95616
530.750.2195

Los Angeles
448 South Hill St., Suite 701
Los Angeles, CA 90013
213.471.2666

Washington DC
700 Pennsylvania Ave. SE, 2nd Floor
Washington, DC 20003
202.588.8945

New York City
215 Park Ave. S, 6th Floor
New York, NY 10003
212.683.4486

provided as public benefits from prior projects. However, the evaluation will also consider other public benefits from the proposed project in a qualitative manner.

Task 4: Prepare Draft and Final Memorandum

BAE will prepare an Administrative Draft Memorandum documenting the findings and methodology for the analysis, including a complete copy of the pro formas showing all assumptions. If requested by City staff, we will also review the findings with the applicant. Within one week of receipt of comments from the City, BAE will prepare a final memorandum.

Task 5: BAE Attendance at Public Meeting

BAE will attend one public meeting of the Planning Commission or City Council. BAE will be available to present an overview of the methodology and findings and respond to questions from the Planning Commission or City Council.

BAE will be available to attend additional public meetings for an additional cost of \$1,500 per meeting, subject to approval by City staff.

Supplemental Task A: Conduct an Alternative Version of the Public Benefits Value Analysis

BAE will prepare two pro formas for the Project based on build-out (i.e., after all phases of the project have been fully constructed) and sale of all residential units in the project. One pro forma will model the Project without the Public Benefit Bonus, and the other pro forma will model the Project with the Public Benefit Bonus, to provide a direct comparison between the value at the base level density and the value at the bonus level density. Although the project applicant has stated that the project will remain as a rental property for at least ten years, this analysis will model the project as though all residential units are sold upon completion of the project, using estimated sale prices based on current market values and restricted BMR sale prices. The analysis will not consider any potential cash flow from residential rental units. The development program and development cost assumptions for the Public Benefit Bonus Project and the Base Level Project will be the same as those used in the pro formas that model the rental versions of each project. BAE will formulate pro forma assumptions based on review and research of market sale prices for comparable developments.

BAE will use these additional pro formas to calculate the residual project value associated with a version of the Base Level Project and the Bonus Level Project in which all residential units are sold rather than rented. This will identify the “extra value” created by the Public Benefit Bonus, similar to the analysis of the rental versions of each project.

BAE will incorporate the findings from this supplemental analysis into the draft public benefit analysis memorandum.

BUDGET

BAE will complete the work described above for a fixed-fee budget of \$28,790. This will include all consultant costs, including personnel, overhead, and miscellaneous reimbursable expenses. In no event shall the total project cost exceed the fixed-fee budget, unless the client

requests work beyond the agreed-upon scope. Miscellaneous expenses such as data purchase and travel are passed through to the client with no markup.

	Hours by Staff			Budget
	Principal Shiver	Vice President Hagar	Associate Guerrero	
	<i>Hourly Rate</i>	<i>\$300</i>	<i>\$210</i>	<i>\$140</i>
Task 1: Start-up Meeting and Review of Related Materials	4	6	8	\$3,580
Task 2: Conduct Public Benefits Value Analysis	4	10	36	\$8,340
Task 3: Evaluate Public Benefit Proposal	1	6	10	\$2,960
Task 4: Prepare Draft and Final Memorandum	2	10	30	\$6,900
Task 5: BAE Attendance at Public Meeting (1) (a)	1	6	0	\$1,560
Supplemental Task A: Alt. Version of Public Benefits Value Analysis:	<u>2</u>	<u>5</u>	<u>20</u>	<u>\$4,450</u>
Subtotal Labor	14	43	104	\$27,790
Expenses				\$1,000
Total (Labor + Expenses)				\$28,790
Optional Task: BAE Attendance at Additional Public Meetings/Hearings - Each (a)				\$1,500

Costs for any additional work authorized by the client will be billed on an hourly time-and-materials basis, in accordance with BAE's standard hourly billing rates:

Principal	\$300/hour
Director	\$230/hour
Vice President	\$210/hour
Senior Associate	\$185/hour
Associate	\$140/hour
Analyst	\$95/hour

These rates are subject to revision on or after January 1, 2019.