

APPROVED★

MAY 03 2011



BY *Maria Chivela deputy*
CLERK OF THE BOARD

AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE Consider approval of a contract amendment with Municipal Resource Group, LLC for a market study analysis for \$78,545; Approval a contract amendment with SWA Group for financial, economic and transportation analyses for \$123,845 associated with the Solano360 Project; and Authorize the County Administrator to execute both amendments		BOARD MEETING DATE May 3, 2011	AGENDA NUMBER 9
Dept:	County Administrator's Office	Supervisorial District Number	
Contact:	Ron Grassi	ALL	
Extension:	Ext 6933		
Published Notice Required?		Yes _____	No <u> X </u>
Public Hearing Required?		Yes _____	No <u> X </u>

DEPARTMENTAL RECOMMENDATION:

★ with amendment to return to the Board with results of market analysis

The County Administrator's office recommends that the Board:

1. Consider approval of an amendment with Municipal Resource Group, LLC for a market study analysis for the Solano360 Project for \$78,545;
2. Consider approval of a third amendment with SWA Group for financial, economic and transportation analyses for \$123,845
3. Authorize the County Administrator to execute both Amendments.

SUMMARY:

On March 22, 2011, the Board approved a professional services contract with Municipal Resource Group, LLC (MRG) for project management services to oversee and coordinate the efforts for the Solano360 Project Phase 2 (entitlement phase). Since that time, MRG, with a team led by Tom Sinclair, as project manager and supported by A.Plescia & Co. and RCH Group, has assisted in the identification of the need for financial consultants to achieve the goals of the Solano360 Vision. In order to determine the marketability of the proposed Project, the fiscal impact on municipal services from the Project and the cost of the public facilities to serve the Project, the Project Team conducted an expedited Request for Proposals (RFP) for these three topics. Moreover, the three financial/economic studies will assist the County and City in understanding the Project costs and potential revenue, and will support the discussions between the County and City on a project cost and revenue agreement. Staff is recommending that MRG's contract be amended to include the scope of the Market Study sub-consultant (Attachment A) and that SWA's contract be amended to include the scope of the both the Transportation sub-consultant as well as the Fiscal Impact Analysis and Public Facilities Financing Plan sub-consultant (Attachment B).

FINANCING:

On February 9, 2010, the Board approved the Solano360 Phase 2 project (entitlement phase) budget of \$3.1 million. The entitlement phase budget (Refer to Attachment C - Updated Adopted Entitlement Budget) anticipated a variety of professional services and studies and reports

associated with completing a master plan including project management services, communication and public information, land use planning services, civil engineering services, architectural design services, transportation and circulation analysis, preparation of required environmental documents, legal support, permit and application fees, and financial analysis. The Solano360 Project is funded by a loan from the General Fund and accounted for and tracked separately. The Board has established a requirement that the loan be repaid by future revenue streams stemming from the ultimate redevelopment of the fairground's site.

DISCUSSION:

The Solano360 Phase 2 (Entitlement) project is a three party effort between the County, City of Vallejo, and Solano County Fair Board which, based on the Solano360 Vision, looks to develop a specific plan and master plan for the site. On March 22, 2011, the Board approved a contract with MRG, with a team lead by Tom Sinclair, as project manager and supported by A.Plescia & Co. and RCH Group.

In coordination with the City of Vallejo staff, the Project Team selected three firms for each financial/economic discipline, who were then asked to submit a proposal for the respective work. Due to the fact that the selected firms would be engaged as sub-consultants to either of the prime contracts of MRG or SWA, the choice of firms were specifically narrowed based on prior work experience with the City of Vallejo, MRG or SWA. The firms requested to respond were as followed:

MARKET ANALYSIS	FISCAL IMPACT	PUBLIC FACILITIES FINANCING
Bay Area Economics	Economic Planning Systems	Economic Planning Systems
Gruen Gruen + Associates	Goodwin & Associates	Goodwin & Associates
Kaiser Marsten Associates	Kaiser Marsten Associates	Kaiser Marsten Associates

Representatives from the three project proponents including the CAO's office, a City of Vallejo Senior Community Development Analyst, the County Fair Manager, as well as representatives from MRG and SWA reviewed the various proposals.

Gruen Gruen + Associates (Gruen) was determined to be the best qualified to assist with the market analysis, in part due to their similar work on CalExpo Project and the Santa Cruz County Fair. (Attachment D) Due to the synergy between the market analysis and the work to be performed by MRG, staff is recommending that MRG's contract be amended to include Gruen's services as a sub-consultant.

Goodwin & Associates (Goodwin), led by Susan Goodwin, was selected for both the Fiscal Impact analysis as well as the Public Facilities Financing plan based on her prior work with the City of Vallejo. (Attachments E and F) and the firm's experience in preparing similar studies. Staff was mindful of the Board's Local Preference Policy and although none of the firms are located in Solano County, staff is pleased to report that Ms. Goodwin is a Solano County resident. Staff is recommending that SWA's contract be amended to include Goodwin's services for both the Fiscal Impact Analysis study as well as the Public Facilities Financing plan.

In addition, staff is also recommending that SWA's scope be amended to include the services of Fehr & Peers, a traffic consultant, to assist in the developing of the traffic circulation element of the Specific Plan. Fehr & Peers is currently a sub-consultant to the Michael Brandman & Associates,

the EIR consultant for the Project, which will allow for savings on the cost of the Specific Plan by leveraging the work performed on EIR.

Next steps:

The next step will be to engage the public communication/outreach services which will include website hosting and maintenance. Once the financial consultants are engaged, the next steps will be to refine the concepts for the "Fair of the Future" and develop the project description for the Environmental Impact Report. Staff anticipates that these will be refined by late June and will be returning to the Board in July to seek further direction.

ALTERNATIVES:

The Board could choose to not approve these amendments, however; the Solano360 project team has identified the need for financial services with requisite expertise to provide the necessary level of modeling to determine the financial feasibility of the Specific Plan as it is further refined.

OTHER AGENCY INVOLVEMENT:

The project team consisting of representatives from the County, City of Vallejo, Solano County Fair, Project Manager, MRG, and land planning consultant, SWA Group, worked collaboratively to select the sub-consultants. County Counsel reviewed the RFQ prior to issuance, provided technical guidance during the selection process, and approved the contract as form.

DEPARTMENT HEAD SIGNATURE:



Birgitta E. Corsello, County Administrator

Attachment(s):

Attachment A- First Amendment to Municipal Resource Group Contract

Attachment B- Third Amendment to SWA Group Contract

Attachment C - Updated Adopted Entitlement Budget

Attachment D - Gruen Gruen + Associates

Attachment E - Goodwin & Associates Proposal for Fiscal Impact Analysis

Attachment F - Goodwin & Associates Proposal for Public Facilities Financing Plan

GCG

GOODWIN CONSULTING GROUP

**Proposal to Prepare a
Fiscal Impact Analysis**

**Solano360 Fairgrounds
Redevelopment Project**

PREPARED FOR:

County of Solano
City of Vallejo
Solano County Fair Association
Municipal Resources Group

April 22, 2011

555 UNIVERSITY AVE, SUITE 280 • SACRAMENTO, CA 95825
PHONE: (916) 561-0890 • FAX: (916) 561-0891

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ATTACHMENT E



April 22, 2011

Mr. Ron Grassi
Principal Management Analyst
County of Solano Administrator's Office
675 Texas Street, Suite 6500
Fairfield, CA 94533

Dear Mr. Grassi,

On behalf of Goodwin Consulting Group (GCG), I am pleased to provide you with a proposal for GCG to provide an analysis of the fiscal impacts that the Solano360 Fairgrounds Redevelopment Project will have on the County of Solano, City of Vallejo, and Vallejo Redevelopment Agency Flosden Acres Project Area funds. The principals of GCG have more than sixty years of combined experience in public finance, development economics, real estate market analysis and municipal consulting. The team for the PFFP will include Susan Goodwin, Managing Principal, as principal-in-charge; Dave Freudenberger, Principal, as assistant project manager; and Cindy Yan, Vice President, as the senior staff person assigned to the project. Sample projects, including client references, are provided for the three of us in the attached proposal.

As you will also see in the proposal, GCG has extensive experience in analyzing the fiscal impacts associated with new developments, annexations, incorporations, reorganizations and buildout of public agency general plans. These analyses have been used to identify the need for alternative funding to remedy projected fiscal deficits, negotiate tax revenue sharing agreements, determine the most efficient governance structure for new town developments, evaluate the need for supplemental funding mechanisms, and analyze the impact of reallocating revenues from one public agency to another. With a focus on computer analysis and a thorough attention to detail, GCG's fiscal impact studies include (i) a comprehensive review and analysis of public agency budgets, (ii) detailed revenue and cost projections on an annual basis, and (iii) a calculation of annual or one-time special taxes or assessments if it is determined that a funding alternative is needed to mitigate fiscal deficits. GCG produces a dynamic fiscal model that can be used for sensitivity analysis of changes in land use, service standards, phasing and service cost estimates.

GCG has also prepared tax increment projections in association with public infrastructure financing programs, public/private partnership proposals, and pass-through negotiations between public agencies. GCG takes into account the required allocation of tax increment as set forth in Assembly Bill 1290, including the 20% low- and moderate-income set-aside and stepped-up distribution required over time. GCG has formulated financing strategies that include a combination of land-secured funding mechanisms and tax allocation bonds, which provide

*Mr. Ron Grassi
April 22, 2011
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funding both in the early years of a project and at buildout of the tax increment-generating land uses. GCG also understands that analyzing fiscal impacts becomes even more critical under these circumstances since the vast majority of property tax increment will likely be utilized for redevelopment projects rather than for discretionary general fund purposes for an extended period of time.

Based on my review of the "Local Employment Policy" in the general provisions of the County's Standard Contract, I should also mention that I have been a Solano County resident for more than 20 years and, therefore, am uniquely familiar with the project site and the local marketplace. I have also worked with the City of Vallejo for more than 20 years, preparing fiscal and financial analysis for Mare Island, setting up financing districts for Hiddenbrooke capital improvements, and preparing a development impact fee study for the City's transportation fee.

I appreciate your consideration of GCG's qualifications and hope to have the opportunity to assist you with this exciting project. Based on the direction in the Request for Proposals, I have provided only the requested information and have attempted to keep our response concise and to the point. If you have any questions or need additional information, please do not hesitate to call.

Sincerely yours,



Susan Goodwin
Managing Principal

Enclosure

2. PROPOSAL

A. *Description of Services*

It is clear from review of the Solano360 Vision Report and ERA's Solano360 Vision Plan Financial Modeling and Fiscal Analysis (2010 Analysis) that economic sustainability and fiscal viability are critical objectives of the Solano360 Fairgrounds Redevelopment Project (Project). The Project is a unique opportunity for the City and County to create new employment opportunities, attract tourism by establishing a destination unlike any existing attraction in Solano County, and create recreational opportunities for County residents and the region at large. All of these benefits must occur within a framework that ensures that the City and County General Funds are not negatively impacted by development within the Project. Unique components of the Project, such as public ownership, ground leases, major sports fields and complexes, and educational and civic uses, need to be thoroughly analyzed relative to the costs and revenues associated with the Project.

Goodwin Consulting Group, Inc. (GCG) will provide a comprehensive analysis of the fiscal impacts to the County of Solano (County) and City of Vallejo (City) from implementation of the Project by comparing recurring annual revenues accruing from the Project to the recurring annual costs of providing public services to Project land uses. In addition, GCG will determine the impacts the Project will have on the Vallejo Redevelopment Agency (RDA) Flosden Acres Project Area funds, which will include projecting tax increment revenues that will be generated from the Project.

Although the exact work effort would be further defined at the kickoff meeting with the Project team, the services to be provided by GCG will generally include the following:

Task 1. Project Research

GCG will compile land use, infrastructure, and demographic characteristics of the Project, based on continued review of Project documents, as well as a kickoff meeting with the County, City, and Municipal Resources Group (MRG). This task will produce many of the base assumptions to be used in the fiscal analysis, including, but not limited to: (i) proposed land uses by land use type, including gross and net acres, floor-to-area ratios, building square footage, number of hotel rooms, etc., (ii) projected market values and sales prices by land use type, (iii) anticipated phasing and absorption, (iv) proposed public improvements that will require ongoing maintenance, including road lane miles; open space, drainage and wetlands; and multi-purpose areas and sports fields; and (v) employment generation for each land use type. GCG has conducted a preliminary review of the Vision Report and 2010 Analysis and recognizes that many assumptions related to the items above have been developed in past years. Through coordination with the County and City, GCG will ensure that there is consistency with approved documents, while also making sure that figures are updated, as needed, to reflect the current marketplace.

Task 2. Fiscal Research

GCG will identify fiscal parameters relevant to the Project that are required to conduct the fiscal analysis, including, but not limited to: (i) the total property tax rate for each tax rate area (TRA) included within the Project, (ii) a breakdown of the general levy tax allocation factors for each TRA, and (iii) the distribution of tax revenues within each TRA. GCG will also analyze the City and County budgets and work with appropriate department heads to develop case study and per capita multiplier assumptions for applicable fiscal revenues and expenses.

As part of this analysis, GCG will evaluate ongoing revenue sources, taking into account specific budget items such as the property tax allocation after the ERAF and SERAF shifts; sales tax revenue from the base sales tax percentage and the Prop 172 sales tax rates; transient occupancy tax based on current average room rates and vacancy rates; transfers from other departments, agencies and organizations; and other recurring revenue. Based on review of the budgets, GCG will identify existing and planned service standards, and the unit cost of providing operations, maintenance, and services associated with all recurring costs. GCG will also meet with representatives from the RDA to estimate the operating costs to the RDA from development of the Project and to confirm assumptions that will be used in the tax increment projection provided in Task 4 below.

Task 3. Analysis of Fiscal Impacts

GCG will create a dynamic fiscal model that will be used to estimate the impacts of the Project on the City and County General Funds. Total recurring fiscal impacts at designated development phases and at Project buildout will be projected. To the extent short-term or long-term negative fiscal impacts are estimated, GCG will recommend funding mechanisms that can be implemented to mitigate the deficits and will estimate the annual special taxes or assessments needed to ensure that there are no negative impacts on the City and County. These special tax/assessment estimates should be factored into the burden analysis in the PFFP in order to avoid overstating the financing capacity available based on the total tax burden limits set forth in City and County policies. The fiscal model will incorporate all of the cost and revenue assumptions compiled in Task 3, which will allow for sensitivity analysis of alternative scenarios if needed after the initial analysis has been completed.

Task 4. Tax Increment Projection

GCG will coordinate with the RDA to develop assumptions to be used in the tax increment (TI) projection that will be used for both the fiscal impact analysis and, potentially, the tax allocation bond component of the Public Facilities Financing Plan (PFFP). The assumptions used in ERA's 2010 Analysis will be reviewed as a starting point, and GCG will suggest alternative assumptions, if appropriate. In coordination with the RDA, GCG will confirm assumptions related to base year assessed value, the split (after AB 1290 pass-throughs) of tax increment between housing and non-housing programs, maximum bond authorization, the year that the last bond issue may occur, and the number of years that tax increment may be collected.

Certain financing assumptions will also be vetted with the RDA, including turnover factors for each land use category, vertical construction timeframes, annual appreciation rates, the County fee for property tax administration (if applicable), and RDA administration costs. Other financing assumptions, such as the statutory escalation rate for non-turnover property, the housing set-aside portion, and the Tier One, Tier Two, and Tier Three pass-through formulas will be incorporated into the analysis. GCG will the prepare a detailed tax increment cash flow model that shows the amount and timing of assessed value and resulting tax increment for the entire period of time that increment may be collected, housing set-aside, pass-throughs for each of the three Tiers, RDA costs and County fees, and net available increment. The cash flow model will provide the basis to determine the fiscal impacts of the Project on the RDA, as well as informing the PFFP relative to potential funding from tax allocation bonds and net increment.

Task 5. Fiscal Impact Analysis and Report

GCG will prepare a Fiscal Impact Analysis and Report (Report) which will summarize findings of the fiscal analysis and will include charts and tables outlining assumptions that were factored into the determination of fiscal impacts. The Report will clearly demonstrate the impact that the Project will have on the County and City General Funds at each designated development stage and at buildout. GCG will present the draft Report to City and County staff, MRG, and other Project team members and will incorporate the team's comments to produce a final Report that will be presented at the four public meetings included in Task 6 below.

