

***MuniFinancial's  
Proposal to the  
City of Menlo Park  
Fiscal Impact Analysis***



**1700 Broadway, Sixth Floor, Oakland, California 94612**



March 11, 2008

Mr. Thomas Rogers, Associate Planner  
City of Menlo Park  
Community Development Department  
701 Laurel Street  
Menlo Park, California 94025

**Re: Proposal to Prepare a Fiscal Impact Analysis for the City of Menlo Park**

Dear Mr. Rogers:

MuniFinancial is pleased to submit this proposal to prepare a Fiscal Impact Analysis for the City of Menlo Park. We are ideally suited to undertake this project and support agency staff for the following reasons:

- ✧ Experienced Project Team: The project team we have assembled for the City of Menlo Park includes Mr. Robert D. Spencer, Principal Consultant in the Oakland office of MuniFinancial's Financial Consulting Services Division, as principal-in-charge, Mr. Jeffrey Kay, a project manager in our Oakland office, will be the project manager. The team assigned to this project has conducted fiscal impact analyses of policies, plans, and projects for public agencies throughout California. For example, they are currently analyzing the fiscal impacts of a major specific plan and annexation in the Sacramento area. Their work routinely includes the real estate market and sales tax analysis that will be critical to the Independence and Constitution project.
- ✧ Depth of Experience: MuniFinancial has managed over 50 fiscal impact studies for a broad range of clients, helping them address a range of policy issues including: fiscal impacts of land use policies and plans; fiscal impacts of growth control and tax limitation ballot initiatives; fiscal impacts of new development on city services; city/county tax sharing agreements for annexations; and the feasibility of proposed city incorporations.
- ✧ Firm Stability and Support: MuniFinancial is one of the largest public-sector financial consulting firms in the United States, with headquarters in Temecula and regional offices in Oakland, Lancaster, and Sacramento, as well as Seattle, WA; Memphis, TN; and Orlando, FL. In our 19-year history we have helped hundreds of public agencies and nonprofit organizations successfully address a broad range of financial challenges.

MuniFinancial acknowledges that the specified fees and services herein shall remain firm and valid for a period of 90 days after the closing date of March 13, 2007.

We are excited about this opportunity to provide the City of Menlo Park with the excellent service for which MuniFinancial is known. If you have any questions regarding our proposal, please contact me at (510) 832-0899 extension 6507 or via email to [bobs@muni.com](mailto:bobs@muni.com).

Sincerely,

MuniFinancial

Frank G. Tripepi  
President & CEO  
Enclosure

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## APPROACH

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This section outlines our understanding of this study, our approach to fiscal impact analysis, and how our approach would meet the objectives of this engagement with the City of Menlo Park.

### LOCAL SITUATION

As with many California cities, the City of Menlo Park has struggled to maintain a balanced budget since the economic downturn that began in 2001. Although revenues have recovered somewhat in the past few years, the City faced a structural budget deficit that led voters to approve a utility users tax (UUT) for the first time in November of 2006. Although the UUT has helped significantly with the City's fiscal situation, the City remains wary of its fiscal outlook and the rate of increase in costs versus revenues

As a result of ongoing fiscal pressures many California cities are considering the fiscal impact of land use policy decisions. The City of Menlo Park is seeking outside consulting services to prepare a fiscal impact analysis (FIA) for the proposed Independence and Constitution development project (the Project) plus the five alternatives currently being studied in the Project's Environmental Impact Report (EIR). The Project is seeking a General Plan amendment and re-zoning to change allowable land uses from industrial to mixed uses, and to increase allowable development densities. The purpose of the FIA is to assess the Project's fiscal impacts on the City and special districts that serve the area over a 20-year period.

In addition to an assessment of the fiscal impacts of the Project, this proposal also includes work tasks to:

- ✧ Review the FIA prepared by the Project sponsor;
- ✧ Evaluate the potential fiscal impact of additional parcels in the vicinity of the Project site to pursue similar re-zonings;
- ✧ Evaluate the fiscal impacts of increased housing demand resulting from the Project; and
- ✧ Discussion and analysis of available mechanisms, such as sales-tax-in-lieu that may enable the City to receive ongoing and increasing revenues from the Project.

