

May 3, 2018

Danial Pick
City Manager
City of Del Rey Oaks
650 Canyon Del Rey
Del Rey Oaks, CA 93940

Subject: Del Rey Oaks 17-Acre Site Disposition: Developer
Qualifications Review; EPS #182043

The Economics of Land Use



Dear Danial Pick:

Economic & Planning Systems, Inc. (EPS) has been retained by the City of Del Rey Oaks (City) to evaluate two competing developer proposals for development of the City-owned "17-acre Parcel" (Site), located adjacent to the City's Fort Ord holdings at the corner of State Route (SR) 218 and General Jim Moore Boulevard. The Site's zoning can accommodate commercial uses, though the Site lacks a viable water supply. One developer (DBO), owning water rights that potentially could be used on the Site, is proposing a hotel with ancillary retail pads and garden apartments. The other developer (Donaldson) is proposing a barn-like event center and several rustic cabins—a low-intensity use reflecting a lack of access to water or water rights. The City has established criteria for selection.

Following developer selection, it is anticipated that additional work may entail the negotiation of transaction terms with the selected developer. That phase of analysis is not included in this initial proposal.

Scope of Work

The following tasks are envisioned at this stage in the project.

Task 1: Initiate Project

EPS will review the two received qualifications statements and participate in an initial conference call to establish foundational information exchange among the review team, to discuss the relative qualifications of each developer, and to discuss outstanding questions.

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Task 2: Evaluate Initial Proposal

Based on agreed-on criteria developed by the City and consultants, EPS will evaluate the proposals and produce a brief memorandum summarizing an initial review of the two received qualification statements based on City criteria. EPS will participate in a follow-up call with the City's review team to further discuss key observations and issues.

Task 3: Follow-Up Discussion and Refine Analysis

As needed and appropriate, EPS will meet with or further consider the qualifications of each applicant based on City team feedback to clarify project intent, collect additional information, and further develop or revise the initial evaluation referenced above.

Task 4: Prepare Strategic Analysis

EPS will develop a range of pertinent criteria intended to inform the optimal land use mix on the City's combined holdings (the Site and remaining Fort Ord holdings). The analysis would be steeped in:

- Regional competitive position of Del Rey Oaks.
- Expected/potential regional transportation improvements (related to SR 68, Eastside Parkway, and other projects/trends).
- Existing and emerging housing and fiscal legislation around tax increment, housing-related funding, and other relevant land use legislation.
- Best practices in land use economics (market analysis, jobs/housing balance, testing of fiscal dynamics, and optimization of capital financing techniques).
- Consideration of other strategic value of the City's lands as open space/habitat mitigation and other potential strategies.

Key Personnel

Managing Principal **David Zehnder** will serve as Principal-in-Charge of this project and will provide guidance and input as needed. Executive Vice President **Ellen Martin** will serve as Project Manager and will conduct the day-to-day management of this project. Additional EPS staff may assist in identifying, collecting, and analyzing data.

Schedule

EPS will begin working on this project as soon as contract approval is received. EPS will provide the City with accurate information and work products on a schedule that meets your needs and can complete the Scope of Work described in this letter in 4 weeks.

Budget

The estimated budget to complete this Scope of Work is **\$18,500**. EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. Travel, data, or reproduction expenses will be billed at cost, and invoices are submitted monthly and are payable

on receipt. If additional work or meetings are required, EPS will request authorization for additional budget with the understanding that terms will be negotiated in good faith. EPS's Hourly Billing Rates are attached as part of this letter scope.

Again, EPS would appreciate the opportunity to work on this project. To approve this proposal, please forward the appropriate contract documents to EPS for signature. If you have questions or require changes to this proposal, please call Project Manager Ellen Martin at (916) 649-8010.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC. (EPS)



**David Zehnder
Managing Principal**

Attachment

2018 HOURLY BILLING RATES

Sacramento Office

Managing Principal	\$260-\$290
Senior Principal	\$300
Principal	\$230-\$245
Executive/Senior Vice President	\$230
Vice President	\$205
Senior Technical Associate	\$190
Senior Associate	\$175
Associate	\$160
Research Analyst II	\$120
Research Analyst I	\$90
Production and Administrative Staff	\$80

Billing rates updated annually.