Task 6. Meetings

GCG will attend up to seven (7) meetings in association with preparation of the Fiscal Impact Analysis and Report. These meetings may include, but will not be limited to, the following:

- A kickoff meeting to review the scope of work, coordinate the planning and data gathering effort, confirm the work schedule and develop baseline data requirements, and collect additional documents and data
- Meetings with City, County, RDA staff, MRG, and other team members to review cost and revenue assumptions; confirm service standards, personnel needs, and operating costs for services to be evaluated on a case study basis; and discuss funding mechanisms that would be used if fiscal deficits are projected
- Meetings with Project team members to present and discuss the draft Report
- Meetings with and presentations to the Solano360 Committee, County Board of Supervisors, City Council, and Solano County Fair Association

B. Project Schedule

Pursuant to the required project timing set forth in the Request for Proposals, GCG proposes the following schedule for completion of the Fiscal Impact Analysis and Report:

<u>Task</u>	<u>Estimated Completion Date</u>
Kickoff Meeting	Last week of April/First week of May
Project and Fiscal Research	May 13, 2011
Analysis of Fiscal Impacts	May 27, 2011
Tax Increment Projection	June 3, 2011
Team Meeting	Week of June 6, 2011
Meeting to Present Draft Report	Week of June 20, 2011
Team Feedback/Comments	First two weeks of July
Final Report Circulated	July 21, 2011
Public Meetings/Presentations	As Scheduled

C. Fee Proposal

The budget for services to be provided pursuant to the scope of work set forth above is \$28,000, including all direct expenses and attendance at up to seven (7) meetings. Additional consulting services beyond those included in the scope of work may be provided within the budget if total hourly billings are less than the budget. Alternatively, if the scope of work can be completed for less than the budget, only the hours actually expended will be billed. If GCG is requested to attend more than seven meetings, and such attendance results in the maximum budget being exceeded, GCG will bill a maximum of \$1,000 for each additional meeting.

Services will be billed based on the following hourly fee schedule:

Managing Principal (Susan Goodwin)	\$240 / hour
Principal (Dave Freudenberger)	\$225 / hour
Vice President (Cindy Yan)	\$195 / hour
Senior Associate	\$175 / hour
Associate	\$150 / hour
Analyst	\$135 / hour

3. STATEMENT OF QUALIFICATIONS

A. Identification of Consulting Team

GCG makes a commitment to its clients that a principal will be actively involved in all aspects of project completion. Towards that end, two GCG principals will be part of the assigned consulting team, which will include the following primary members who will be assisted by other GCG staff members:

Susan Goodwin, Managing Principal of GCG, will serve as principal-in-charge and, in this role, will oversee quality control of GCG's work products, attend meetings and participate in presentations, coordinate with City and County staff, and ensure compliance with the Project schedule and budget.

Susan has an extensive background in public finance and real estate economics, having managed the planning and implementation of hundreds of districts and programs that generate funding for public infrastructure and services. She is experienced in the preparation of comprehensive public facilities financing plans, fiscal impact studies, impact fee justification studies, market studies, and tax increment projections for both public and private sector clients. Susan has also worked with numerous public agencies to develop and implement fee credit and reimbursement programs that ensure equity is achieved among landowners within a development project. Susan's email address is susan@goodwinconsultinggroup.net.

Dave Freudenberger, Principal of GCG, will serve as project manager of the work provided by GCG. In this role, he will coordinate the work effort with MRG and the City and County; direct GCG staff assigned to the project; review all technical analyses; and attend meetings, participate in presentations, and coordinate regularly with City and County staff.

Dave offers comprehensive experience in public finance, fiscal impact analysis, and economic and market feasibility. He has managed hundreds of studies for small, single-use developments and large, master-planned communities, ranging from dense urban spaces to expansive undeveloped areas. Dave brings nearly two decades of preparing public infrastructure funding strategies, fiscal and economic impact studies, market absorption studies, pro forma cash flow analyses, tax increment projections and redevelopment feasibility studies, and jobs/housing and affordable housing programs. He also has expertise in valuing real estate portfolios, restructuring the financial elements of real estate deals, and assessing ground lease and related development proposals for residential, non-residential, and institutional land uses. Dave's email address is dave@goodwinconsultinggroup.net

Cindy Yan, Vice President, will serve as the primary support staff member to Susan and Dave throughout completion of the scope of work. In this role, Cindy will prepare and/or review all technical analyses produced as part of the Fiscal Impact Analysis and Report; assist in preparation of the Report; compile and coordinate data from the City, County, RDA, and MRG; and oversee the work efforts of GCG analysts and associates assigned to the Project.

Cindy has considerable experience preparing fiscal impact studies, public facilities financing plans, economic impact studies, tax increment projections, and development impact fee studies. She has prepared complicated fiscal impact analyses that incorporate multiple development scenarios, phasing plans, and public agencies to evaluate impacts from new development. In addition, Cindy has prepared comprehensive infrastructure financing strategies for new developments, analyzing both the one-time and annual burdens on new projects as well as reimbursement strategies for oversized facilities. Cindy's email address is cindy@goodwinconsultinggroup.net.

Goodwin Consulting Group, Inc. is a California corporation and is the legal entity with which MRG would contract. All assigned team members can be reached at the following address, telephone number, and fax number:

Goodwin Consulting Group, Inc.
555 University Avenue, Suite 280
Sacramento, CA 95825
phone: (916) 561-0890
fax: (916) 561-0891

B. Relevant Project Experience

Following is a description and professional reference for projects for which one or more of the consulting team members provided fiscal impact and/or tax increment analysis. For almost all of these projects, GCG has been under contract to the local government entity, as is the case for most of GCG's projects.

Mare Island Naval Base Reuse, City of Vallejo

In 1996, the United States Navy Department closed the Mare Island Naval Base Shipyard. After considerable community input, a reuse plan for Mare Island was approved by the Vallejo City Council, and a master developer was brought in to implement the plan. GCG prepared a Fiscal Impact Analysis that estimated the allocation of revenues once Mare Island was fully parcelized and property taxes are levied. To generate funding for public services in the interim, GCG prepared the special tax formula for a Mello-Roos Community Facilities District (CFD) that will pay for public services on Mare Island, including police, fire, sewer and water services. Unique fiscal challenges exist due to the geographic isolation of Mare Island, the ongoing phasing from public to private lands, and the antiquated infrastructure that needs to be repaired or replaced throughout the island. GCG's fiscal analysis is updated regularly to demonstrate the point at which service costs can be covered by traditional revenue sources, and GCG assists the City on an ongoing basis with the administration of the services CFD.

Susan Goodwin has worked with City staff for more than 20 years to ensure funding is available for public services and facilities on Mare Island. During that time, Susan has served as project manager for the fiscal impact analysis and formation of multiple CFDs on Mare Island.

References: Mr. Jon Oiler Mr. Gil Hollingsworth
 City Controller Mare Island Conversion Program Manager
 City of Vallejo City of Vallejo
 (707) 648-4593 (707) 649-5454

South-of-50 Sphere of Influence, City of Folsom

Encompassing approximately 3,500 acres of land south of Highway 50 and the City of Folsom, the project is expected to include nearly 10,000 residential units and 450 acres of non-residential land uses. GCG prepared the Fiscal Impact Analysis and the Public Facilities Financing Plan (PFFP), taking an annual look at the recurring impacts on the General Funds of the City, County of Sacramento, and SacMetro Fire District. Several sensitivity analyses were provided to assist the City in annexation negotiations with the County. GCG's PFFP recommended a mix of developer capital, impact fees, CFD financing, and external sources such as state and federal grants. Infrastructure costs were provided on a phased basis and anticipated revenues were compared to these costs to quantify funding deficits and surpluses by phase. In order to estimate the amount of oversizing or reimbursements due for each phase, the PFFP identified the gross project-specific burden by land use. Susan Goodwin served as principal-in-charge and project manager for the services provided to the City of Folsom.

Reference: Mr. Evert Palmer
 Assistant City Manager
 City of Folsom
 (916) 355-7391

Mariposa Lakes Specific Plan, City of Stockton

Mariposa Lakes is a proposed master-planned community which anticipates development of more than 10,600 residential units and 13 million square feet of non-residential uses on 2,700 acres. The project also includes 170 acres of schools and 426 acres of parks and open space. GCG prepared a Fiscal Impact Analysis that evaluated the annual impacts of the project on Stockton's General Fund, as well as the net fiscal impacts at project buildout. The Fiscal Impact Analysis included multiple sensitivity analyses to determine the net fiscal impact on the City's General Fund based on different assumptions of land values, sales prices, and absorption rates. Ultimately, GCG identified various alternatives to fund anticipated fiscal deficits, including a fiscal shortfall fee, a maintenance annuity fund, a Mello-Roos CFD, and reimbursable developer advances.

Prior to producing a final fiscal impact study, GCG assisted the City in developing a template and guidelines that will apply to all future development projects within the City. GCG worked with the City and developers to reach a set of guidelines that met with agreement from all parties. GCG developed the final reports for Mariposa Lakes using the approved document templates. Dave Freudenberger served as project manager, and Cindy Yan was the senior staff member

assigned to the project. Susan Goodwin provided input to the fiscal template and guidelines and presented the guidelines to the Planning Commission and City Council.

Reference: Mr. Mike Niblock
Director of Community Development
City of Stockton
Phone: (209) 937-8444

Mission Bay, Redevelopment Agency of the City and County of San Francisco

The Mission Bay site is one of the largest undeveloped tracts of land remaining along the San Francisco Bay. Catellus Development Corporation proposed development of more than 3,000 affordable and market rate housing units, more than 50 acres of office, biotech and retail development, and the extension of the University of California, San Francisco campus. Susan Goodwin and Dave Freudenberger worked with the San Francisco Redevelopment Agency and Catellus to form three separate Mello-Roos CFDs, two of which will fund infrastructure and one which will fund maintenance and other public services.

As part of the financing strategy, which involves a combination of variable-rate Mello-Roos bonds that will be retired from proceeds of tax allocation bonds, Dave prepared tax increment projections on behalf of the RDA and assisted in preparing special tax formulac for the three CFDs. GCG manages the ongoing administration of all the Mission Bay CFDs, and Dave works with the RDA each year to determine the amount of excess increment that is anticipated within the project area.

Reference: Ms. Catherine Reilly
Project Manager
Redevelopment Agency of the City and County of San Francisco
(415) 449-2516

The Sanctuary, City of Stockton

The Sanctuary anticipates over 7,000 residential units, 750,000 square feet of retail and office, and a 100-room hotel, along with institutional and public land uses. GCG prepared the Fiscal Impact Analysis in compliance with the City's new fiscal template and guidelines that were developed by GCG. The project's fiscal impacts were evaluated on an annual basis and many of the revenue and cost items were determined using a case study approach.

As part of the new fiscal guidelines, projects that result in a net fiscal deficit must identify a funding mechanism to mitigate the negative impact on the City's General Fund. GCG's report suggested that a Mello-Roos services special tax be implemented to cover the anticipated fiscal deficits. The Public Facilities Financing Plan prepared by GCG includes a mix of developer capital, impact fees, CFD financing, and state and federal funds. Annual funding gaps are identified based on the expected infrastructure phasing and absorption schedules and are

addressed with one of the four funding mechanisms above. Dave Freudenberger served as project manager for the fiscal study, and Cindy Yan was the senior staff person assigned to the project.

Reference: Mr. Mike Niblock
Director of Community Development
City of Stockton
(209) 937-8444

Mountain House New Community, County of San Joaquin

Mountain House is a master-planned community in unincorporated San Joaquin County that will ultimately include more than 16,000 residential units and 700 acres of commercial/industrial land uses. Susan Goodwin and Dave Freudenberger prepared a Fiscal Impact Analysis and Public Facilities Financing Plan that were used as companion documents to the Master Plan. The Fiscal Impact Analysis identified recurring impacts on the County and Tracy Rural Fire Protection District under a variety of absorption scenarios. The financing plan recommended a combination of short- and long-term Mello-Roos bonds, water and sewer revenue bonds, and impact fees to provide funding for more than \$400 million of public infrastructure. Dave also evaluated the developer's equity requirements and return on equity throughout buildout of the project.

GCG continues to work with the Mountain House Community Services District (CSD) that was formed to provide urban services to the Master Plan to update the CSD budget used to monitor the actual fiscal impacts from the project, develop a program that the CSD uses to track fee credits and reimbursements, and prepare a fiscal impact analysis for property annexing into the CSD. Susan has served as principal-in-charge and/or project manager of all of the work on the Mountain House project, and Dave has been project manager for many of the assignments.

Reference: Mr. Paul Sensibaugh
General Manager
Mountain House Community Services District
(209) 831-5656

Stockton Metropolitan Airport, City of Stockton

Encompassing approximately 1,500 acres in unincorporated San Joaquin County and adjacent to the Stockton city limits, the Stockton Metropolitan Airport Special Purpose Plan Area (SPPA) proposes almost seven million square feet of non-residential uses. GCG prepared a Fiscal Impact Analysis that evaluated the impacts to the City of Stockton, County of San Joaquin, and local fire district related to future development under three scenarios – (i) annexation under normal conditions; (ii) annexation under a planned unit development; and (iii) no annexation. GCG worked closely with City, County, and Fire District staff to evaluate which revenues and expenses would be impacted by new development under each scenario. The Fiscal Impact Analysis resulted in a set of preliminary property tax allocation factors for each scenario to

ensure that net fiscal impacts to the City and County would be equalized at buildout of the SPPA under each scenario. The preliminary property tax allocation factors resulted in detailed discussions between City and County staff regarding project feasibility.

Dave Freudenberger was principal-in-charge and project manager of the services provided to the City, and Cindy Yan was the senior staff person assigned to the project.

Reference: Mr. Adam Brucker
Senior Planner
City of Stockton
(209) 937-7564

North Salida, County of Stanislaus

The North Salida Community Plan is a blueprint for future development north and east of the existing community of Salida, and includes 400 acres of residential land uses and 2,300 acres of commercial, business park, and industrial land uses. The new growth area is divided into three planning areas, each with unique physical characteristics, land use proposals, and infrastructure needs. GCG prepared an analysis of the potential recurring fiscal impacts to the County of Stanislaus and the Salida Fire Protection District. In addition to numerous development scenarios, GCG evaluated the specific fiscal impacts associated with each primary land use designation to determine the estimated annual mitigation amount that would need to be collected from those land uses anticipated to produce fiscal deficits. GCG also prepared a feasibility test, which evaluated the viability of the project using two key tests of feasibility: (1) a burden-to-value test that compared the total infrastructure and fee burdens to the values of the proposed land uses; and (2) a market comparison test that estimated one-time and annual burdens in North Salida and compared them to the one-time and annual burdens of other projects in the competitive marketplace.

Dave Freudenberger served as principal-in-charge and project manager, and Cindy Yan was the senior staff person assigned to the project.

Reference: Mr. Kirk Ford
Deputy Planning Director
County of Stanislaus
Phone: (209) 525-6330

West Park, County of Stanislaus

Located on the west side of the San Joaquin Valley in Stanislaus County, the West Park project encompasses approximately 4,800 acres. This master planned development anticipates 290 acres of business park uses, 2,900 acres of industrial uses, and a 170-acre inland port. Overall, the project is expected to generate more than 50 million square feet and produce more than 38,000 jobs. GCG prepared both a Fiscal and an Economic Impact Analysis for the project. The Fiscal

Impact Analysis evaluated the impacts on the County and the West Stanislaus Fire District, and the Economic Impact Analysis examined the impacts on the private sector economy within the County. In addition, GCG prepared a financial feasibility analysis to evaluate the overall viability of the Project. The feasibility analysis considered the backbone infrastructure costs of developing the area, the County Public Facilities Fees, and other mitigation fees in determining the gross total fees per non-residential acre. After taking into account the potential for offsetting some of the upfront costs with Mello-Roos and tax increment financing, a net one-time burden as a percentage of developed value was calculated to assess the financial feasibility of the project.

Dave Freudenberger served as principal-in-charge and project manager for the West Park studies, and Cindy Yan was the senior staff member assigned to the project.

Reference: Mr. Kirk Ford
Deputy Planning Director
County of Stanislaus
Phone: (209) 525-6330

Gold Rush Ranch, City of Sutter Creek

A mixed-use project with residential, office/retail, resort/hotel, recreational, and public land uses, the project is expected to double the size of the existing City. GCG was responsible for the Fiscal Impact Analysis, which was unique in that a portion of the project's property had already been annexed into the City. The remaining portion, however, lies in the unincorporated part of the County and will be subject to tax sharing negotiations. Because of the project's emphasis on recreational and public land uses, GCG analyzed the impact on the Parks & Recreation department using the case study method, which considers the marginal cost associated with meeting the service requirements of a particular land use or project characteristic. GCG's public outreach involved multiple public hearings, including several meetings with the City's Fiscal Subcommittee open to the public.

Susan Goodwin served as principal-in-charge and project manager for the Gold Rush Ranch Fiscal Impact Analysis.