### PROJECT APPROACH

Our approach to financial modeling for local government agencies is to avoid overly complex models that obscure the primary factors that affect fiscal conditions. We have found that all key revenue and cost variables have a high degree of correlation with one or two economic or policy drivers sufficient to construct a robust model. Moreover, we have found that elected officials and the public prefer straightforward approaches that clearly link policy choices to outcomes.

#### ***UNDERSTANDING RETAIL SALES AND SALES TAX TRENDS***

Sales tax provides significant revenue for most local agencies. For the City of Menlo Park, sales tax is second only to property tax in its contribution to the General Fund. Land use can have a significant impact on this revenue source.

The sales tax analysis needed to inform a land use policy decision is complicated because the source of revenue (household and business spending) is not the same as the site of the sale (retail stores and some other business locations) that determines the revenue received by the local agency. Thus, projecting the leakage of local spending to other communities and the

capture of spending from other communities is a complex but critical component of the fiscal impacts.

In addition, the generation of sales tax by office and industrial (non-commercial) land use categories varies considerably depending on the types of businesses located on those sites. This analysis will require specific evaluation of the potential for sales tax from non-commercial land uses.

Our approach includes the retail market analysis necessary to prepare a reasonable forecast of sales tax revenue. We not only consider existing sales tax levels, but also the competitiveness of the community to capture of additional retail spending from growth within and outside its boundaries. We will also test the sensitivity of results to a reasonable range of potential sales tax from the non-commercial land uses included in the analysis.

### ***APPROPRIATE USE OF PER CAPITA AND CASE STUDY APPROACHES***

Most of the cost and revenue factors in fiscal impact models are per capita factors calculated using agency-wide budget data and service populations. These factors represent current average fiscal impacts, by land use type. Model results are based on holding existing revenue and service level policies constant, enabling the model to isolate the fiscal impacts of the proposed policy, plan, or project.

Other revenues and cost factors can vary significantly from current average levels, such as the location and staffing of fire stations. These inputs are more appropriately modeled using a case study rather than per capita approach. The case study approach uses the specific characteristics of the proposed policy, plan, or project instead of per capita averages to estimate fiscal impacts. Some of the common revenue and cost factors appropriate for a case study approach include:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>☐ Revenues</li><li>    ☐ Property tax</li><li>    ☐ Sales tax; and</li><li>    ☐ Transient occupancy tax.</li></ul> | <ul style="list-style-type: none"><li>☐ Costs</li><li>    ☐ Fire;</li><li>    ☐ Police</li><li>    ☐ Libraries; and</li><li>    ☐ Parks and recreation.</li></ul> |
|---|---|

In addition to the above revenues, we now use a case study approach to estimate that portion of vehicle license fee revenue that the State now subvents to cities as property tax in-lieu revenue.

### ***FOCUS ON SERVICES FUNDED BY GENERAL TAXES***

To minimize study costs we focus our analysis on agency funds and special districts that could receive a non-neutral fiscal impact (positive or negative) from the proposed project. Non-neutral impacts occur when general taxes fund services because the impact of a project on tax revenues does not necessarily correlate with the project's impact on service costs. Thus, fiscal impact analyses typically focus on an agency's General Fund and the General Funds of special districts that are supported by property or other discretionary tax revenues.

Our analysis excludes services funded solely by service charges, assessments, or other types of user fees that an agency can easily adjust to maintain a balance between revenues and costs. These services are included in the fiscal impact analysis only when the proposed policy, plan, or project is of such a size that it could significantly affect rates, fees, or charges for other users.

## SCOPE OF SERVICES

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MuniFinancial will perform the following to provide the City of Menlo Park with a financial analysis for the Project. We want to insure that our scope of work is responsive to the City's needs and specific local circumstances. We will work in concert with the City to adjust our scope of services, as needed, during the course of the study.

Below is our proposed scope of work described in detail by task. We explain how we will accomplish each task and identify associated meetings and deliverables.

### **TASK 1: GATHER DATA AND REFINE APPROACH**

*Objective:* Request certain data from the City and then work with City staff to investigate and resolve issues related to our approach:

*Description:* The first step in this task is to identify the city funds and special districts that could receive a non-neutral fiscal impact (positive or negative) from the Project. We anticipate focusing the study on the City's General Fund and special districts supported by property tax revenue. We anticipate excluding the City's enterprise funds, special funds, and special districts solely supported by fees and rates.

Next, we will request the following data from City and special district staff, or if not available conduct the research necessary to gather the data:

- Development project description and related land use and economic data, for each of the five alternatives evaluated in the EIR and associated housing needs, including:
  - Absorption by land use type;
  - Population and employment density factors by land use type;
  - Average final product sales values; and
  - City and special district property tax share by tax rate area.
- Current citywide and district-wide population and employment estimates; and;
- General Fund revenue data by source and cost data by service.

All data will be collected for the year to be used as a basis for estimating fiscal impacts (e.g. FY 2007-08 budget).

We will also interview appropriate City and district staff to determine if a case study approach is required for certain services delivered on site such as public safety, parks maintenance, and road maintenance. If the Project is anticipated to have an above-average impact on a service then we will work with City and district staff to develop the data needed to conduct a case study of costs for that service.

Lastly, Task 1 will include a review of the City's fiscal impact analysis model to determine its usefulness for this analysis. As appropriate, we may incorporate elements from the City's model into the model we construct for this study.

*Meetings:* One (1) meeting with City staff to kick-off the analysis, review data needs, and discuss approach.

*Deliverables:* Information requests to City staff, as needed.

**TASK 2: REVIEW AND COMMENT ON THE PROJECT SPONSOR'S FISCAL IMPACT ANALYSIS**

*Objectives:* Provide feedback to the City on the approach and assumptions used by the Project sponsor to estimate the Project's fiscal impact.

*Description:* We will review the fiscal impact analysis prepared for the Project by the Project sponsor. We will conduct the review with due diligence to evaluate the modeling approach, reasonableness of assumptions, and interpretation of results. We will summarize our findings in a memorandum to City staff.

*Meetings:* None.

*Deliverables:* Final memorandum to City staff.

**TASK 3: DEVELOP REVENUE AND COST MODEL INPUTS**

*Objectives:* Develop revenue and cost inputs for the fiscal impact model.

*Description:* Each revenue and cost input will be developed using either a per capita or case study approach.

We will calculate per capita factors by dividing total annual revenues or costs by the appropriate service population. Service population will include the current residential and employment population. Employment will be weighted appropriately to reflect impacts relative to residents for each revenue or cost line item. The model will multiply these per capita factors by the projected service population associated with a land use scenario to calculate per capita fiscal impacts.

Case study revenue and factors will be developed as follows:

- ❑ Property tax projections will rely on estimated market values, turnover rates, property appreciation rates, and property tax shares. Modeling will incorporate constraints on assessed value imposed by Proposition 13;
- ❑ Sales tax projections will rely on a capture and leakage analysis of current spending patterns for residents and businesses in the City applied to the Project. Sales tax projections will be based on three scenarios:
  - ❑ Office component occupied by sales-tax-generating uses;
  - ❑ Office component occupied by non-sales-tax-generating uses; and
  - ❑ Office component occupied by a mix of sales-tax-generating and non-sales-tax-generating uses.
- ❑ Transient occupancy tax projections will rely on estimated average room rates and vacancy rates; and
- ❑ Service cost factors, if developed with a case study approach, will rely on citywide service call data, or other relevant demand data, and interviews with City and district staff about service demands for the Project.

*Meetings:* None.

*Deliverables:* None.

#### **TASK 4: PRODUCE, TEST, AND REFINE MODEL**

*Objectives:* Produce model using data gathered in previous tasks.

*Description:* We will produce a fiscal impact model using the assumptions developed in Task 1 and the revenue and cost inputs developed in Task 3. We will run the model to analyze the Project including the five EIR alternatives. We will present preliminary model results to City staff for discussion of key issues and advice on model refinements. We anticipate one (1) iteration for model refinements during this task.

*Meetings:* One (1) meeting with staff to discuss preliminary model results.

*Deliverables:* Tables showing model assumptions and results for the meeting.