Reference: Mr. Rob Duke
City Manager
City of Sutter Creek
Phone: (209) 567-2647

Citywide Fiscal Impact Analysis, City of Merced

GCG prepared a citywide Fiscal Impact Analysis and has gathered project-specific information for all new development areas within the City of Merced. GCG calculated the special tax rates for these areas that would be needed to mitigate the fiscal impacts to the General Fund created by the new development. GCG also worked with the City to create a development impact profile

model that will be used to estimate and monitor the all-inclusive impacts of new development on a project-by-project basis. GCG performed an extensive review of City documents and collaborated with City staff in order to identify the types of impacts that a development project could generate and to determine a concise format that could facilitate the analysis and documentation of those impacts.

Dave Freudenberger served as principal-in-charge and project manager for the Merced analysis.

Reference: Mr. Brad Grant
Finance Director
City of Merced
Phone: (209) 385-6844



April 20, 2011

Mr. Ron Grassi
Principal Management Analyst
County of Solano
County Administrator's Office
675 Texas Street, Suite 6500
Fairfield, California 94533

Dear Mr. Grassi:

Gruen Gruen + Associates ("GG+A") is pleased to submit this proposal to evaluate the potential demand for and real estate economics of public and private uses included in the Vision for the Solano360 Fairgrounds Redevelopment Project. Accompanying this cover letter is the requested proposal that describes our understanding of the background and project objectives and presents the proposed approach and recommended scope of work to meet those objectives. The proposal also provides scheduling and budget information. Also accompanying this letter is a statement of qualifications, including a profile of the firm, and its key service areas, staff biographies, and examples of relevant assignments. Additional information on the firm, its services, project examples, publications, computer-aided analytical tools, client results and client testimonials, can be found on our web site: www.ggassoc.com

As described in the accompanying materials, GG+A is a research-based urban economics, market research and land use/public policy consulting firm which since its inception in 1970 has been dedicated to helping public and private clients make the best use of land and real property. GG+A has a 40-year history of addressing the priorities of local communities with custom-designed research and analytical strategies that answer questions, and help communities and organizations make and implement decisions. We are proud of the reputation our market studies and real estate economic assessments have gained for attaining consensus, standing the tests of time and not being cookie-cutter in nature or approach but custom-designed to the specific micro market and community preferences that apply. We have evaluated and programmed the development and redevelopment of a variety of retail, entertainment, restaurant, hotel, office, and mixed-use projects in many different areas, including downtowns, commercial corridors, highway, recreational and waterfront, in-fill and new town settings. Downtown Scottsdale/Nordstrom's, San Francisco Centre, the mixed-use Rivermark Village and shopping center in Santa Clara, and McCarthy Ranch Marketplace, Milpitas are several examples of projects to which our market research and real estate economic analysis contributed to producing.

In the past, GG+A assisted Solano County in the preparation of a specific plan for the Collinsville Montezuma Hills area. GG+A identified the major industries that could be

GRUEN GRUEN+ASSOCIATES ■ 564 HOWARD STREET ■ SAN FRANCISCO, CA 94105
TEL (415) 433-7598 ■ FAX (415) 989-4224 ■ SF@GGASSOC.COM

Mr. Ron Grassi
April 20, 2011
Page 2

attracted to the area and the likely demand for land by these industries over time. GG+A also contributed to the evaluation of alternative land-use plans. More recently for a proposed educational campus and health sciences technology park in Vallejo, GG+A prepared an economic and fiscal impact analysis of the construction and occupancy of the proposed development and analyzed the real estate economics of individual components of the development program and the project as-a-whole.

The same staff which completed the work outlined in this submittal, including recent similar work for Cal Expo, would perform the proposed services for the Solano360 Project Team. We hope our submission indicates that GG+A has the necessary capabilities, track-record, experience, network, and enthusiasm to warrant selection for this challenging assignment.

Sincerely,
Aaron N. Gruen
Aaron N. Gruen

Via Email and U.S.P.S. Mail

April 20, 2011

Mr. Ron Grassi
Principal Management Analyst
County of Solano
County Administrator's Office
675 Texas Street
Suite 6500
Fairfield, California 94533

Dear Mr. Grassi:

Gruen Gruen + Associates (GG+A) is pleased to submit this proposal to provide market and feasibility assessment services for the Solano360 Fairgrounds Redevelopment Project in response to the request for proposals sent to us by Andrew Plescia.

Below, we summarize our understanding of the background and objectives for the services requested, and the scope of work we propose to meet the objectives. We then identify the GG+A staff assigned to the project and provide a proposed budget and schedule.

Appended to this letter is a profile of GG+A, examples of relevant past experience, client contact information and staff biographies. Additional information on the firm, its principals, client testimonials, and publications can be found on our web site: www.ggassoc.com.

UNDERSTANDING OF BACKGROUND AND OBJECTIVES

Based on our review of the Solano360 Vision Plan, a vision for the redevelopment and revitalization of the Fairgrounds was created without incorporating tests of market responsiveness and financial feasibility. The subsequently prepared "Solano360 Vision Plan Financial Feasibility Analysis" did not actually evaluate the market responsiveness and financial feasibility of representative examples of the various land uses and real estate products included in the vision concept. Accordingly, Solano County, City of Vallejo and the Solano County Fair Association, through the Municipal Resource Group ("MRG"), the project manager for the Solano360 Fairgrounds Redevelopment Project, seeks assistance with the evaluation of the market and financial feasibility of the primary land uses/real estate products included in the Vision Plan. The results of this evaluation will be used to refine the initial land use and development plan included in the Solano 360 Vision Plan.



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SCOPE OF WORK

Given the extremely limited schedule and the intention that the results feed into the refinement of the land use and development plan and Specific Plan preparation process, in order to accomplish the study objectives, we propose to work with MRG and other appropriate representatives to complete the following principal tasks:

1. Based on our review of the Vision Plan and input in an initial meeting from MRG, SWA or other representatives for each primary land use or real estate product describe schematic building footprints/development envelopes, gross building area, net leaseable area, amount and type of parking spaces, landscaping, and other major features of prototypical development alternatives or building products having impact on development costs; and from a construction cost estimator retained through a subcontract with MRG, provide a tabulation of hard and soft building costs, parking, landscaping, and other site and related off-site improvements for the prototypical land use/representative real estate products.

We will also like to obtain any relevant past studies and data, including Fair exit surveys and operating statements for the Fair if available, as well as suggestions about knowledgeable brokers, developers or others familiar with the Vision Plan and local market conditions as well as learning the perspective of Solano360 Project Team members about the market potential and constraints for the various public and private uses included in the Vision Plan. In addition, we would like to discuss whether it would be helpful to have a regularly scheduled telephone call during the course of the study to review status, information and issues relevant to the "interim input" desired by MRG.

2. Conduct interviews with developers, real estate brokers, and representatives of the Solano Economic Development Corporation and review secondary data about local space markets and capital markets to obtain initial estimates of the following parameters:

Capital Market Inputs:

- Percentage of Equity Required
- Hurdle Rate Return on Investment
- Permanent Mortgage Loan Rate
- Sale Year Capitalization Rate
- Sale Expenses as Percentage of Sales Price

Space Market Inputs:

- Rental Rates/Sales Prices
- Operating Costs
- Absorption/Occupancy Rates
- Rental and Cost Escalations
- Leasing Commission Expenses

Supplement the interviews that will also obtain perspective on relevant market areas, competing locations/projects, and relative advantages and disadvantages of



the location for the postulated land uses, with a review of available data on real estate market conditions for office, retail, and hotel uses.

3. Use GG+A's NET™ program to make initial assessments of the profitability of each type of land use or example real estate product or contribution to land value. This program presents the contribution to land value and therefore feasibility assessment based on one per square foot or one unit of land use/real estate program. GG+A would also be able to utilize its real estate investment analysis program REALISM™ to estimate the land value and returns that would be supported by each of the prototypical or example development options. REALISM™ is a comprehensive and flexible computer program that facilitates the postulation and synthesis of the relevant economic aspects of a development option into cash flow forecasts. For each development scenario, the estimated acquisition, financing, administrative, and marketing costs of development is considered along with annual operating costs, income-producing rents or sales prices and forecasted absorption factors to synthesize the real estate economics of each development option into cash flow forecasts and estimates of market and residual land values. A particularly relevant and useful REALISM™ capability is it calculates the acquisition value or land residual of a property given the cash flows that results from a given set of forecasts and stipulation of the financial terms likely to be typical of would-be buyers/developers. We believe the results of the use of these computer-analytical tools for prototypical or example building development options would readily feed into the economic model we understand MRG will construct for the entire phases or totality of the project.
4. On or before May 31, 2011, deliver a memorandum on the results of the initial market research and real estate economic analysis and preliminary conclusions about the potential market demand and financial feasibility of the varying land uses/real estate products included in the vision. We propose to use the results of this preliminary analysis and a conference about the results with MRG and other Solano360 Project Team members to discipline the subsequent market research. For example, to the extent a particular use or real estate product would generate a significant negative contribution to land value and the overview of market conditions and interviews do not suggest conditions will improve sufficiently in a reasonable period to make the land use or real estate product feasible, we would recommend not spending the limited time available to study this particular use or real estate product further.
5. In the subsequent phase of research for those uses for which it is warranted, conduct additional interviews (including if practical given the time constraint a sample of end-users), collect and analyze any necessary available additional secondary real estate data or employment, household and household income data and review the building space and land absorption characteristics of competing locations/projects in order to identify the potential order-of-magnitude or range



of scale and timing of demand for private, non-Fair uses. In addition, this phase of research will be directed toward identifying which private or public uses can be expected to stimulate demand and spillover sales or other value increasing benefits to proximate uses or activities.

6. Concurrently with the market research and analysis outlined in item 5 above, interview the Solano County Fair General Manager and review available background studies about the potential demand and economics of major public facilities included in the Vision Plan such as the 100,000-square-foot Exhibit Hall. Review the market and fairgrounds characteristics of other California fairs which have large exhibition halls or similarly-sized public facilities and interview the managers of these fairs to obtain perspective and information about the characteristics needed to feasibly support the scale of such public facilities. Compare the characteristics of the Solano County Fair market and synthesize the research and analysis to reach judgments about whether the scale of public facilities such as the exhibition hall can be expected to be supported by obtainable market demand.
7. Re-run the real estate economic analysis of prototypical development options for those uses for which demand is likely to apply based on the augmented and refined capital and space market parameters estimated through the additional market research. On or before June 20, 2011 deliver a report on the market and real estate economic analysis findings and conclusions. Based on the market-based judgments about the potential range or order-of-magnitude scale, type, and pace of potential demand, we will recommend strategic refinements for consideration in the process of refinement of the original land use and development plan and Specific Plan preparation. Hold a conference with MRG and other Solano360 Project Team members to review the report.
8. We will be available to present the results of the study at four public meetings. We will prepare a draft of the presentation and script for MRG to review prior to the first presentation.

STAFF RESPONSIBILITY

Aaron N. Gruen, Principal, will take overall responsibility for the project. He has over 20-years experience in designing, directing, managing, and complex market research and real estate economic analyses of projects, plans and policies Working closely with Aaron Gruen will be Debra Jeans, Principal and Andrew Ratchford, Research Associate. Available as resources will be Dr. Claude Gruen, Principal Economist and Nina J. Gruen, Principal Sociologist. These same members recently completed a similar analysis for Cal Expo and are contributing as part of a consulting team including land and fair planners to the preparation of a "business plan" for the reinvention and enhancement of the Santa Cruz County Fair.



Mr. Ron Grassi
April 20, 2011

The deadlines for deliverables are extremely challenging but our team is prepared to mobilize immediately and work diligently to accomplish the tasks described above in the time allocated.

COSTS

Our charges for professional services are based on the actual time devoted to your project by our personnel, billed at standard rates. Below listing of the standard hourly billing rates of staff assigned to the project. Expenses such as for travel, communication and report reproduction will be invoiced to you at their cost to us. Invoices will be submitted on a monthly basis and are payable upon receipt. Standard hourly rates for GG+A staff available to the project are listed below:

<u>Staff Member</u>	<u>Hourly Rate (\$)</u>
Aaron N. Gruen, Esq., Principal	200
Debra L. Jeans, Principal	200
Andrew Ratchford, Research Associate	110
Claude Gruen, Ph.D., Principal Economist	350
Nina J. Gruen, Principal Sociologist	350

For the work outlined above, including the four public meetings, we propose a not-to-exceed budget for professional services and expenses of \$68,300. For the meetings, we suggest if practical they be scheduled on the same day or days in order to minimize costs. We propose to charge for meetings based on the time expended in accordance with our standard hourly rates to prepare for, drive to and attend and present.

We look forward to the possibility of working with you on this challenging project. Naturally, please contact us if you have any questions regarding our submission.

Very truly yours,

GRUEN GRUEN + ASSOCIATES
A California Corporation

By Aaron N. Gruen

Aaron N. Gruen
Principal



GRUEN GRUEN + ASSOCIATES

Applying Knowledge, Creating Results, Adding Value

564 Howard Street, San Francisco, CA 94105

Telephone: 415-433-7598 | Fax: 415-989-4224

Website: www.ggassoc.com

Date Founded: February 14, 1970

**Primary Areas of
Specialization:**

Strategic Planning for Development & Disposition
Real Estate Market Research
Real Estate Economic / Feasibility Analysis
Real Estate Asset Management and Marketing
Demographic and Economic Analysis
Fiscal and Economic Impact Analysis
Land Use Policy

**Results of Areas of
Specialization:**

Comprehensive and Specific Plans
Economic Development Strategy and Policy
Business Park Development
Shopping Center Development and Redevelopment
Downtown Development and Redevelopment
Hotel and Entertainment Development
Brownfield Development
Housing Policy and Housing Development
Capital Facilities Financing
Transit-Oriented Development
Waterfront Development
Recreation and Tourism

Key Analysts:

Aaron N. Gruen, Esq., Principal
Debra L. Jeans, Principal
Claude Gruen, Ph.D. Principal Economist
Nina J. Gruen, Principal Sociologist
Andrew Ratchford, Research Associate
Mark Eppli, Ph.D., Consulting Real Estate and Financial Economist
Geoffrey Hewings, Ph.D., Consulting Economist



GG+A SERVICES AND EXPERIENCE

The urban economists, market and financial analysts of Gruen Gruen + Associates (GG+A) are dedicated to helping make the best use of land, real property and urban and environmental resources. GG+A provides public and private entrepreneurs with contract research and analysis, consulting, and pre-development services. Our clients develop, lease, manage, sell and influence real property. GG+A helps them realize the highest returns from their efforts.

All of GG+A's work is bound together by a common thread: the economics of land use. Land use is a complex phenomenon involving public policy, fiscal resources, market dynamics, demographic trends, finance, infrastructure development and a host of other factors that collectively compromise the urban system. As specialists in the economics of land use, GG+A serves a broad variety of public and private sector clients.

WHY GG+A DOES IT BEST

“Location, location, location” won’t take you far in the value-adding process. Today, the best locations are created, not found. The highest returns go to those who can “package” a location with the mix of uses, product features, amenities, social ambiance, management techniques, and financing that the market demands and at a price it will pay. As market requirements vary, so does the knowledge needed to assemble a high-return real estate package. GG+A has developed a set of analytic tools which we custom bundle for each assignment. The skills, methodologies, and conceptual understandings that make up these tools have been constantly refined and reinvented since GG+A’s founding in 1970. These tools include:

Market Research That Gets Answers

GG+A has developed behavioral concepts about consumer motivations and matched them to an array of analytic methods, creating an arsenal of powerful consumer research tools. This enables GG+A to extract the most relevant information from an exploding base of computer-accessible demographic, socio-economic, and real estate data. Expertise in a broad variety of survey and interview techniques enables GG+A to conduct or supervise cost-effective field research. We synthesize information from market research into *on-target* demand forecasts.

Real Estate Economics That Produces Insight

GG+A has developed a series of conceptual models that describe how alternative market conditions influence profitable land use. The success of all real estate projects depends on local supply and demand conditions. Good real estate deals can happen in robust *and* depressed regional economies — as can bad real estate deals. GG+A’ models enable GG+A to examine the real estate economics that apply to a specific area and then *accurately* forecast the results of alternative development, public investment, or regulatory actions.



Investment Evaluation That Adds Value

GG+A began developing the real estate cash flow model REALISM™ in 1970. While preserving its proprietary features, we have constantly enhanced and refined REALISM™ through hundreds of development programming, deal-making, and negotiating situations. Today, REALISM™ remains unique and further advances the firm's ability to conduct comprehensive investment analysis — analysis that points to higher returns *and* exposes value-deflating risks.

Real Estate Asset Management & Implementation

The market analysts and real estate economists of Gruen Gruen + Associates have extensive experience identifying and evaluating the net revenue and costs likely to flow over time from alternative land and real property options. We frequently apply these skills to work with land owners, developers and space users to identify asset management and occupancy programs and implement real estate decisions that maximize returns from real estate assets and minimize net occupancy costs.