#### **TASK 5: REVIEW POTENTIAL FOR RE-ZONING OF NEARBY PARCELS**

*Objectives:* Evaluate fiscal impacts of the Project's potential to lead other parcels in the vicinity to seek and receive similar re-zoning.

*Description:* This task will focus on a high-level market review of potential demand for re-zoning of parcels in the vicinity in a similar manner as the Project. The greater the potential demand for similar zoning changes, that more significant would be the policy decisions associated with the fiscal impact of the Project. We will interview local real estate professionals and review published market analyses to complete this task. Building upon the results of Task 4, we will evaluate, in general terms, the likely fiscal impacts of re-zoning the adjacent parcels. Include analysis and findings in the Fiscal Impact Report (see Task 8).

*Meetings:* None.

*Deliverables:* See Task 8.

#### **TASK 6: EVALUATE FISCAL IMPACTS OF HOUSING DEMAND RESULTING FROM THE PROJECT**

*Objectives:* Determine, in general terms, the likely fiscal impact of the increased housing demand likely to result from the Project.

*Description:* The Project has the potential to result in increased housing demand in the City. We will evaluate fiscal impact of this additional housing based on the housing needs analysis from the EIR. Using the residential market data from Task 1 and the fiscal model developed in Task 4, we will evaluate the fiscal impact of residential development associated with each EIR alternative. We will also review at a high level how the Project might affect the City's existing Regional Housing Needs Allocation. Include analysis and findings in the Fiscal Impact Report (see Task 8).

*Meetings:* None.

*Deliverables:* See Task 8.

#### **TASK 7: EXPLORE OPTIONS FOR ONGOING REVENUES FROM THE PROJECT**

*Objectives:* Provide an overview of potential mechanisms for generating ongoing revenues to the City from the office development.

*Description:* MuniFinancial has experience with a wide range of exactions designed to provide one-time or ongoing revenue streams to public agencies. We will include in the Fiscal Impact Report a review of policy options such as flexible “public benefit” fees and annual assessments for specific services. Include analysis and findings in the Fiscal Impact Report (see Task 8).

*Meetings:* None.

*Deliverables:* See Task 8.

## **TASK 8: PREPARE AND PRESENT REPORT**

*Objectives:* Communicate results of the study.

*Description:* Prepare administrative draft report explaining all results, description of approach, and assumptions. Deliver draft to City staff for comment, modify as appropriate, and prepare a screen check draft. Subsequent rounds of comments will precede a public review draft and a final draft

*Meetings:* One (1) meeting to present results to City Council.

*Deliverables:* Administrative draft report, screen check draft, public review draft, and final draft report.

## **MEETINGS**

The project manager will attend meetings accompanied by the principal-in-charge, as needed. We will work with City staff to set up meetings to keep the study on schedule. Phone conferences are not considered meetings for the purposes of this scope. Additional meetings may be requested for an additional fee based on our hourly billing rates.

## **REQUIRED AGENCY STAFF SUPPORT**

To complete our tasks on schedule, we will need the cooperation of agency staff. We suggest that the City assign a key individual as project manager for this engagement.

We will expect the City’s project manager to (1) help resolve policy issues, (2) coordinate responses to requests for information, and (3) coordinate review of work products. We will keep the City’s project manager informed of data or feedback we need to keep the study on schedule. MuniFinancial will endeavor to minimize the impact on City staff in the completion of this study.

## PROJECT SCHEDULE

General timeframes by task are displayed in the project schedule table below. We will develop specific project timelines following consultation with and in concert with City staff.

To meet the schedules outlined below we will expect responses to policy issues and information requests **within five (5) business days**. If there are delays on the part of the City, we will need to adjust our project schedule accordingly.