We often apply these skills to public and non profit entities such as transit agencies, school districts, local, county, and state governments, airports and museums, universities, and hospitals, motivated to generate the greatest revenue potential from their real estate assets while simultaneously minimizing the net cost of facilities they need to serve their public purpose. GG+A works closely with public and non profit clients to evaluate, structure, negotiate and implement plans and transactions to create and maximize value from their land and real estate holdings.

Land Value Enhancement & Disposition

Since its founding in 1970 Gruen Gruen + Associates has worked with land owners and public entities that regulate land use to identify market responsive plans that maximize land values and private and public returns from development and redevelopment. The market research and real estate financial analysis Gruen Gruen + Associates conducts results in land use plans and development programs in which the whole of the development guided by the plans equals more than the sum of the individual parts. Our pre-development services for land owners go beyond identifying the general plan and uses of land value maximizing plans. We position the land and help effectively market it to the developers, builders, or users whose unique capabilities can best implement the land value maximizing identified development.



Examples of Gruen Gruen + Associates Public Clients

- Army and Air Force Exchange Service
- California Exposition & State Fair
- Center City Development Corp. of San Diego
- City of Agnews (CA)
- Chicago Transit Authority
- City of Antioch (CA)
- City of Aurora (IL)
- City of Blue Ash (OH)
- City of Brentwood (CA)
- City of Brookfield (WI)
- City of Chula Vista (CA)
- City of Corte Madera (CA)
- City of Crystal (MN)
- City of Daly City (CA)
- City of Dayton (OH)
- City of Greeley (CO)
- City of Haverhill (MA)
- City of Hobbs (NM)
- City of LaCrosse (WI)
- City of Larkspur (CA)
- City of Lincoln (CA)
- City of Lodi (CA)
- City of Logansport (IN)
- City of Manteca (CA)
- City of Oak Creek (WI)
- City of Oakland (CA)
- City of Ottawa (IL)
- City of Palo Alto (CA)
- City of Paris (IL)
- City of Patterson (CA)
- City of Pittsburg (CA)
- City of Pleasanton (CA)
- City of Reno (NV)
- City of Portland (OR)
- City of San Diego (CA)
- City of South Elgin (IL)
- City of Scottsdale (AZ)
- City of Scotts Valley (CA)
- City of Tempe (AZ)
- City of Tracy (CA)
- City of Tucson (AZ)
- City of Whiting (IN)
- City of Wichita (KS)
- City of West Chicago (IL)
- City of Woodland Park (CO)
- DuPage Airport Authority
- El Dorado State Fair (CA)
- Kane County (IL)
- Lea County (NM) Community Improvement Corp.
- METRA
- Orange County (CA)
- Niles Township High School District 219 (IL)
- Port of Oakland (CA)
- San Bernardino County (CA)
- San Francisco Unified School District
- State of California
- Town of Bristol (WI)
- United States Department of Defense
- United States District Court, Northern CA
- University of California, Berkeley
- University of California, Santa Cruz
- University of Chicago
- Village of Algonquin (IL)
- Village of Buffalo Grove (IL)
- Village of Downers Grove (IL)
- Village of East Dundee (IL)
- Village of Flossmoor (IL)
- Village of Glen Ellyn (IL)
- Village of Hanover Park (IL)
- Village of Harvard (IL)
- Village of Hinsdale (IL)
- Village of Menomonee Falls (WI)
- Village of Montgomery (IL)
- Village of Morton Grove (IL)
- Village of Northbrook (IL)
- Village of Northfield (IL)
- Village of Oak Park (IL)
- Village of Romeoville (IL)
- Village of Schiller Park (IL)
- Village of South Elgin (IL)



**OFFICE, RETAIL AND RESIDENTIAL MARKET RESEARCH AND
RESIDUAL LAND VALUE ANALYSIS FOR EVALUATING AND
PROGRAMMING THE REUSE AND DEVELOPMENT OF A PORTION OF
THE CAL EXPO FAIRGROUNDS SITE**

Client:	California Exposition and Fair Authority	Location:	Sacramento, CA
Contact:	Brian May, Deputy General Manager California Exposition and State Fair P.O. Box 15649 Sacramento, CA 95852 916-263-3066 bmay@calexpo.com	Key Staff:	Aaron Gruen, Debra Jeans, & Andrew Ratchford performed the bulk of the research and analysis with strategic input from Claude Gruen & Nina Gruen

Gruen Gruen + Associates (GG+A) served as the market analysts, real estate economists, and financial analysts on a consulting team charged with evaluating a complex proposal submitted by a developer team that would involve the relocation of the Cal Expo fairgrounds to the current site of the Sacramento Kings basketball team and the purchase, resale and redevelopment of the existing 350-acre Cal Expo site. GG+A contributed significantly to the analysis of the developer's proposed development program, financing mechanisms and sources. GG+A identified the risks and potential returns associated with the proposed transaction and alternative options. GG+A also identified the opportunity to update and modernize the Cal Expo fairground facilities through the reuse of a portion of its existing site for complementary, non-fair private uses. The results of the market research and real estate economic analysis summarized below were used to evaluate the developer's proposal, including its land use development program and valuations and to prepare an alternative land use plan and estimate of obtainable value for the reuse of a portion of the Cal Expo site.

GG+A identified the demand potential for office and retail uses for the Cal Expo site given present and forecast future market and economic conditions and the competitive position of the Site. GG+A drew conclusions about the developer's proposal in terms of the amount of office and retail space the developer proposed to develop, the timing of the development and the prices the developer anticipated for the land needed to site office and retail uses. GG+A conducted field research and interviews with real estate brokers, office and retail developers, office building owners and local retail store managers and property owners directed toward gaining information and insights needed to: (a) define the relevant primary market areas; (b) identify the likely origins and types of prospective users; (c) the alternative locations prospective users will consider; and (d) the relative advantages and disadvantages of the site as an office and retail location. GG+A identified the site's competitive position within the relevant primary market areas for office and retail uses. GG+A reviewed office space and retail space supply alternatives and relevant submarket trends.

GG+A forecast the demand for office space by utilizing an employment forecast by



economic sector and converting the forecast of employment change into a forecast of office space demand based on the space use characteristics of occupational groups within economic sectors. GG+A synthesized the tasks to forecast the potential for the site to capture demand for office space, and future rental rates that would apply to office space development at the site. GG+A identified retail demand, in terms of available dollars from residents and workers in the relevant market area for the purchase of retail goods and services and converted estimated retail demand into estimates of the amount of retail space the identified demand could support. We then compared the estimated supportable space within the identified market area to the estimated supply of retail space. We made judgments about the relative intensity of competition for the sales dollars of consumers and the potential for new retail space to be supported at the Cal Expo site. GG+A recommended a retail development and tenanting program and estimated obtainable rents for such retail space. GG+A evaluated the retail component of the developer's proposal in light of its independent analysis.

GG+A also conducted research to estimate the potential demand for market-rate housing uses at the Cal Expo site. GG+A completed primary and secondary research to identify, assess, and estimate (a) the relevant geographic markets from which households will be attracted and potential competing supply options; (b) the factors motivating housing decisions and the advantages and disadvantages that apply to the Cal Expo site as a housing location; (c) the primary characteristics of likely sources of demand for housing and the number of existing "target" households in the postulated primary and secondary market areas; (d) the amount of households induced to locate in the market area; (e) the pricing and absorption characteristics and product and locational attributes of active or newer housing developments in relevant neighborhoods; (f) pricing trends for the resale of existing housing units and a ladder of neighborhood pricing as well as pricing for new units relative to existing housing units; and (g) potential future supply competition. GG+A synthesized the work outlined above to estimate the share and rate of potential demand for housing the Cal Expo site could capture and to estimate obtainable pricing for three recommended product types.

GG+A synthesized the results of the market research and analysis to complete a residual land value analysis to estimate the value of the reuse of 125 acres of the Cal Expo site recommended to be allocated for 500,000-square-foot hybrid power center on approximately 40 acres of land; and detached single-family, two-story row homes and traditional homes; detached single-family, single-story cottages; and attached town homes. Cost estimates reflect the results of interviews with developers and builders and City of Sacramento. Capital markets parameters were drawn from review of secondary sources and interviews with representatives of financial institutions and capital markets participants.

In addition to the technical analysis and preparation of five reports, GG+A participated in meetings with Cal Expo staff, the developer team and presentations to the Cal Expo Board. The Cal Expo Board of Directors accepted the consultant's teams, findings, conclusions and recommendations and elected to discontinue participation in the proposed transaction. The



QUALIFICATIONS OF GRUEN GRUEN + ASSOCIATES

Cal Expo Board directed the staff to begin pursuing the further planning and implementation of the partial disposition and reuse program identified by GG+A to fund upgrading of the fairgrounds at the existing site.

ANALYSIS OF PROPOSED DEVELOPMENT ON CAL EXPO SITE

Client:	California Exposition and Fair Authority	Location:	Sacramento, CA
Contact:	Brian May, Deputy General Manager California Exposition and State Fair P.O. Box 15649 Sacramento, CA 95852 916-263-3066 bmay@calexpo.com	Key Staff:	Nina Gruen & Claude Gruen performed strategic input and direction with bulk of research and analysis performed by Aaron Gruen, Debra Jeans, & Andrew Ratchford

The Cal Expo engaged Gruen Gruen + Associates (GG+A) to review the plan proposed by the National Basketball Association (NBA) and reach findings and judgments about the plan's feasibility and financial implications for Cal Expo. The plan proposed the development of a new arena for the Sacramento Kings and over 4.0 million square feet of retail, entertainment, hotel, office, and condo uses on existing Cal Expo Fairgrounds property.

To evaluate the real estate economics and fiscal implications of the plan for Cal Expo, GG+A first identified representative building prototypes for uses included in the master plan and quantified their characteristics. For each use and prototype, GG+A obtained estimates of and characterized the likely market and financial parameters that would affect the development and operation these uses. We also considered the associated development costs and capital market requirements. GG+A conducted interviews with leading office, retail, and residential developers and brokers to obtain information and insights about the relevant market areas, competitive supply, current and likely future demand conditions and obtainable prices during the prior real estate boom as well as current prices and occupancy rates for the various land uses. GG+A also identified the supply of hotels and occupancy and average daily rates. In addition, GG+A conducted interviews and obtained information and perspective on the market spillover and economic impacts of other professional sport facility-anchored developments.

GG+A prepared reports and conferred with Cal Expo representatives concerning the findings and conclusions resulting from the evaluation. Primary findings and conclusions included that (a) the assumptions about obtainable prices, absorption and costs are overly optimistic; (b) If realistic market assumptions are applied, a significant quantify of proposed uses will not support positive land values and actually work to offset revenues from feasible uses; (c) No discounts were shown to reflect leased rather than fee simple land values. Such discounts are likely to be particularly significant for residential uses; (d) The use of Tax Increment financing, a key premise for financing the infrastructure improvements would



require new State legislation; (e) The scale of proposed retail uses are likely to run into demand shortfalls and could be expected to engender significant opposition from existing retail developments in the market area; and (f) Arenas are amenities that support development if linked to significant existing or new complementary uses. They are not free standing magnets creating demand for uses other than food and beverage. GG+A also identified uses not included in the proposed plan that would likely support positive land values and therefore improve the viability of the plan

A GG+A Principal presented the findings and responded to questions raised by both the NBA representatives and Board of Directors at a public hearing. The Board subsequently directed that input from leading developers about the plan be sought. That input confirmed the findings and conclusions and as a result the proposed plan was not accepted.

**MARKET ANALYSIS, REAL ESTATE ECONOMIC
ANALYSIS AND NEGOTIATION SUPPORT FOR REUSE AND
DISPOSITION OF SURPLUS NELLES YOUTH CORRECTIONAL CENTER**

Client:	State of California Dept. of General Services, Real Estate Services Division	Location:	Whittier, CA
Contact:	Jon Heim, Senior Real Estate Officer California DGS Real Estate Services 707 Third Street, 5th Floor West Sacramento, CA 95605 916-375-4125 Jonathan.heim@dgs.ca.gov	Key Staff:	Aaron Gruen, Debra Jeans, & Andrew Ratchford performed the bulk of the research and analysis with strategic input from Claude Gruen & Nina Gruen

Gruen Gruen + Associates (GG+A) served as the market and real estate economic analysts on a multi-disciplinary team engaged by the State of California Department of General Services, Real Estate Services Division, Asset Planning and Enhancement Branch to prepare a plan for the reuse and disposition of the former Fred C. Nelles Youth Correctional Center site in Whittier, California and to establish a base value for the property. The plan prepared was based on community input and market studies GG+A conducted of the demand for office, retail, and residential uses.

To estimate the office space demand potential for the 75-acre site, GG+A conducted site and property inspections and interviews with real estate developers and office space brokers. GG+A studied data on the office space inventory, analyzed employment data and prepared a forecast of office space demand based on the employment forecast and research on the amount of office space used by differing types of office workers. GG+A synthesized the research to reach judgments on the amount of office space supportable at the site and the rents such space would obtain.

To estimate the retail space demand potential for the site, GG+A identified the relevant



market from which most shoppers would be attracted, and identified and assessed the inventory of potentially competitive retail space. GG+A estimated the expenditure potential or retail demand based on analysis of demographic and income data of the households in the primary market area and consumer shopping expenditure patterns. GG+A converted the estimates of purchasing power into estimates of the supportable amount of space based on research on the sales thresholds required for viable development and operation of retail space in the market area. GG+A synthesized the results of the supply-demand analysis, property inspections and interviews with merchants, retail developers and retail brokers to reach judgments about the type and scale of retail development market responsive at the site and obtainable rents.

To estimate the housing demand potential for the site, GG+A completed an analysis that identified the imbalance between housing demand and housing production and supply in the City of Whittier and Los Angeles County and the resulting trend in housing price appreciation. Based on inspections and interviews with representatives of competing supply and residential real estate brokers, GG+A identified the primary geographic areas from households would be likely to be attracted and the kinds of households to which the location would most appeal. GG+A analyzed the product, pricing and absorption characteristics of competing supply and completed an analysis of the price premium new product realizes over existing housing in the same locations. GG+A analyzed demographic and income data to estimate the depth of the primary consumer market for the types of housing most market responsive. GG+A synthesized the research and analysis to recommend the scale, and mix of housing products for the site and to estimate obtainable prices and absorption.

GG+A then worked with the architects and planners, engineers, cost estimators and other team members to identify the physical parameters of a market- and community-influenced plan for the reuse and disposition of the site. GG+A completed capital markets research and obtained cost inputs from the other appropriate team members. GG+A prepared a series of cash flow forecasts and estimates of the obtainable land value based on iterations of the plan and refined cost estimates.

GG+A assisted in the solicitation of buyers and evaluated the offers. For the contract with the selected buyer, a publically-traded real estate developer, GG+A prepared both the legal and cash flow methodology and written exhibit of a profit participation agreement used as part of the sales contract for the disposition of the property to insure the State participates in any future appreciation of the property due to changes in entitlement or market conditions.

DEMAND EVALUATIONS, ECONOMIC ANALYSIS, RISK ASSESSMENT AND STRATEGIC PROGRAMMING FOR FAIRS

For a variety of fairs, GG+A has performed demand evaluations, including exit surveys and focus panels, economic analysis of programming and facility investment options, risk assessments and other economic and marketing analysis. Examples include economic and marketing analysis in a strategic asset repositioning program known as the Reinvention



QUALIFICATIONS OF GRUEN GRUEN + ASSOCIATES

Process in which particular attention was paid to the El Dorado County; and exit surveys for the Napa and Ventura County Fairs. These surveys were used by the fair managers and directors to make important decisions relating to future physical, programming, and marketing changes. For Cal Expo, GG+A estimated the potential return on a new, larger amphitheater on its property in Sacramento. Interviews with other venues and conversations with promoters and others familiar with the concert industry helped to estimate likely performance of a new facility. In conjunction with the interviews, economic and social characteristics of the Sacramento concert market area were gathered. The collected information allowed for estimates of the revenue streams and operating expenses of a new amphitheater. The expense and revenue estimates were in turned used as the primary inputs for a computer model that projected the likely net operating income for a number of assumed operating and promoting scenarios. The developed scenarios allowed Cal Expo the flexibility of deciding what kind of operating scenario, concert season, and venue size will maximize its return on investment. As part of a consultant team, GG+A has started research to support the preparation of a "business plan" for the enhancement of the Santa Cruz County Fair. Key GG+A staff for these assignments include Claude Gruen, Nina Gruen, and Aaron Gruen.