CITY OF MENLO PARK FINANCIAL IMPACT ANALYSIS			
	Month 1	Month 2	Month 3
<b>Task 1:</b> Gather Data and Refine Approach			
<b>Task 2:</b> Review and Comment on the Project Sponsor's Fiscal Impact Analysis			
<b>Task 3:</b> Develop Revenue and Cost Model Inputs			
<b>Task 4:</b> Produce, Test, and Refine Model			
<b>Task 5:</b> Review Potential for Re-zoning of Nearby Parcels			
<b>Task 6:</b> Evaluate Fiscal Impacts of Housing Demand Resulting from the Project			
<b>Task 7:</b> Explore Options for Ongoing Revenues from the Project			
<b>Task 8:</b> Prepare and Present Report			

## FEE FOR SERVICES

MuniFinancial will complete the scope of services described in this proposal for a ***not-to-exceed fee of \$30,000***. Additional assumptions are discussed below.

<i>City of Menlo Park</i>						
<i>Fiscal Impact Analysis</i>						
	<b>R. Spencer</b> Principal-in- Charge	<b>J. Kay</b> Project Manager	Analytical Support	<b>Total</b>		
	<b>Hourly Rate:</b>	\$190	\$135	\$90	<b>Hours</b>	<b>Cost</b>
<b>Task 1:</b> Gather Data and Refine Approach	2	12	16	30	\$	3,440
<b>Task 2:</b> Review & Comment on the Project Sponsor's Fiscal Impact Analysis	2	6	8	16		1,910
<b>Task 3:</b> Develop Revenue & Cost Model Inputs	4	16	24	44		5,080
<b>Task 4:</b> Produce, Test, and Refine Model	4	16	32	52		5,800
<b>Task 5:</b> Review Potential for Re-zoning of Nearby Parcels	2	4	12	18		2,000
<b>Task 6:</b> Evaluate Fiscal Impacts of Housing Demand Resulting from the Project	2	4	12	18		2,000
<b>Task 7:</b> Explore Options for Ongoing Revenues from the Project	4	4	8	16		2,020
<b>Task 8:</b> Prepare and Present Report	4	24	40	68		7,600
	<b>Estimated Labor Hours:</b>	24	86	152	262	29,850
	<b>Reimbursable Expenses:</b>					150
	<b>Total Cost:</b>					<b>\$ 30,000</b>

### **Notes:**

- ✧ This fee includes a total of three (3) meetings. Additional meetings may be requested for an additional fee.
- ✧ Our fee includes all direct expenses associated with this study.

## ADDITIONAL SERVICES

Additional services may be authorized by the City of Menlo Park and will be billed at our then-current hourly consulting rates. Our current hourly rates are:

MUNIFINANCIAL HOURLY RATE SCHEDULE	
TITLE	HOURLY RATE
Division Manager	\$200
Principal Consultant	190
Principal Engineer	170
Senior Project Manager	155
Project Manager	135
Senior Project Analyst	120
Senior Analyst	110
Analyst	90
Analyst Assistant	75
Property Owner Services Representative	55
Support Staff	50

## INVOICING

We will invoice the City of Menlo Park, no more than monthly based on percent completion by task. Invoices will include a description of services as well as a summary of costs to date by task.

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## PROJECT TEAM

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We have selected senior professionals for the City of Menlo Park's FIA. We are confident that the MuniFinancial team has a depth of experience and stability that will successfully fulfill the City's desired work performance.

Mr. **Robert Spencer**, Principal Consultant in the Oakland office of MuniFinancial's Financial Consulting Services Division, will serve as **principal-in-charge** of the study. He will assure the quality of all work products and provide technical oversight to the project. He will be present at key meetings. Mr. Spencer has more than 20 years of infrastructure financing and impact fee experience consulting to local agencies throughout California.

Mr. **Jeffrey Kay** will serve as **project manager**. Mr. Kay is a project manager also located in our Oakland office. He will organize and direct all tasks and ensure that the deliverables are completed on time and within budget. He will be the **City's day-to-day contact** and will be present at all meetings. Mr. Kay has been the on-call fiscal analyst for the City of Roseville for the past two years.

As needed, Mr. Kay will assign data collection, analysis, and document drafting tasks to our team of analysts in the Oakland office.

## AVAILABILITY

MuniFinancial is sufficiently staffed to assume this workload for the City of Menlo Park. Your project team will consist of at least three (3) staff members with sufficient resources remaining in the firm should they be needed for assistance. Moreover, MuniFinancial as a whole is staffed with over 70 employees. A breakdown of the number of hours per task per project member can be found in the Fee for Service section.