May-10

**Solano County Fairground Redevelopment
Preliminary Entitlement Budget - Concurrent Process**

	Approved Budget Estimates- February 2010	Updated Budget- May 2011	Contract	Pd to date	Comments
Project Management/Public Relations/Public Information - total costs	\$ 720,000	\$ 150,790			
Project Management/Public Relations/Public Information @ \$30/mo.	\$ 720,000	\$ 150,970	\$ 920,000		
<i>Lucas, Austin & Alexander dba Brook Street (approved May 2010) w/reinurseables up to \$200,000</i>			\$ 150,790	\$ 150,790	<i>contract suspended October 2010 pending further Board action</i>
Municiple Resoucre Group, LLC (proposed March 2011)		\$ 375,525	\$ 375,525		
Amendment #1 to MRG for market study		\$ 78,545	\$ 78,545		
Public Communication/outreach		\$ 75,000			To be determined
City/County - (Revised MOU approved February 2011)	\$ 460,000	\$ 435,000	\$ 435,000		
City costs for legal, planning etc per MOU	\$ 240,000	\$ 240,000	\$ 240,000	\$ 20,000	Per MOU
City/Processing Fees	\$ 10,000	\$ 10,000	\$ 10,000	\$ 13,102	Tentative Map Fee
County Fee as Lead Agency for CEQA	\$ 10,000	\$ 10,000	\$ 10,000		Approx 5% of EIR cost
City Water Master Plan Update	\$ 20,000				Moved to Civil Engineering below
City Sewer Master Plan Update	\$ 5,000				Moved to Civil Engineering below
City fees General Plan Amendment/Zoning	\$ 25,000	\$ 25,000	\$ 25,000		Per Vallejo Planning Dept
City Fees - Specific Plan					Part of Contract Planner's work
Legal on behalf of agencies	\$ 150,000	\$ 150,000	\$ 150,000	\$ 98,550	
EIR Consultant - Michael Brandman & Associates (approved February 2011)	\$ 250,000	\$ 439,200	\$ 439,200		
Initiation/Kick Off/Site Visit	\$ 7,000	\$ 7,000	\$ 7,000		
Initial Study/NOP/Scoping Meeting	\$ 15,000	\$ 15,000	\$ 15,000		
Formulation of Alternatives	\$ 10,000	\$ 19,000	\$ 19,000		
Reimbursables		\$ 14,000	\$ 14,000		
Environmental Impact Report Studies (Ad DEIR)					
Agriculture Resources	\$ -	\$ -			
Biological	\$ 20,000	\$ 17,000	\$ 17,000		
Noise and Vibration	\$ 15,000	\$ -			
Transportation/Traffic - See Below	\$ 5,000	\$ 111,000	\$ 111,000		EIR plus subconsultant
Optional additional transportation analysis -\$9000					
Visual Resources, inc. Night Lights	\$ 10,000	\$ -			EIR scope includes visual sims.
Air Quality and Greenhouse Gas Analysis	\$ 18,000	\$ 24,000	\$ 24,000		
Cultural Resources		\$ 6,000	\$ 6,000		
Geology & Soils - See Below	\$ 4,000	\$ 6,000	\$ 6,000		EIR plus subconsultant
Hazards & Hazardous Materials	\$ 4,000	\$ 6,000	\$ 6,000		EIR plus subconsultant
Hydrology & Water Quality	\$ 7,500	\$ -			EIR plus subconsultant
Land Use and Planning - See Below	\$ 6,000	\$ -			
Mineral Resources	\$ -	\$ -			
Population and Housing	\$ 4,000	\$ -			EIR plus subconsultant

	Approved Budget Estimates- February 2010	Updated Budget- May 2011	Contract	Pd to date	Comments
Public Services	\$ 7,500	\$ -			EIR plus subconsultant
Recreation	\$ 5,000	\$ -			EIR plus subconsultant
Urban Decay (see market/economics research section)		\$ 44,000	\$ 44,000		EIR subconsultant
Utilities, Energy & Service Systems	\$ 7,000	\$ -			EIR plus subconsultant
Water Supply Assmt SB610	\$ 15,000	\$ -			EIR plus subconsultant
DEIR, Resp to Comments, FEIR, MMRP, Findings	\$ 55,000	\$ 135,000	\$ 135,000		EIR plus subconsultant
Project Management, QA/QC, Meetings	\$ 10,000	\$ 15,200	\$ 15,200		EIR plus subconsultant
Project Management, QA/QC, Meetings	\$ 25,000	\$ 20,000	\$ 20,000		EIR plus subconsultant
Specific Plan/Land Planning - SWA Group (contract approved May 2010)	\$ 240,000	\$ 853,845	\$ 853,845		Original contract plus three contract amendments
Consultant #1 to draft		\$ 250,000	\$ 250,000		
Onsite Master Utility Plan					Most done as part of Visioning by Civil - may need to tweak
Onsite Road circulation plan					Most done as part of Visioning by Civil - may need to tweak
Trail Circulation Plans					
Land Planner (SWA amendment #1 - February 2011)	\$ 50,000	\$ 20,462	\$ 20,462		Assumes only refinement of concept plan no major plan or program changes
Design Guidelines (SWA amendment #1)	\$ 40,000	\$ 40,000	\$ 40,000		
New scope - "Fair of the Future" Master Plan (SWA amendment #1)		\$ 125,000	\$ 125,000		reduced budget project contingency
Reimbursables (SWA amendment #1)	\$ -	\$ 25,000	\$ 25,000		
Reimbursables (SWA amendment #2)	\$ -	\$ 18,788	\$ 18,788		
Addition meetings and supervision of subconsultants(SWA amendment #2)		\$70,750	\$ 70,750		
Transportation		\$50,300	\$ 50,300		
Fiscal Impact Analysis		\$28,000	\$ 28,000		
Public Facilities Financing		\$32,000	\$ 32,000		
Addition meetings and supervision of subconsultants(SWA amendment #3)		\$13,545	\$ 13,545		
Legal - CEQA/EIR (no challenges)	\$ 145,000	\$ 145,000			Assumes in house counsel with some outside counsel
CEQA Strategy					
Respond to Public Comments					
Prepare CEQA Findings					
Draft EIR, Final EIR					
Legal - Land Use	\$ 145,000	\$ 145,000			Assumes in house counsel with some outside counsel
Specific Plan					
Statutory Development Agreement					
Owners Participation Agreement					
General Plan Amendment					
Zoning					

	Approved Budget Estimates- February 2010	Updated Budget- May 2011	Contract	Pd to date	Comments
Tentative Map Issues (large lots)					
Design Guidelines issues					
Legal - Wetlands Issues	\$ 65,000	\$ 65,000			Assumes in house counsel with some outside counsel
404/401 ESA Permitting					
1602 Streambed Alteration Agreements					
Civil Engineering - Entitlement (SWA Amendment #2 March 2011)	\$ 130,000	\$ 180,000	\$ 180,000		SWA Amendment #2
Engineering for SP, General Plan Update, EIR	\$ 80,000	\$ 64,000	\$ 64,000		
Engineering for Large Lot tentative map	\$ 50,000	\$ 40,000	\$ 40,000		
City Water Master Plan Update	\$ -	\$ 8,000	\$ 8,000		
City Sewer Master Plan Update	\$ -	\$ 8,000	\$ 8,000		
Topo/Record of Survey/Grading analysis/cost est/PG&E &FEMA	\$ 75,000	\$ 60,000	\$ 60,000		
Soils	\$ 5,000	\$ 5,000			
Wetlands Permit	\$ 95,000	\$ 95,000			
404 Ind Permit w/USACE	\$ 40,000	\$ 40,000			
401 Water Quality Certification w/SFRWQB	\$ 25,000	\$ 25,000			
1602 Streambed Alteration Agm w/CDFG	\$ 10,000	\$ 10,000			
Sect 7 Biological Assmt w/USFWS	\$ 20,000	\$ 20,000			
FEMA letter of Map Review					Included under Civil Engineering
PG&E Gas line Relocation					Included under Civil Engineering
Transportation Traffic - Entitlement	\$ 125,000	\$ -			
EIR Transportation Section/Traffic Analyses	\$ 75,000	\$ -	\$ -		Moved to EIR scope
Input to Site Plan/Outreach/Spec Plan	\$ 50,000	\$ -			Moved to EIR scope
Sustainability Consultant - Entitlement	\$ 75,000	\$ 75,000			
LEED NS Certification- (estimate)					
Market/Economics Research - Entitlement	\$ 135,000	\$ 20,000			
Consultant #1 - supplement work done during vision for Spec Plan& Public Financing	\$ 75,000				Moved to both SWA and MRG
Urban Decay Study for EIR	\$ 20,000	\$ -	\$ -		Moved to EIR scope
Business Outreach	\$ 40,000	\$ 20,000			
Sub Total	\$ 2,590,000	\$ 2,879,360	\$ 2,254,360	\$ 150,790	
Contingency @ 18%	\$ 466,200	\$ 176,840			uncommitted-pending project management revision
TOTAL ESTIMATED ENTITLEMENT COSTS	\$ 3,056,200	\$ 3,056,200	\$ 2,254,360		Assumes NO challenges!

Visioning Phase	\$ 1,318,151	\$ 1,318,151		
Total Project Estimate with Contingency	\$ 4,374,351	\$ 4,374,351		

**THIRD AMENDMENT TO STANDARD CONTRACT
BETWEEN COUNTY OF SOLANO and SWA GROUP**

This Third Amendment ("Third Amendment") is entered into as of the 3rd day of May 2011, between the COUNTY OF SOLANO, a political subdivision of the State of California ("County") and SWA Group ("Contractor").

1. Recitals

A. The parties entered into a contract dated May 4, 2010 (the "Contract"), in which Contractor agreed to provide planning services for the Solano360 Fairgrounds Redevelopment Project.

B. The parties amended the Contract on February 1, 2011 and again on March 1, 2011 to add architectural services and civil engineering services respectively related to the "Fair of the Future" portion of the Solano360 Project.

C. County now needs transportation and public facilities financial analysis services related to the Specific Plan and Master Plan portion of the Project.

D. This Third Amendment represents an increase of \$123,845 to the Contract.

E. The parties agree to amend the Contract as set forth below.

2. Agreement.

A. Amount of Contract

Section 3 is deleted in its entirety and replaced with:

The maximum amount of this Contract is \$853,845.

B. Scope of Work

Exhibit A is amended to add the Scope of Work attached to and incorporated into this Third Amendment as Exhibit A-3.

C. Budget.

Exhibit B is amended to add the Scope of Work attached to and incorporated into this Third Amendment as Exhibit B-3.

3. Effectiveness of Contract.

Except as set forth in this Amendment, all other terms and conditions in the Contract remain in full force and effect.

COUNTY OF SOLANO, a Political
Subdivision of the State of California

By 
Briggitta E. Corsello, County Administrator

SWA GROUP

By 
Scott Cooper, Principal

APPROVED AS TO FORM


By 
County Counsel

EXHIBIT A-3
SCOPE OF WORK

I. Transportation Services (TS)

Transportation Task 1 – Phasing Analysis

Sub-consultant, Fehr & Peers (FP), will conduct a Phasing analysis to determine approximately the level of development that could be accommodated on the site without requiring major off-site intersection improvements. FP will also calculate the increment of development that could be accommodated with improvements to the State Route 37/Fairgrounds Drive interchange, and the increment that could be accommodated with improvements to both the State Route 37/Fairgrounds Drive and the I-80/Redwood Street/Fairgrounds interchanges.

The Phasing analysis will be iterative, using the Existing Plus Project analysis prepared for the EIR to identify the off-site intersection impact envelope. For each significantly impacted intersection/freeway segment FP will calculate the vehicle addition that triggers the impact. Trip generation for the Project will be calculated for Project Phase, assuming that the Project would be constructed in three phases. Trip generation calculations for the initial Project phases will consider that a greater percentage of Project trips may occur via a private vehicle when the site does not provide a synergy of uses and the non-motorized transportation system and the transit center are not fully in place. FP will provide guidance to the project team in regards to the level of pedestrians/bicycle/transit accommodations that should be provided in each phase to minimize vehicle trip generation and the needed intersection improvements.

Deliverables: Fehr & Peers will prepare a technical memorandum detailing the results of the Phasing analysis with suggestions for modifying the Project phases or the planned internal pedestrian/bicycle and transit infrastructure. This task requires completion of Tasks 2 and 3, and can be completed concurrently with Task 5 of the EIR analysis.

Transportation Task 2 – Parking Assessment

Fehr & Peers will calculate peak parking demand for the site using parking demand rates presented in the Institute of Transportation Engineers publication *Parking Generation*, 3rd Edition, and the proposed project land uses. The Urban Land Institute's Shared Parking, 2nd Edition, will be used to evaluate the potential for shared parking on the site given the proposed mixture of land uses. Parking as required by the City/County Zoning Ordinance will also be calculated. Based on the results of the trip generation for the site, consideration of reduced parking requirements given the potential for higher than typical transit or alternative mode share will be discussed. Relevant research on the parking demand of TOD developments will be incorporated into this analysis.

The parking assessment will also include an evaluation of the special parking needs for events, and mechanisms for managing peak parking demands, including shared parking, attendant parking, off-site surge lots, and other management techniques. .

Consideration will also be given to bicycle parking needs and placement.

Results of the Phasing analysis conducted in Task 1 will be considered in the Parking Assessment. There may be an opportunity for most of the required parking supply for Phases 1 and 2 of the project to be provided on surface parking lots, with the need for structured parking deferred until Phase 3.

Fehr & Peers will work with the Project team to develop parking management strategies for inclusion in the Specific Plan. Parking management policies and programs that result in a more efficient use of parking resources will be developed, and include, but are not limited to: providing consumer choice, user information, shared parking, efficient utilization, flexibility, pricing, and peak management. In addition to managing the proposed parking supply, an effective parking management plan would also provide incentives for site users to travel via alternative modes, to reduce the overall parking demand.

Deliverables: Fehr & Peers will prepare a technical memorandum detailing the parking assessment for review by the project team. The final memorandum will be incorporated into transportation the transportation and circulation section of the Specific Plan.

Transportation Task 3 – Circulation System and Roadway Capacity Definition

Fehr & Peers will review the project site plan to ensure safe and efficient circulation of vehicles, bicycles and pedestrians through the project site and on the roadways adjacent to the project site. FP will review the project site plan in terms of:

- Site access and interface with roadway network including adequacy of turn-pocket lengths, driveway throat lengths, sight distance and level of service
- Internal intersection operations
- Emergency vehicle access and circulation
- Vehicular circulation within the site
- Parking layout and circulation within the site
- Pedestrian access and circulation within and adjacent to the site
- Bicycle access and circulation within and adjacent to the site
- Transit and shuttle vehicle circulation within and adjacent to site
- Transit center location and design
- Pedestrian access to and from transit stops
- Truck circulation and loading dock access for commercial parcels

Fehr & Peers will develop daily and peak hour traffic projections for the proposed street network and internal intersections, and intersections providing access to the project site, using the traffic forecasts developed in Task 4 of the EIR to determine the number of travel lanes needed throughout the development and recommended intersection configurations. For intersections that provide access to the site, the potential for vehicle queue spillback from the available vehicle storage will be evaluated using the Synchro/SimTraffic software (at up to six intersections).

For the preferred land use and circulation plan, FP will develop our roadway cross section recommendations using a "complete streets" approach. Complete streets apply equally to downtown main streets and high-capacity commercial corridors, and consider the full range of users, including children,

the disabled, and seniors. Roadway cross section standards for the development will include travel lane, median island, bicycle lane, parking lane, and sidewalk widths. Guidance for trail crossings will also be provided.

As part of this task, FP will also develop guidelines addressing the provision of transportation infrastructure and programs as the Specific Plan develops, in close consultation with SWA and County staff.

Deliverables: Our recommendations will be documented in a technical memorandum. These figures will show recommendations for ultimate intersection configurations and traffic controls, as well as the recommended street-cross sections that consider all users of the roadway system, and the roadways to which they apply.

Transportation Task 4 – Transportation and Circulation Element of the Specific Plan

Fehr & Peers will prepare a draft and final Transportation and Circulation Element of the Specific Plan document based on information developed in Tasks 1 through 3. This scope of work assumes that minor editorial comments are received on the Draft plan, as detailed comments would have been provided on the deliverables prepared under each task. FP have budgeted 20 staff hours to prepare the final report.

Meetings

FP will attend up to 3 staff level meetings through the preparation of the Specific Plan analysis and documentation and participate in 4 conference calls.

II. Fiscal Impact Analysis (Fiscal)

Fiscal Task 1. Project Research

GCG will compile land use, infrastructure, and demographic characteristics of the Project, based on continued review of Project documents, as well as a kickoff meeting with the County, City, and Municipal Resources Group (MRG). This task will produce many of the base assumptions to be used in the fiscal analysis, including, but not limited to: (i) proposed land uses by land use type, including gross and net acres, floor-to-area ratios, building square footage, number of hotel rooms, etc., (ii) projected market values and sales prices by land use type, (iii) anticipated phasing and absorption, (iv) proposed public improvements that will require ongoing maintenance, including road lane miles; open space, drainage and wetlands; and multi-purpose areas and sports fields; and (v) employment generation for each land use type. GCG has conducted a preliminary review of the Vision Report and 2010 Analysis and recognizes that many assumptions related to the items above have been developed in past years. Through coordination with the County and City, GCG will ensure that there is consistency with approved documents, while also making sure that figures are updated, as needed, to reflect the current marketplace.