## TEAM MEMBER RÉSUMÉS

Résumés for the team members MuniFinancial will devote to the City of Menlo Park's project follow.

## 20 Years Experience

Areas of Expertise  
*Infrastructure Funding  
& Financing*

*Public Services Funding*

*Economic Analysis*

### Education

*Master of Public Policy,  
Harvard University  
John F. Kennedy School  
of Government, with  
concentration in Urban  
Economic Development*

*Bachelor of Arts in  
Economics,  
Colorado College*

### Professional Affiliations

*Urban Land Institute*

*National Impact Fee  
Roundtable*

### Teaching and Speaking Experience

*National Impact Fee  
Roundtable, moderator  
and speaker (various  
topics), 2002-2007.*

*“Planning In*

## ROBERT D. SPENCER PRINCIPAL CONSULTANT

**Robert D. Spencer**, Principal Consultant in the Financial Consulting Services Division at MuniFinancial, is an economist with extensive experience assisting public agencies with the development of sound financial and economic policies. Much of his work is related to infrastructure financing and public services funding to serve a community’s growth or revitalization. Based on this expertise, Mr. Spencer has assisted agencies with land use policy, growth management, economic development, and business regulation.

### RELATED EXPERIENCE

#### Fiscal Impact Analysis

Mr. Spencer has managed over 50 fiscal impact studies for a broad range of public agencies. He assists clients in understanding the fiscal impacts of land use policy decisions. He has managed the development of proprietary software with a user-friendly program to help clients conduct their own studies. Mr. Spencer has played the role of “honest broker,” providing objective analysis to multiple agencies in property tax sharing negotiations for annexations and incorporations. Recent significant projects include:

- **Fiscal impact analysis** of the Delhi Specific Plan for the **County of Merced** for 3,200 dwelling units and 3.2 million square feet of commercial and industrial space.
- **Ongoing fiscal impact analysis** services to the **City of Roseville** for the past 15 years for **general plan updates, rezonings, specific plans, annexations, and voter initiatives**
- **Ongoing property tax sharing analysis and negotiations support** for the **County of Sacramento** related to city incorporations and annexations.

#### Real Estate Market Analysis

Mr. Spencer has directed real estate market analyses ranging from project-level absorption estimates to long range general plan projections. Recent significant projects include:

- **Retail demand** for a proposed 900,000 square foot shopping mall along Interstate 5 for the **City of Redding**.
- **Long range market-based land use projections** for the **City of Roseville** general plan update based on comparative advantages in the Sacramento region.
- **Economic impacts on real estate development** from a range of proposed policies such as impact fee and affordable programs in the **City of Long Beach**.

*Financially Difficult Times: Creative Approaches to Funding and Managing Resources”, California Planning Foundation workshop, June 11, 2004.*

*“Takings and Exactions: Imposing Conditions on Development Without ‘Going Too Far”, University of California at Davis Extension, 2002- 2004.*

*“Effective Local Approaches for Promoting Smart Growth: Financing and Planning Strategies”, Urban Land Institute and the Association of Bay Area Governments, September 26, 2003.*

**Prior Professional Experience**  
*Hausrath Economics Group, Consultant, 1989-1999*

### **Financial Analysis and Revenue Enhancement**

Mr. Spencer has conducted comprehensive analysis of an agency’s current and projected financial situation. He advises agencies on revenue options to improve financial stability and increase service levels. Recent significant projects include:

- ✦ **Revenue programs to fund new development impacts** including a comprehensive exactions strategy for the **County of Madera** and agency-wide “expandable” special tax districts for public safety for the cities of **Clovis, Galt, Manteca, Stockton, and Sacramento County.**
- ✦ **10-year financial plans** for the **Truckee-Donner Public Utilities District** and the **City of Roseville.**
- ✦ **Revenue strategies** for facility master plans including the parks and recreation business plan for the **City of Santa Rosa** and the library master plan for the Stockton-San Joaquin Library.

### **Comprehensive Funding and Financing Plans**

Mr. Spencer has prepared funding and financing plans for proposed development projects, specific plans, and master plans. His plans provide a strategy for financing backbone facilities, integrating various funding sources, and allocating costs fairly across all benefitting land uses. Recent significant projects include:

- ✦ Preparing a **public facilities financing plan for the Oasis Road Specific Plan** for the **City of Redding.** The plan required \$100 million in funding including \$50 million in financing for backbone facilities to accommodate 2,500 dwelling units and 3.1 million square feet of retail use.
- ✦ Advising the **County of Tehama** and the **County of Sutter** on **public facilities financing** and **urban services funding plans.** The Tehama project included 3,700 dwelling units and the Sutter project included 17,500 units and 50 million square feet of commercial and industrial space.

### **Additional Areas of Expertise**

Mr. Spencer also has expertise in the following areas of fiscal and economic consulting for local public agencies:

- ✦ Fiscal Analysis for Incorporations;
- ✦ Economic Development and Impact Analysis;
- ✦ Development Impact Fee Programs;
- ✦ Focused Funding Policies and Programs for Affordable Housing, Habitat Conservation and Open Space, and Transportation; and
- ✦ Service Delivery Strategies.

**JEFFREY KAY, AICP**  
**PROJECT MANAGER**

**Areas of Expertise**

*Development Impact Fees  
and Fiscal Impact  
Analyses*

**Project Highlights**

*County of Tulare; City of  
Long Beach; and  
Greenfield Fire Protection  
District*

**Education**

*Master of Regional  
Planning  
University of North  
Carolina, Chapel Hill  
Dual Concentrations in  
Regional Economic  
Development and  
Community Development*

*Bachelor of Arts, Political  
Science,  
Vassar College  
(Correlate Sequence:  
Urban Studies)*

**Professional Affiliations**

*American Planning  
Association*

**Jeffrey Kay** is a Project Manager in MuniFinancial's Financial Consulting Services' Oakland office. His responsibilities include supervising analysts on development impact fee studies and preparing fiscal impact analyses.

**Prior to joining MuniFinancial in 2005**, Mr. Kay worked as a research analyst for the Urban Strategies Council in Oakland, CA. His responsibilities included collecting and analyzing statistical data from a variety of sources pertaining to economic opportunity, housing, crime, and real estate development in the Bay Area.

**RELATED EXPERIENCE**

**Fiscal Impact Analysis**

- ✦ **City of Roseville:** Conducted several fiscal analyses pertaining to development projects. Prepared analysis comparing the fiscal ramifications of existing and proposed zoning as well as proposed annexations.
- ✦ **City of Sacramento:** Prepared a fiscal impact analysis of a proposed annexation.

**Development Impact Fees**

- ✦ **Counties of Kern, Shasta, Tulare and Yolo:** Prepared analysis and documentation for countywide development impact fee programs covering a comprehensive range of facility categories.
- ✦ **Counties of Los Angeles, San Diego, and Shasta/Tehama:** Conducted or assisted with multi-jurisdictional, regional impact fee studies for transportation improvements.
- ✦ **City of Long Beach:** Project manager for development impact fee study for public safety facilities.
- ✦ **City of Soledad:** Project manager for a development impact fee study evaluating eight facility categories.
- ✦ **Greenfield Fire Protection District:** Analyst for a development impact fee study for a fire district in Monterey County.
- ✦ **Keyes Fire Protection District:** Analyst for a development impact fee study for a fire district in Stanislaus County.

**Special Studies**

- ✦ **Affordable Housing Policy Study; City of Fresno:** Project manager for a review of policies to promote development of affordable housing in the City. The project involved modeling costs and benefits of inclusionary zoning and a jobs-housing linkage fee.
- ✦ **Santa Clara Valley Habitat Conservation Plan; County of Santa Clara:** Currently assisting the County with identifying suitable funding alternatives and constructed a financing plan for implementation of its proposed Habitat Conservation Plan.

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## PROJECT EXPERIENCE

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Fiscal impact analysis is a tool to estimate the effect of proposed policies and plans on ongoing operating revenues and costs for a public agency. MuniFinancial has managed **over 50 fiscal impact studies** for a broad range of clients, helping them address a range of policy issues including:

- ✧ Fiscal impacts of land use policies and plans;
- ✧ Fiscal impacts of growth control and tax limitation ballot initiatives;
- ✧ City/county tax sharing agreements for annexations; and
- ✧ The feasibility of proposed city incorporations.