Fiscal Task 2. Fiscal Research

GCG will identify fiscal parameters relevant to the Project that are required to conduct the fiscal analysis, including, but not limited to: (i) the total property tax rate for each tax rate area (TRA) included within the Project, (ii) a breakdown of the general levy tax allocation factors for each TRA, and (iii) the distribution of tax revenues within each TRA. GCG will also analyze the City and County budgets and work with

appropriate department heads to develop case study and per capita multiplier assumptions for applicable fiscal revenues and expenses.

As part of this analysis, GCG will evaluate ongoing revenue sources, taking into account specific budget items such as the property tax allocation after the ERAF and SERAF shifts; sales tax revenue from the base sales tax percentage and the Prop 172 sales tax rates; transient occupancy tax based on current average room rates and vacancy rates; transfers from other departments, agencies and organizations; and other recurring revenue. Based on review of the budgets, GCG will identify existing and planned service standards, and the unit cost of providing operations, maintenance, and services associated with all recurring costs.

GCG will also meet with representatives from the RDA to estimate the operating costs to the RDA from development of the Project and to confirm assumptions that will be used in the tax increment projection provided in Task 4 below.

Fiscal Task 3. Analysis of Fiscal Impacts

GCG will create a dynamic fiscal model that will be used to estimate the impacts of the Project on the City and County General Funds. Total recurring fiscal impacts at designated development phases and at Project buildout will be projected. To the extent short-term or long-term negative fiscal impacts are estimated, GCG will recommend funding mechanisms that can be implemented to mitigate the deficits and will estimate the annual special taxes or assessments needed to ensure that there are no negative impacts on the City and County. These special tax/assessment estimates should be factored into the burden analysis in the PFFP in order to avoid overstating the financing capacity available based on the total tax burden limits set forth in City and County policies. The fiscal model will incorporate all of the cost and revenue assumptions compiled in Task 3, which will allow for sensitivity analysis of alternative scenarios if needed after the initial analysis has been completed.

Fiscal Task 4. Tax Increment Projection

GCG will coordinate with the RDA to develop assumptions to be used in the tax increment (TI) projection that will be used for both the fiscal impact analysis and, potentially, the tax allocation bond component of the Public Facilities Financing Plan (PFFP). The assumptions used in ERA's 2010 Analysis will be reviewed as a starting point, and GCG will suggest alternative assumptions, if appropriate. In coordination with the RDA, GCG will confirm assumptions related to base year assessed value, the split (after AB 1290 pass-throughs) of tax increment between housing and non-housing programs, maximum bond authorization, the year that the last bond issue may occur, and the number of years that tax increment may be collected.

Certain financing assumptions will also be vetted with the RDA, including turnover factors for each land use category, vertical construction timeframes, annual appreciation rates, the County fee for property tax administration (if applicable), and RDA administration costs. Other financing assumptions, such as the statutory escalation rate for non-turnover property, the housing set-aside portion, and the Tier One, Tier Two, and Tier Three pass-through formulas will be incorporated into the analysis. GCG will the prepare a detailed tax increment cash flow model that shows the amount and timing of assessed value and resulting tax increment for the entire period of time that increment may be collected, housing set-aside, pass-

throughs for each of the three Tiers, RDA costs and County fees, and net available increment. The cash flow model will provide the basis to determine the fiscal impacts of the Project on the RDA, as well as informing the PFFP relative to potential funding from tax allocation bonds and net increment.

Fiscal Task 5. Fiscal Impact Analysis and Report

GCG will prepare a Fiscal Impact Analysis and Report (Report) which will summarize findings of the fiscal analysis and will include charts and tables outlining assumptions that were factored into the determination of fiscal impacts. The Report will clearly demonstrate the impact that the Project will have on the County and City General Funds at each designated development stage and at buildout. GCG will present the draft Report to City and County staff, MRG, and other Project team members and will incorporate the team's comments to produce a final Report that will be presented at the four public meetings included in Task 6 below.

Fiscal Task 6. Meetings

GCG will attend up to seven (7) meetings in association with preparation of the Fiscal Impact Analysis and Report. These meetings may include, but will not be limited to, the following:

- A kickoff meeting to review the scope of work, coordinate the planning and data gathering effort, confirm the work schedule and develop baseline data requirements, and collect additional documents and data
- Meetings with City, County, RDA staff, MRG, and other team members to review cost and revenue assumptions; confirm service standards, personnel needs, and operating costs for services to be evaluated on a case study basis; and discuss funding mechanisms that would be used if fiscal deficits are projected
- Meetings with Project team members to present and discuss the draft Report
- Meetings with and presentations to the Solano360 Committee, County Board of Supervisors, City Council, and Solano County Fair Association

III. Public Facilities Financing Plan ("PFFP")

PFFP Task 1. Kickoff Meeting

GCG will meet with City and County staff, SWA, MacKay & Somps (M&S), and other Project team members to discuss the scope of services, obtain engineering data for Project infrastructure, discuss construction and development phasing assumptions, and generally coordinate the work effort. GCG will identify items that will be needed from the City and County, such as information about existing fee programs; balances in fee accounts that are available to apply to Project costs (if any); the availability of tax increment, transient occupancy taxes, enterprise fund revenues, and other revenues generated from the Project to apply towards capital improvement costs; assumptions to be made regarding the availability of state and federal funding for Project facilities; and current City and County policies related to land-

secured financing. This meeting will also include a discussion as to which land uses will be subject to special taxes, assessments, fees, and other exactions that will result from implementation of the PFFP.

PFFP Task 2. Background Review and Data Collection

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PFFP Task 3. Policy Framework

Prior to starting the technical analysis for the PFFP, GCG will work with the City, County, and SWA to establish a policy framework within which the PFFP will be developed. Such policies may include (i) identifying priorities of facility categories relative to the application of public-sector and land-secured financing, (ii) setting forth limits on annual special tax and assessment burdens, including annual levies for capital improvements, maintenance costs, and mitigation of projected fiscal deficits, (iii) establishing a range of feasibility when considering the overall infrastructure burden relative to the value of each land use type, and (iv) identifying administrative fees and charges that will be included to cover City and County administrative tasks associated with implementation of the PFFP.

PFFP Task 4. Fee Program Analysis

GCG will work with City and County staff to evaluate whether existing impact fees and/or new Project-specific fees will be part of the funding strategy. This task will include coordinating with staff to ensure there is no overlap between the facilities factored into the calculation of Project-specific fees and the capital improvement program for existing fee programs. The working group will also discuss whether a nexus exists between any of the identified facilities and other areas surrounding the Project. Major improvements, such as freeway interchanges, will require particular attention to ensure that the recommended funding strategy is in compliance with state law. GCG will work with staff to estimate the amount of fee revenues (if any) from existing City and County fee programs that is available to apply to Project costs.

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GCG will estimate the capacity that can be generated for Project improvements from a variety of alternative financing mechanisms and from a comprehensive program of overlapping funding sources. Taking into account policy direction provided by the City and County, GCG's analysis may include, but will not be limited to, the following:

- Determination of bonding capacity available from land-secured financing considering a variety of structuring alternatives, which may include variable rate bonds, escalating debt service, phased bond issues, and short-term borrowing to cover funding gaps prior to tax allocation bonds being issued
- Calculation of tax allocation bonding capacity based on the tax increment projections prepared as part of the Fiscal Impact Analysis, combined with consideration of other financial structuring parameters, such as the timing of tax allocation bond issues relative to assessed values on the tax roll, the retirement of outstanding bonds secured by tax increment within the redevelopment area, and the remaining term for the collection of tax increment within the area
- Determination of bonding capacity from revenue bonds or certificates of participation secured by recurring revenues generated from parking operations, recycling programs, enterprise funds (i.e., sewer, water, electricity and/or solid waste funds), user fees, or other sources
- Quantifying potential contributions from regional and local revenue sources, such as sales taxes, transient occupancy taxes, and property transfer taxes
- Consideration of a comprehensive financing strategy that combines one or more of the revenue sources identified above into a single debt issuance program, possibly combined with a general fund pledge (i.e., certificates of participation) if the City or County is willing to entertain the idea in order to generate capacity from lower interest rates
- Potential capacity from traditional public-private partnership (P3) financing if a private firm is or is expected to be participating as a funding partner. If P3 financing is considered to be a viable option, GCG will work with the funding partner to confirm which infrastructure costs will be covered by their participation.

PFFP Task 6. Net Cost Allocation

After the funding alternatives capacity analysis has been reviewed with the working group, GCG will develop a recommended funding strategy. Based on this strategy, GCG will determine the net costs to be allocated to Project land uses based on traditional benefit criteria. GCG will first prepare a summary of the gross infrastructure costs compiled in conjunction with M&S. GCG will then net out funding capacity expected from state and federal funding and the alternative funding mechanisms evaluated in the prior task, not including land-secured financing. GCG will then work with M&S to select appropriate benefit units for each facility type and will use these units to allocate the net costs to each land use to determine the one-time fee (assuming no land-secured financing) that would be required for each land use to pay its "fair share" of the net remaining costs. For facilities already covered under an existing City or County fee program, GCG will compare the costs allocated to Project land uses to the amount that would be collected

if the current fees were levied. This will help to identify oversized facilities and the need for fee credits and reimbursements.

Once the cost allocation has been completed, GCG will prepare a summary of revenues that would be generated from the one-time fee based on the Project phasing assumption. Fee revenues will be compared to Project facility costs and timing to identify funding gaps. GCG will then apply the land-secured financing capacity, and any remaining funding gaps will identify the need for developer equity that will be subject to a Project fee credit and reimbursement program. Such a program will ensure the timely construction of infrastructure while providing for an equitable distribution of costs.

PFFP Task 7. Report Preparation

Based on the findings from Tasks 1 through 6, GCG will prepare a PFFP that (i) summarizes the land uses and Project alternatives that were analyzed, (ii) identifies projected revenues and funding capacity available from the funding alternatives that were evaluated, (iii) sets forth the maximum one-time, monthly, and annual burdens that would result from implementation of the recommended funding strategy, and (iv) summarizes the implementation measures that would have to be enacted by the City, County, and RDA to put the strategy in place.

The PFFP will provide an evaluation of overall Project feasibility based on the infrastructure cost burdens that result from application of the recommended funding strategy. If, based on traditional industry standards, there is a question as to the Project's feasibility; GCG will meet with City and County staff and other team members to discuss alternatives to reducing the burdens on some or all land uses. The initial test of feasibility will actually be reviewed with the team prior to presentation of a draft PFFP. The feasibility finding included in the report will likely reflect burdens calculated after one or more iterations of the analysis have been presented to the Project team.

GCG will present the draft PFFP to City and County staff, SWA, and other Project team members and will incorporate the team's comments to produce a final PFFP that will be presented at the four public meetings included in Task 8 below.

PFFP Task 8. Meetings

GCG will attend up to twelve (12) meetings in association with preparation of the PFFP.

These meetings may include, but will not be limited to, the following:

- A kickoff meeting to review the scope of work, coordinate the planning and data gathering effort, confirm the work schedule and develop baseline data requirements, and collect additional documents and data
- Meetings with City, County, RDA staff, SWA, and other team members to review infrastructure cost and phasing assumptions; capacity from alternative financing mechanisms, one-time and annual burdens, and the allocation of costs among public and private land uses
- Meetings with Project team members to present and discuss the draft PFFP
- Meetings with and presentations to the Solano360 Committee, County Board of Supervisors, City Council, and Solano County Fair Association

EXHIBIT B-3
BUDGET DETAIL AND PAYMENT PROVISIONS

1. COMPENSATION

County shall compensate Consultant based on the following fee summary. County will compensate on a not-to-exceed amount based on time and materials associated with the tasks as noted below. Such fees include all direct costs associated with the work to be performed.

a. Transportation:

Task 1: Phasing Analysis	\$12,430
Task 2: Parking Assessment	\$6,040
Task 3: Circulation and Roadway Capacity Needs	\$9,965
Task 4: Documentation	\$16,920
Additional meetings	<u>\$4,945</u>
<i>Transportation Sub-total</i>	<i>\$50,300</i>

b. Fiscal Impact Analysis and Public Facilities Financing Plan:

Services will be billed on an hourly rate based on the following hourly fee schedule:

Managing Principal (Susan Goodwin)	\$240 / hour
Principal (Dave Freudenberger)	\$225 / hour
Vice President (Cindy Yan)	\$195 / hour
Senior Associate	\$175 / hour
Associate	\$150 / hour
Analyst	\$135 / hour

Additional meetings beyond the 7 meetings included for the Fiscal Impact Analysis or the 12 meetings included for the Public Facilities Financing Plan will be billed at \$1,000/meeting.

Fiscal Impact Analysis not to exceed	\$28,000
Public Facilities Financing Plan not to exceed	\$32,000

Fiscal Impact Analysis and Public Facilities Financing Plan Sub-total *\$60,000*

c. Administration and coordination of sub-consultants (by SWA) \$13,545

d. Total Contract Amendment Amount **\$123,845**

2. METHOD OF PAYMENT

Upon submission of an invoice by Consultant, and upon approval of County's representative, County shall pay Consultant monthly in arrears for fees and expenses incurred the prior month, up to the maximum amount provided for in this Amendment. Each invoice must specify services rendered, to whom, date of service and the accrued charges.

**FIRST AMENDMENT TO STANDARD CONTRACT
BETWEEN COUNTY OF SOLANO and MUNICIPAL RESOURCE GROUP, LLC**

This First Amendment ("First Amendment") is entered into as of the 3rd day of May 2011, between the COUNTY OF SOLANO, a political subdivision of the State of California ("County") and MUNICIPAL RESOURCE GROUP, LLC ("Consultant").

1. Recitals

A. The parties entered into a contract dated March 22, 2011 (the "Contract"), in which Consultant agreed to provide project management services for the Solano360 Fairgrounds Redevelopment Project.

B. The County now needs market analysis services for the Solano360 Project.

C. This First Amendment represents an increase of \$78,545 to the Contract.

D. The parties agree to amend the Contract as set forth below.

2. Agreement.

A. Amount of Contract

Section 3 is deleted in its entirety and replaced with:

The maximum amount of this Contract is \$375,525.

B. Scope of Work

Exhibit A is amended to include the Scope of Work attached to and incorporated into this First Amendment as Exhibit A-1.

C. Budget.

Exhibit B is amended to include the Budget attached to and incorporated into this First Amendment as Exhibit B-1.

3. Effectiveness of Contract.

Except as set forth in this Amendment, all other terms and conditions in the Contract remain in full force and effect.

COUNTY OF SOLANO, a Political
Subdivision of the State of California

MUNICIPAL RESOURCE GROUP, LLC

By 
Birgitta E. Corsello
County Administrator

By 
Tom Sinclair, Principal

APPROVED AS TO FORM

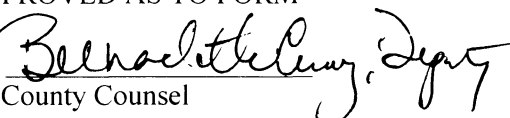
By 
County Counsel

EXHIBIT A-1
SCOPE OF WORK

Consultant will work with its sub-consultant Gruen Gruen +Associates (“Gruen”) to perform the following principal tasks based on Gruen’s Proposal, dated April 20, 2011, which is incorporated into this Amendment as if fully set forth in this Exhibit:

1. Describe schematic building footprints/development envelopes, gross building area, net leaseable area, amount and type of parking spaces, landscaping, and other major features of prototypical development alternatives or building products having impact on development costs.
2. Provide a tabulation of hard and soft building costs, parking, landscaping, and other site and related off-site improvements for the prototypical land use/representative real estate products.
3. Conduct interviews with developers, real estate brokers, and representatives of the Solano Economic Development Corporation and review secondary data about local space markets and capital markets to obtain initial estimates of the following parameters:

Capital Market Inputs:

- Percentage of Equity Required
- Hurdle Rate Return on Investment
- Permanent Mortgage Loan Rate
- Sale Year Capitalization Rate
- Sale Expenses as Percentage of Sales

Space Market Inputs:

- Rental Rates/Sales Prices
- Operating Costs
- Absorption/Occupancy Rates
- Rental and Cost Escalations
- Leasing Commission Expenses

4. Conduct supplemental interviews, as needed, to obtain perspective on relevant market areas, competing locations/projects, and relative advantages and disadvantages of the location for the postulated land uses, with a review of available data on real estate market conditions for office, retail, and hotel uses.
5. Use GG+A’s NET™ program to make initial assessments of the profitability of each type of land use or example real estate product or contribution to land value. This program presents the contribution to land value and therefore feasibility assessment based on one per square foot or one unit of land use/real estate program. GG+A would also be able to utilize its real estate investment analysis program REALISM™ to estimate the land value and returns that would be supported by each of the prototypical or example development options. REALISM™ is a comprehensive and flexible computer program that facilitates the postulation and synthesis of the relevant economic aspects of a development option into cash flow forecasts. For each development scenario, the estimated acquisition, financing, Administrative, and marketing costs of development is considered along with annual operating costs, income-producing rents or sales prices and forecasted absorption factors to synthesize the real estate economics of each development option into cash flow forecasts and estimates of market and residual land values. A particularly relevant and useful REALISM™ capability is it calculates the acquisition value or land residual of a property given the cash flows that results from a given set of forecasts and

stipulation of the financial terms likely to be typical of would-be buyers/developers. Gruen believe the results of the use of these computer-analytical tools for prototypical or example building development options would readily feed into the economic model Gruen understand MRG will construct for the entire phases or totality of the project.

6. On or before May 31, 2011, deliver a memorandum on the results of the initial market research and real estate economic analysis and preliminary conclusions about the potential market demand and financial feasibility of the varying land uses/real estate products included in the vision. The results of this preliminary analysis will be presented to the other Solano360 Project Team members to discipline the subsequent market research. For example, to the extent a particular use or real estate product would generate a significant negative contribution to land value and the overview of market conditions and interviews do not suggest conditions will improve sufficiently in a reasonable period to make the land use or real estate product feasible, Gruen would recommend not spending the limited time available to study this particular use or real estate product further.
7. In the subsequent phase of research for those uses for which it is warranted, conduct additional interviews (including if practical given the time constraint a sample of end-users), collect and analyze any necessary available additional secondary real estate data or employment, household and household income data and review the building space and land absorption characteristics of competing locations/projects in order to identify the potential order-of-magnitude or range of scale and timing of demand for private, non-Fair uses. In addition, this phase of research will be directed toward identifying which private or public uses can be expected to stimulate demand and spillover sales or other value increasing benefits to proximate uses or activities.
8. Concurrently with the market research and analysis outlined in item 7 above, interview the Solano County Fair General Manager and review available background studies about the potential demand and economics of major public facilities included in the Vision Plan such as the 100,000-square-foot Exhibit Hall. Review the market and fairgrounds characteristics of other California fairs which have large Exhibition halls or similarly-sized public facilities and interview the managers of these fairs to obtain perspective and information about the characteristics needed to feasibly support the scale of such public facilities. This task will include the comparison of the characteristics of the Solano County Fair market and synthesize the research and analysis to reach judgments about whether the scale of public facilities such as the exhibition hall can be expected to be supported by obtainable market demand.
9. Re-run the real estate economic analysis of prototypical development options for those uses for which demand is likely to apply based on the augmented and refined capital and space market parameters estimated through the additional market research. On or before June 20, 2011 deliver a report on the market and real estate economic analysis findings and conclusions. Based on the market-based judgments about the potential range or order-of-magnitude scale, type, and pace of potential demand, Gruen will recommend strategic refinements for consideration in the process of refinement of the original land use and development plan and Specific Plan preparation. Gruen

will hold a conference with MRG and other Solano360 Project Team members to review the report.

10. Gruen will be available to present the results of the study at four public meetings.

EXHIBIT B-1
BUDGET DETAIL AND PAYMENT PROVISIONS

1. COMPENSATION

For the scope of work outlined in Exhibit A-1, County shall compensate Consultant a not-to-exceed additional amount of \$78,545 to be paid as follows:

- a. Sub-consultant will be based on the following hourly rate for a total not to exceed amount of \$68,300:

<u>Sub-consultant Staff Member</u>	<u>Hourly Rate (\$)</u>
Aaron N. Gruen, Esq., Principal	200
Debra L. Jeans, Principal	200
Andrew Ratchford, Research Associate	110
Claude Gruen, Ph.D., Principal Economist	350
Nina J. Gruen, Principal Sociologist	350

- b. Not to exceed amount of \$10,245 for administration and coordination of Sub-Consultant services to be paid at a rate of 15% of the Sub-consultant's invoices

2. METHOD OF PAYMENT

Upon submission of an invoice by Consultant, and upon approval of County's representative, County shall pay Consultant upon completion of the applicable milestone, up to the maximum amount provided for on the Standard Contract. Each invoice must specify services rendered, to whom, date of service and the accrued charges.

GCG

GOODWIN CONSULTING GROUP

**Proposal to Prepare a
Public Facilities Financing Plan**

**Solano360 Fairgrounds
Redevelopment Project**

PREPARED FOR:

County of Solano
City of Vallejo
Solano County Fair Association
SWA

April 22, 2011

555 UNIVERSITY AVE, SUITE 280 • SACRAMENTO, CA 95825
PHONE: (916) 561-0890 • FAX: (916) 561-0891

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ATTACHMENT F



April 22, 2011

Mr. Ron Grassi
Principal Management Analyst
County of Solano Administrator's Office
675 Texas Street, Suite 6500
Fairfield, CA 94533

Dear Mr. Grassi,

On behalf of Goodwin Consulting Group (GCG), I am pleased to provide you with a proposal for GCG to prepare a Public Facilities Financing Plan (PFFP) for the Solano360 Fairgrounds Redevelopment Project. The principals of GCG have more than sixty years of combined experience in public finance, development economics, real estate market analysis and municipal consulting. The team for the PFFP will include Susan Goodwin, Managing Principal, as principal-in-charge, Dave Freudenberger, Principal, as project manager; and Cindy Yan, Vice President, as the senior staff person assigned to the project. Sample PFFP projects, including client references, are provided for the three of us in the attached proposal.

GCG has extensive experience in developing funding programs for public facilities and services. Unlike other firms who specialize in the *planning* stages of a project, GCG has expertise in the *implementation* and ongoing *administration* of financing strategies. This difference is critical to ensuring that a PFFP will be feasible from the early development stages through buildout of a project. Experience with both public and private sector clients provides GCG with the ability to recommend financing strategies that can be implemented after consideration of market constraints, political pressures, competitive projects and project funding capacity. GCG is known to be fair and objective and to maximize benefits and minimize burdens to all interested parties.

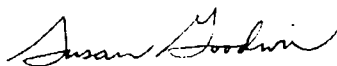
GCG specializes in designing funding programs that can accommodate a variety of land uses and ensure that each type of land use remains marketable and feasible to develop. GCG develops creative solutions that allow funding programs to respond to changing market conditions, land use plans and infrastructure phasing plans. Because GCG usually remains involved in the ongoing implementation of these funding programs, the firm recognizes the importance of providing flexibility in the initial plan.

*Mr. Ron Grassi
April 22, 2011
Page 2*

Based on my review of the "Local Employment Policy" in the general provisions of the County's Standard Contract, I should also mention that I have been a Solano County resident for more than 20 years and, therefore, am uniquely familiar with the project site and the local marketplace. I have also worked with the City of Vallejo for more than 20 years, preparing fiscal and financial analysis for Mare Island, setting up financing districts for Hiddenbrooke capital improvements, and preparing a development impact fee study for the City's transportation fee.

I appreciate your consideration of GCG's qualifications and hope to have the opportunity to assist you with this exciting project. Based on the direction in the Request for Proposals, I have provided only the requested information and have attempted to keep our response concise and to the point. If you have any questions or need additional information, please do not hesitate to call.

Sincerely yours,



Susan Goodwin
Managing Principal

Enclosure

2. PROPOSAL

A. *Description of Services*

It is clear from review of the Solano360 Vision Report and the Solano360 Vision Plan Financial Modeling and Fiscal Analysis that economic sustainability and financial feasibility are critical objectives of the Solano360 Fairgrounds Redevelopment Project (Project). The Project is a unique opportunity for the City and County to create new employment opportunities, attract tourism by establishing a destination unlike any existing attraction in Solano County, and create recreational opportunities for County residents and the region at large. All of these benefits will be made possible only if development of the Project is determined to be financially feasible, and such feasibility will relate in large part to the funding alternatives available, now and in the future, to fund public infrastructure and services. The Project involves several unique considerations relative to developing a successful Public Facilities Financing Plan (PFFP), including the public ownership/ground lease structure, the Project's location within a redevelopment area, the ratio of public to private uses, and the need to fund more than \$100 million in onsite and offsite infrastructure with a limited amount of net acreage and developed square footage.

Goodwin Consulting Group, Inc. (GCG) will prepare a comprehensive, efficient, and implementation-oriented PFFP that evaluates options, analyzes alternatives, and provides a recommended funding strategy for the backbone infrastructure and public facilities and services that will be needed to serve the Project at designated phases and at buildout. The recommended strategy will take into account AB 1600 nexus requirements, Proposition 218 benefit findings (if applicable), available contributions and funding from local, state and federal sources, public-private partnership financing, revenue generated from project land uses, and City and County financing policies.

The services to be provided by GCG include the following:

Task 1. Kickoff Meeting

GCG will meet with City and County staff, SWA, MacKay & Soms (M&S), and other Project team members to discuss the scope of services, obtain engineering data for Project infrastructure, discuss construction and development phasing assumptions, and generally coordinate the work effort. GCG will identify items that will be needed from the City and County, such as information about existing fee programs; balances in fee accounts that are available to apply to Project costs (if any); the availability of tax increment, transient occupancy taxes, enterprise fund revenues, and other revenues generated from the Project to apply towards capital improvement costs; assumptions to be made regarding the availability of state and federal funding for Project facilities; and current City and County policies related to land-secured financing. This meeting will also include a discussion as to which land uses will be subject to special taxes, assessments, fees, and other exactions that will result from implementation of the PFFP.

Task 2. Background Review and Data Collection

GCG will review information provided by the City, County, SWA, M&S, and the Fiscal Impact Analysis prepared for the Project to establish assumptions relative to Project land uses and market values, and the phasing of public and private uses within the Project. GCG will work closely with M&S to put together a summary of backbone infrastructure and community facilities costs at each phase of development and at Project buildout. In addition, GCG will work with M&S to identify maintenance costs that were not considered in the Fiscal Impact Analysis. To the extent the Project will be required to pay directly for these maintenance costs, an estimate of the cost for each phase and at buildout will be identified.

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Task 3. Policy Framework

Prior to starting the technical analysis for the PFFP, GCG will work with the City, County, and SWA to establish a policy framework within which the PFFP will be developed. Such policies may include (i) identifying priorities of facility categories relative to the application of public-sector and land-secured financing, (ii) setting forth limits on annual special tax and assessment burdens, including annual levies for capital improvements, maintenance costs, and mitigation of projected fiscal deficits, (iii) establishing a range of feasibility when considering the overall infrastructure burden relative to the value of each land use type, and (iv) identifying administrative fees and charges that will be included to cover City and County administrative tasks associated with implementation of the PFFP.

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- Determination of bonding capacity from revenue bonds or certificates of participation secured by recurring revenues generated from parking operations, recycling programs, enterprise funds (i.e., sewer, water, electricity and/or solid waste funds), user fees, or other sources
- Quantifying potential contributions from regional and local revenue sources, such as sales taxes, transient occupancy taxes, and property transfer taxes
- Consideration of a comprehensive financing strategy that combines one or more of the revenue sources identified above into a single debt issuance program, possibly combined with a general fund pledge (i.e., certificates of participation) if the City or County is willing to entertain the idea in order to generate capacity from lower interest rates
- Potential capacity from traditional public-private partnership (P3) financing if a private firm is or is expected to be participating as a funding partner. If P3 financing is considered to be a viable option, GCG will work with the funding partner to confirm which infrastructure costs will be covered by their participation.

Task 6. Net Cost Allocation

After the funding alternatives capacity analysis has been reviewed with the working group, GCG will develop a recommended funding strategy. Based on this strategy, GCG will determine the net costs to be allocated to Project land uses based on traditional benefit criteria. GCG will first prepare a summary of the gross infrastructure costs compiled in

conjunction with M&S. GCG will then net out funding capacity expected from state and federal funding and the alternative funding mechanisms evaluated in the prior task, not including land-secured financing.

GCG will then work with M&S to select appropriate benefit units for each facility type and will use these units to allocate the net costs to each land use to determine the one-time fee (assuming no land-secured financing) that would be required for each land use to pay its "fair share" of the net remaining costs. For facilities already covered under an existing City or County fee program, GCG will compare the costs allocated to Project land uses to the amount that would be collected if the current fees were levied. This will help to identify oversized facilities and the need for fee credits and reimbursements.

Once the cost allocation has been completed, GCG will prepare a summary of revenues that would be generated from the one-time fee based on the Project phasing assumption. Fee revenues will be compared to Project facility costs and timing to identify funding gaps. GCG will then apply the land-secured financing capacity, and any remaining funding gaps will identify the need for developer equity that will be subject to a Project fee credit and reimbursement program. Such a program will ensure the timely construction of infrastructure while providing for an equitable distribution of costs.

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Based on the findings from Tasks 1 through 6, GCG will prepare a PFFP that (i) summarizes the land uses and Project alternatives that were analyzed, (ii) identifies projected revenues and funding capacity available from the funding alternatives that were evaluated, (iii) sets forth the maximum one-time, monthly, and annual burdens that would result from implementation of the recommended funding strategy, and (iv) summarizes the implementation measures that would have to be enacted by the City, County, and RDA to put the strategy in place.

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GCG will present the draft PFFP to City and County staff, SWA, and other Project team members and will incorporate the team's comments to produce a final PFFP that will be presented at the four public meetings included in Task 8 below.

Task 8. Meetings

GCG will attend up to twelve (12) meetings in association with preparation of the PFFP. These meetings may include, but will not be limited to, the following:

- A kickoff meeting to review the scope of work, coordinate the planning and data gathering effort, confirm the work schedule and develop baseline data requirements, and collect additional documents and data
- Meetings with City, County, RDA staff, SWA, and other team members to review infrastructure cost and phasing assumptions; capacity from alternative financing mechanisms, one-time and annual burdens, and the allocation of costs among public and private land uses
- Meetings with Project team members to present and discuss the draft PFFP
- Meetings with and presentations to the Solano360 Committee, County Board of Supervisors, City Council, and Solano County Fair Association

B. Project Schedule

Pursuant to the required project timing set forth in the Request for Proposals, GCG proposes the following schedule for completion of the PFFP. Other than the kickoff meeting, team meetings are not included in the schedule presented below, and such meetings will be scheduled as needed throughout the process of preparing the PFFP.

<u>Task</u>	<u>Estimated Completion Date</u>
Kickoff Meeting	Late May/early June
Background Review and Data Collection	June 24, 2011
Policy Framework	July 8, 2011
Fee Program Analysis	July 18, 2011
Analysis of Funding Options	August 5, 2011
Submittal of Draft Report	August 25, 2011
Team Feedback/Comments	First two weeks of September
Final Report Circulated	September 22, 2011
Public Meetings/Presentations	As Scheduled

C. Fee Proposal

The budget for services to be provided pursuant to the scope of work set forth above is \$32,000, including all direct expenses and attendance at up to twelve (12) meetings. Additional consulting services beyond those included in the scope of work may be provided within the budget if total hourly billings are less than the budget. Alternatively, if the scope of work can be completed for less than the budget, only the hours actually expended will be billed. If GCG is

requested to attend more than seven meetings, and such attendance results in the maximum budget being exceeded, GCG will bill a maximum of \$1,000 for each additional meeting. Services will be billed based on the following hourly fee schedule:

Managing Principal (Susan Goodwin)	\$240 / hour
Principal (Dave Freudenberger)	\$225 / hour
Vice President (Cindy Yan)	\$195 / hour
Senior Associate	\$175 / hour
Associate	\$150 / hour
Analyst	\$135 / hour

3. STATEMENT OF QUALIFICATIONS

A. *Identification of Consulting Team*

GCG makes a commitment to its clients that a principal will be actively involved in all aspects of project completion. Towards that end, two GCG principals will be part of the assigned consulting team, which will include the following primary members:

Susan Goodwin, Managing Principal of GCG, will serve as principal-in-charge of the PFFP and, in this role, will oversee quality control of GCG's work products, attend meetings and participate in presentations, coordinate with City and County staff, and ensure compliance with the Project schedule and budget.

Susan has an extensive background in public finance and real estate economics, having managed the planning and implementation of hundreds of districts and programs that generate funding for public infrastructure and services. She is experienced in the preparation of comprehensive public facilities financing plans, fiscal impact studies, impact fee justification studies, market studies, and tax increment projections for both public and private sector clients. Susan has also worked with numerous public agencies to develop and implement fee credit and reimbursement programs that ensure equity is achieved among landowners within a development project. Susan's email address is susan@goodwinconsultinggroup.net.

Dave Freudenberger, Principal of GCG, will serve as project manager of the work provided by GCG. In this role, he will coordinate the work effort with SWA and the City and County; direct GCG staff assigned to the Project; review all technical analyses; and attend meetings, participate in presentations, and coordinate regularly with City and County staff.