We sometimes play the “honest broker” role, providing objective analysis to all sides such as the city and the county in annexation tax sharing negotiations, and the agency and the developer during the project approval process.

## PROJECT SUMMARIES

Summaries of selected project experience are presented below.

### **City of Roseville, CA; Fiscal Impact Analysis**

MuniFinancial completed a fiscal impact analysis for the annexation of the West Roseville Specific Plan (WRSP) area. Analyzed numerous scenarios of the proposed land use plan as part of the negotiations with the project developer to ensure the plan was fiscally positive for the City. Coordinated with the County’s economic consultant to assist in the negotiation of the property tax split agreement with Placer County.

MuniFinancial also completed a fiscal impact analysis for the City of Roseville for the annexation of the Sierra Vista Specific Plan (SVSP) area and Creekview Specific Plan (CSP) area. Analyzed proposed land use to determine the fiscal impact on the City’s General Fund. Conducted market analysis to determine the amount of retail development that the area could support to assist the City in its negotiations with the developer group.

In 2003, MuniFinancial was engaged by the City of Roseville to develop a ten-year financial model of the General Fund. The City’s objective was to examine the impact of declining growth rates as the City approached build out. The model provided a tool to test alternate policy assumptions such as level of service standards, tax and fee rates, and growth projections.

### **City of Dublin, CA; East Dublin Fiscal Impact Analysis**

In July of this year, MuniFinancial completed an update to the East Dublin fiscal model reflecting an additional year of development within the East Dublin Specific Plan area. The model was calibrated to reflect current sales tax and property tax collected in East Dublin. The study also included a case study analysis of fire service costs and detailed analysis of revenues received from property and sales tax, transient occupancy tax and vehicle license fees.

MuniFinancial has a long-standing client relationship with the City of Dublin dating back to 1999. We have been asked several times to update the original fiscal study of the East Dublin Specific Plan as development has taken place, as well as perform other funding and fiscal analyses to ensure stable funding of services.

## County of Merced, CA; Delhi Economic and Fiscal Impact Study

MuniFinancial is assisting the County of Merced by performing a third-party review of the completed and adopted Delhi Community Plan, including modeling key revenue and cost variables as part of a fiscal impact analysis. In conjunction with this review, the County also sought assistance to develop an alternative land use scenario for the plan for use in estimating fiscal impacts and projecting infrastructure requirements. Upon completion of the land use scenario and fiscal impact analysis, MuniFinancial will determine development impact fees based on the updated infrastructure requirements.

## CLIENT REFERENCES

Client relationships are extremely important to us. We encourage you to contact any or all of the clients listed below regarding our commitment to personalized service and performance.

MUNIFINANCIAL SELECTED REFERENCES		
AGENCY	SERVICE	CONTACT
City of Roseville	<ul style="list-style-type: none"><li>▣ Fiscal Impact Analyses of Projects, Specific Plans, and General Plan</li><li>▣ Impact Fee Studies</li></ul>	Russ Branson Finance Director 311 Vernon St. Roseville, CA 95678 (916) 774-5320
County of Madera	<ul style="list-style-type: none"><li>▣ Fiscal Impact Analysis</li><li>▣ Impact Fee Study</li><li>▣ User Fee Study &amp; Exactions Strategy</li></ul>	Eric Fleming Assistant Administrative Officer 333 West Olive Madera, CA 93637 (559) 675-7703
City of Dublin	<ul style="list-style-type: none"><li>▣ Fiscal Impact Analysis</li><li>▣ Impact Fee Study</li></ul>	Chris Foss Economic Development Director 100 Civic Plaza Dublin, CA 94568 (925) 833-6650

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## DISCLOSURE

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MuniFinancial has no prior relationship with the project sponsor or any of its consulting team. Furthermore, MuniFinancial rarely enters into contractual agreements with private sector entities. Our client base is almost completely composed of public agencies including cities, counties, state agencies, port authorities, housing agencies, special districts, and school districts.



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