Dave Freudenberger offers comprehensive experience in public finance, fiscal impact analysis, and economic and market feasibility. He has managed hundreds of studies for small, single-use developments and large, master-planned communities, ranging from dense urban spaces to expansive undeveloped areas. Dave brings nearly two decades of preparing public infrastructure funding strategies, fiscal and economic impact studies, market absorption studies, pro forma cash flow analyses, tax increment projections and redevelopment feasibility studies, and jobs/housing and affordable housing programs. He also has expertise in valuing real estate portfolios, restructuring the financial elements of real estate deals, and assessing ground lease and related development proposals for residential, non-residential, and institutional land uses. Dave's email address is dave@goodwinconsultinggroup.net

Cindy Yan, Vice President, will serve as the primary support staff member to Susan and Dave throughout completion of the scope of work. In this role, Cindy will prepare and/or review all technical analyses produced as part of the PFFP; assist in preparation of the report; compile and coordinate data from the City, County, RDA, and SWA; and oversee the work efforts of GCG analysts and associates assigned to the project.

Cindy has considerable experience preparing fiscal impact studies, public facilities financing plans, economic impact studies, tax increment projections, and development impact fee studies. Cindy has prepared comprehensive infrastructure financing strategies for new developments,

analyzing both the one-time and annual burdens on new projects as well as reimbursement strategies for oversized facilities. In addition, she has prepared complicated fiscal impact analyses that incorporate multiple development scenarios, phasing plans, and public agencies to evaluate impacts from new development. Cindy's email address is cindy@goodwinconsultinggroup.net.

Goodwin Consulting Group, Inc. is a California corporation and is the legal entity with which SWA would contract. All assigned team members can be reached at the following address, telephone number, and fax number:

Goodwin Consulting Group, Inc.
555 University Avenue, Suite 280
Sacramento, CA 95825
phone: (916) 561-0890
fax: (916) 561-0891

B. Relevant Project Experience

Following is a description and professional reference for projects for which one or more of the consulting team members analyzed project feasibility and prepared PFFPs. For almost all of these projects, GCG has been under contract to the local government entity, as is the case for most of GCG's projects.

Metro Air Park, County of Sacramento

GCG prepared the PFFP for facilities required to serve more than 1,400 acres of business park, industrial and golf course land uses adjacent to the Sacramento International Airport. Susan Goodwin prepared the facility cost allocation and presented various financing structures to the County and landowners. The objectives of more than 100 landowners were incorporated into the financing strategy in order to reach consensus with the working group. The Mello-Roos Community Facilities Act was selected as the primary funding mechanism, and GCG prepared the special tax formula that was adopted by the Board of Supervisors. To date, three series of bonds have been issued to fund more than \$60 million in public facilities. GCG is under contract with the County to prepare the impact fee studies for the project-specific fees that are needed pursuant to the PFFP. Susan Goodwin serves as principal-in-charge and project manager, and Cindy Yan is the senior GCG staff person assigned to Metro Air Park.

Reference: Mr. Bob Davison
Manager of Special Districts
County of Sacramento
(916) 874-6926

Airport Area Specific Plan Financing Plan, City of San Luis Obispo

The Airport Area Specific Plan proposes approximately 7.3 million square feet of non-residential land uses on nearly 1,500 acres. The financial feasibility test performed for the Specific Plan

area considered the backbone infrastructure costs of developing the area, the City-wide development impact fees, as well as other applicable fees in determining the gross total fees per non-residential acre. After taking into account the potential for offsetting some of the upfront costs with Mello-Roos financing, a net one-time burden as a percentage of developed value was calculated to assess the financial feasibility of the project. GCG worked closely with city staff and initial developers to resolve potential fair-share issues related to infrastructure funding - over 50% of total infrastructure costs required to serve the entire project area is projected to be incurred by developers of the first 10% of land. GCG examined the backbone infrastructure costs required to develop the initial area relative to its fair-share of the overall infrastructure requirement for the entire AASP. The analysis aided in subsequent negotiations between the City and the development community.

Reference: Ms. Kim Murry
Deputy Director, Long Range Planning
Cit of San Luis Obispo
(805) 781-7274

Kona Community Development Plan Financing Plan, County of Hawaii

The Kona Community Development Plan proposes the construction of nearly 13,000 residential units and 4.8 million non-residential square feet on over 6,700 acres. GCG prepared a comprehensive financing plan to evaluate the viability of future development within the entire Plan area. In addition, GCG analyzed three alternate land use scenarios to provide a sense of how changes in the location of near-term growth, and its related infrastructure needs, affect project feasibility. As part of the overall analysis, GCG examined a variety of financing mechanisms to fund the required public infrastructure costs, including CFD financing, tax increment financing, revenue bonds, local, state and federal funding as well as private sources of funding. As part of the financing plan, GCG worked with County staff to develop a set of financing policies and an overall financing strategy to fund required infrastructure needs totaling nearly \$1.1 billion. Being the first plan prepared in the County's history, GCG worked closely with County staff to develop an all-inclusive plan that could be used as a template for other development areas in the County.

Reference: Ms. Margaret Masunaga
Deputy Director, Planning Department
County of Hawaii
(808) 323-4770

Tivoli Specific Plan, City of Modesto

The Tivoli Specific Plan proposes development of up to 3,200 housing units and one million square feet of non-residential land uses on 345 acres in the City of Modesto. GCG prepared an Infrastructure Financing Plan (IFP) to summarize the project-wide public facilities costs and to present a flexible financing strategy to fund these costs. A detailed burden analysis and an estimate of land-secured financing capacity was prepared to estimate the bonding capacity that would be available to fund public facilities not already covered by the City's existing

development fee program. Other funding mechanisms discussed in the IFP include a project-specific impact fee program and developer financing. To test project feasibility, the net burdens were compared against the estimated developed values and against those of other competitive projects in the region. The IFP was designed as a blueprint document that the City can use to implement each individual development project within the Specific Plan area.

Dave Freudenberger served as principal-in-charge and project manager of the Tivoli IFP.

Reference: Ms. Tina Rocha
CFD Administrator
City of Modesto
(209) 577-5321

Urban Management Plan, City of Tracy

At buildout, the Tracy Urban Management Plan (UMP) area will include 46,000 new residential dwelling units and 7,800 acres of new commercial/industrial development. A number of analyses were provided to the City associated with determining the feasibility of the UMP, including the following: (i) analysis of market conditions and growth pressures in San Joaquin County to develop estimated absorption rates for UMP land uses, (ii) allocation of public facility costs based on benefit criteria and timing considerations, with input from public and private sector participants, and (iii) development of a general financing plan for the entire UMP and a specific, more detailed program for first phase development. In addition, an analysis of a proposed consolidation of the Tracy Rural Fire Protection District with the Tracy Fire Department was conducted, and the City's participation in a regional water treatment and distribution facility was evaluated.

Since then, GCG has prepared a series of Finance & Implementation Plans (FIPs) and formed land-secured financing districts to implement the first phases of UMP growth. Six FIPs and five Mello-Roos CFDs have been created for residential and non-residential development. Because numerous landowners and developers were involved in the process, some projects had development agreements with certain provisions that did not apply to other projects, and a few developers wanted specific financing structures. As a result, multiple CFDs were formed to address separate needs.

Dave Freudenberger has served as project manager for the City of Tracy projects for more than 15 years.

Reference: Mr. Zane Johnston
Finance Director
City of Tracy
Phone: (209) 831-4120

South-of-50 Sphere of Influence Fiscal Study and Financing Plan, City of Folsom

Encompassing approximately 3,500 acres of land south of Highway 50 and the City of Folsom, the project is expected to include nearly 10,000 residential units and 450 acres of non-residential land uses. GCG prepared the Fiscal Impact Analysis and PFFP, taking an annual look at the recurring impacts on the General Funds of the City, County of Sacramento, and SacMetro Fire District. Several sensitivity analyses were provided to assist the City in annexation negotiations with the County. GCG's PFFP recommended a mix of developer capital, impact fees, CFD financing, and external sources such as state and federal grants. Infrastructure costs were provided on a phased basis and anticipated revenues were compared to these costs to quantify funding deficits and surpluses by phase. In order to estimate the amount of oversizing or reimbursements due for each phase, the PFFP identified the gross project-specific burden by land use. Susan Goodwin served as principal-in-charge and project manager for all services provided.

Reference: Mr. Evert Palmer
Assistant City Manager
City of Folsom
(916) 355-7391

Mariposa Lakes Specific Plan, City of Stockton

Mariposa Lakes is a proposed master-planned community which anticipates development of more than 10,600 residential units and 13 million square feet of non-residential uses on 2,700 acres. The project also includes 170 acres of schools and 426 acres of parks and open space. GCG prepared a Public Facilities Financing Plan (PFFP) that proposed various funding mechanisms, including development impact fees, revenue bonds, and land-secured financing, to fund more than \$1.1 billion in public facilities. GCG worked closely with City staff, developers, and other consultants to develop a strategy that accommodated both private and public sector viewpoints and extraordinary infrastructure needs. The PFFP included multiple sensitivity analyses to evaluate project feasibility assuming various price points and absorption scenarios. Furthermore, the PFFP quantified both upfront infrastructure burdens and annual burdens associated with ongoing taxes and assessments to demonstrate that GCG's recommended financing strategy would be viable.

Prior to producing a final PFFP, GCG assisted the City of Stockton in developing a template and guidelines that will apply to all future development projects within the City. GCG worked with the City and developers to reach a set of guidelines that met with agreement from all parties. GCG developed the final reports for Mariposa Lakes using the approved document templates. Dave Freudenberger served as project manager, and Cindy Yan was the senior staff member assigned to the project. Susan Goodwin provided input to the fiscal template and guidelines and presented the guidelines to the Planning Commission and City Council.

Reference: Mr. Mike Niblock
Director of Community Development
City of Stockton
Phone: (209) 937-8444

Lincoln East Specific Plan, City of Yuba City

In contrast to the conventional approach whereby a developer proposes a specific plan for development and the public agency votes on the proposal, the Lincoln East Specific Plan represented the efforts of City staff to play a more active role in the future development of the City. Extremely well-received by both the public and officials at the Planning Commission and Council level, the plan's financing component showcased a variety of funding tools to make development financially feasible. GCG's proposed financing of public infrastructure included the use of project-specific development impact fees, debt financing associated with a community facilities district, and utility revenue bonds. GCG also analyzed both the one-time and annual burdens on each land use category as a way to provide some perspective on the public infrastructure requirements demanded of the specific plan.

Susan Goodwin served as principal-in-charge and project manager.

Reference: Mr. Aaron Busch
Community Development Director
City of Yuba City
Phone: (530) 822-3231

The Sanctuary Fiscal Study and Public Facilities Financing Plan, City of Stockton

The Sanctuary anticipates over 7,000 residential units, 750,000 square feet of retail and office, and a 100-room hotel, along with institutional and public land uses. GCG prepared the fiscal impact analysis in compliance with the City's new fiscal template and guidelines that were developed by GCG. The project's fiscal impacts were evaluated on an annual basis and many of the revenue and cost items were determined using a case study approach.

As part of the new fiscal guidelines, projects that result in a net fiscal deficit must identify a funding mechanism to mitigate the negative impact on the City's general fund. GCG's report suggested that a Mello-Roos services special tax be implemented to cover the anticipated fiscal deficits. The Public Facilities Financing Plan prepared by GCG includes a mix of developer capital, impact fees, CFD financing, and state and federal funds. Annual funding gaps are identified based on the expected infrastructure phasing and absorption schedules and are addressed with one of the four funding mechanisms above. Dave Freudenberger served as project manager for the fiscal study, and Cindy Yan was the senior staff person assigned to the project. Susan Goodwin provided input in the development of the fiscal template and guidelines and presented the guidelines to the Planning Commission and City Council.

Reference: Mr. Mike Niblock
Director of Community Development
City of Stockton
(209) 937-8444

Mountain House New Community, County of San Joaquin

Mountain House is a master-planned community in unincorporated San Joaquin County that will ultimately include more than 16,000 residential units and 700 acres of commercial/industrial land uses. Susan Goodwin and Dave Freudenberger prepared a fiscal impact analysis and Public Facilities Financing Plan that were used as companion documents to the Master Plan. The fiscal analysis identified recurring impacts on the County and Tracy Rural Fire Protection District under a variety of absorption scenarios. The financing plan recommended a combination of short- and long-term Mello-Roos bonds, water and sewer revenue bonds, and impact fees to provide funding for more than \$400 million of public infrastructure. Dave also evaluated the developer's equity requirements and return on equity throughout buildout of the project.

GCG continues to work with the Mountain House Community Services District (CSD) that was formed to provide urban services to the Master Plan to update the CSD budget used to monitor the actual fiscal impacts from the project, develop a program that the CSD uses to track fee credits and reimbursements, and determine fair-share infrastructure cost allocations for property annexing into the CSD. Susan has served as principal-in-charge and/or project manager of all of the work on the Mountain House project, and Dave has been project manager for many of the assignments.

Reference: Mr. Paul Sensibaugh
General Manager
Mountain House Community Services District
(209) 831-5656

North Salida, County of Stanislaus

The North Salida Community Plan is a blueprint for future development north and east of the existing community of Salida, and includes 400 acres of residential land uses and 2,300 acres of commercial, business park, and industrial land uses. The new growth area is divided into three planning areas, each with unique physical characteristics, land use proposals, and infrastructure needs. The first major step in the finance plan process for North Salida was to evaluate the viability of development; GCG prepared a Feasibility Test that analyzed each of the three areas individually and ran a consolidated analysis as well. Two key tests of feasibility were incorporated into the analysis: (1) a burden-to-value test that compared the total infrastructure and fee burdens to the values of the proposed land uses; and (2) a market comparison test that estimated one-time and annual burdens in North Salida and compared them to the one-time and annual burdens of other projects in the competitive marketplace. Since the Feasibility Test concluded that the North Salida area was only marginally feasible and that more residential land uses would facilitate feasibility, a revised plan is currently being analyzed that includes approximately 600 acres of additional residential land uses. The initial Feasibility Test also required GCG to prepare an analysis of the potential recurring fiscal impacts to the County of Stanislaus and the Salida Fire Protection District. In addition to numerous development scenarios, GCG evaluated the fiscal impacts associated with each primary land use designation to determine the estimated annual mitigation amount that would need to be collected from those land uses anticipated to produce fiscal deficits.

Reference: Mr. Kirk Ford
Deputy Planning Director
County of Stanislaus
Phone: (209) 525-6330

West Park, County of Stanislaus

Located on the west side of the San Joaquin Valley in Stanislaus County, the West Park project encompasses approximately 4,800 acres. This master-planned development anticipates 290 acres of business park uses, 2,900 acres of industrial uses, and a 170-acre inland port. Overall, the project is expected to generate more than 50 million square feet and produce more than 38,000 jobs. GCG prepared both a Fiscal and Economic Impact Analysis for the project. The Fiscal Impact Analysis evaluated the impacts on the County and the West Stanislaus Fire District, and the Economic Impact Analysis examined the impacts on the private sector economy within the County. In addition, GCG prepared a financial feasibility analysis to evaluate the overall viability of the Project. The feasibility analysis considered the backbone infrastructure costs of developing the area, the County Public Facilities Fees, and other mitigation fees in determining the gross total fees per non-residential acre. After taking into account the potential for offsetting some of the upfront costs with Mello-Roos and tax increment financing, a net one-time burden as a percentage of developed value was calculated to assess the financial feasibility of the project.

Dave Freudenberger served as principal-in-charge and project manager for the West Park studies, and Cindy Yan was the senior staff member assigned to the project.

Reference: Mr. Kirk Ford
Deputy Planning Director
County of Stanislaus
Phone: (209) 525-6330

El Charro Specific Plan, City of Livermore

The El Charro Specific Plan proposes development of 130 net acres of commercial and industrial land uses that will require more than \$100 million in public facilities, more than half of which will be funded by a Mello-Roos CFD. Each of the six land owners within the CFD had varying objectives and a different perspective on how much and when they should be required to participate. GCG was hired by the City of Livermore to serve as special tax consultant, but GCG also became an integral part of the education and negotiation process with the landowners. GCG attended numerous meetings to explain the Mello-Roos funding mechanism, present tax structuring alternatives, and discuss how the special tax related to each owner's share of facility costs.

Ultimately, GCG developed a complex rate and method of apportionment of special tax that assigns special taxes to original parcels within three different tax zones, provides for a reduction in the special tax obligation for one parcel on which a church may be built, and protects one owner from increases in his special tax if the other owners proceed with a subsequent bond sale.

Because one property owner was included in the CFD against his will, GCG also worked with bond counsel to ensure that the special tax formula allocated taxes in a reasonable manner as required by the Mello-Roos law to protect the City in the event of litigation.

Susan Goodwin served as project manager of the El Charro financing program.

Reference: Ms. Lorraine Purcell
Associate Civil Engineer
City of Livermore
Phone: (925) 960-4555