

October 19, 2017

Ms. Aarti Shrivastava  
Assistant City Manager  
City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95014

Subject: Vallco Specific Plan Economics Services Proposal;  
EPS #171128

Dear Aarti:

On behalf of Economic & Planning Systems, Inc. (EPS) and our team members, I am pleased to submit this response to the City of Cupertino's Request for Preliminary Proposal to provide real estate economics and fiscal impact analysis services in support of the Vallco Specific Plan. We have assembled an outstanding team of professionals representing a pool of talent with deep experience in planning and development in the Bay Area. In this proposal, the EPS team includes BKF Engineers, Saylor Consulting (cost estimators), and Main Street Property Services (retail market experts).

The EPS team has extensive experience working in Cupertino, and is familiar with the development opportunities and challenges associated with the Vallco site. In addition, our team brings a wealth of experience working on complex urban development and redevelopment planning and implementation throughout California and the western US. We understand that the City is seeking a consultant to prepare a well-crafted market and financial feasibility analysis and fiscal impact assessment. We believe that the EPS team is uniquely qualified to provide these services.

Founded in 1983, EPS is a nationally known real estate economics consulting firm with core competencies in real estate development and land use policy. With over 40 professional staff and offices in Oakland, Los Angeles, Sacramento, and Denver, EPS has worked successfully with hundreds of public- and private-sector clients and has established a reputation for both rigor and creativity. The firm emphasizes a hands-on, client-oriented approach and the provision of objective, well-documented analyses.

EPS has long worked with cities and real estate developers throughout California evaluating development economics and development impacts, identifying potential for value capture, and establishing and implementing community benefits programs. Beyond our work

*The Economics of Land Use*



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in Cupertino, recent projects of particular relevance include work in San Francisco, Palo Alto, Berkeley, Redwood City, and Sunnyvale. All of these projects involved economic and financial analyses related to development feasibility and community benefits.

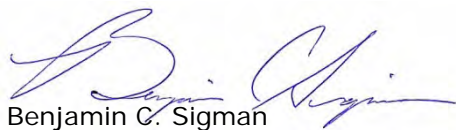
The attached Scope of Work offers focused economic and financial services to support the preparation of the Vallco Specific Plan, which is anticipated to be undertaken on a fast-paced timeline through fall 2018. In addition to supporting the Specific Plan, we believe that analytical outputs from the EPS team's effort will provide valuable information for future Development Agreement negotiations, which likely will occur subsequent to the Specific Plan process. The Scope of Work briefly describes potential follow-on work related to the DA, but it is anticipated that these additional efforts would be agreed upon before commencement of a second phase of work.

As the leader of the EPS team, I am personally committed to the success of this engagement, and will participate in a hands-on manner. I will act as Principal in Charge, supported by the experienced and talented EPS staff in our Oakland office, as well as our subconsultants. I am available for meetings or by phone as needed, and the proposed Scope of Work includes the requested in-person engagements. I welcome the opportunity to discuss this proposal and also would be pleased to supply any additional information you may require. Please contact me at (510) 841-9190 or at [bsigman@epsys.com](mailto:bsigman@epsys.com).

EPS has been very pleased to assist the City of Cupertino with land use development economics services in the past and we very much look forward to working with you, if selected, to accomplishing a successful plan for Vallco. The Scope of Work and estimated budget included herein represents our best understanding of your needs at this time. We would be happy to refine the proposed work scope as needed to best meet your needs.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.



Benjamin C. Sigman  
Principal

## **Proposed Preliminary Scope of Work**

### **Vallco Specific Plan Real Estate Economics and Fiscal Analysis**

### **Technical Services**

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The following Scope of Work describes the EPS team's proposed approach to support the City of Cupertino (City) with preparation of a Specific Plan for the Vallco site. The work is divided into several tasks, with each task described in detail below.

#### **Task 1: Project Initiation**

EPS will attend a Project Initiation meeting to clarify the scope and schedule for the engagement, obtain background documents and other information, and discuss key issues to be addressed through technical economic and financial research and analysis efforts. EPS will lead a discussion concerning recommended approaches to the work and analytical outputs requested by the City. As part of Project Initiation, EPS will coordinate with the City and its Planning Consultant to establish a projected timeline for the engagement, with target dates for potential check-in calls and meetings, draft and final deliverables, workshops and hearings, and other key milestones.

#### **Task 2: Value- and Cost-Side Inputs for Financial Analysis**

EPS will establish and document real estate market potential and development cost factors relevant to the Vallco site. As part of its market assessment, EPS will consider broad market trends as well as detailed information concerning new, high-performing local and regional comparable projects, including their market positioning, architectural format, amenity offerings, and market value. The outputs from this market research will serve as critical inputs to the subsequent pro forma cash flow financial feasibility analysis. Also as part of **Task 2**, BKF Engineers and Saylor Consulting will provide cost-side inputs for the financial analysis, including horizontal and vertical development cost assumptions.

The EPS team will assess market values and development costs for the range of land uses contemplated for the Vallco site. This preliminary proposal assumes analysis of up to four (4) primary land uses contemplated at the Vallco site, likely office, retail, residential, and hotel uses. For these uses, the **Task 2** work effort will establish market trends, market valuations, and construction costs:

- **Market Trends.** EPS will research and document trends in lease rates, vacancy rates, new product deliveries, and other relevant market data for each land use category, locally and regionally. These data will offer a critical market-focused geographic and historical context for preparation of Specific Plan alternatives. In addition, EPS will consider real estate product trends that are relevant to planning for the Vallco site. Of particular importance, EPS will collaborate with Steve Lawton of Main Street Property Services to accurately characterize and assess retail potential at Vallco.
- **Market Valuations.** EPS will study real estate market product values in the local and regional market, including sale values and lease rates for product types that may be most appropriate for development at the Vallco site. This focus on product valuation will hone in on specific building sale and lease transactions. EPS will consider a range of potentially

comparable projects, developing case studies as appropriate, to establish market data for subsequent financial pro forma feasibility analysis.

- **Construction Costs.** The EPS team will assess development costs, including for overall horizontal development of the project site and for prototypical real estate projects. In consultation with BKF Engineers, the EPS team will identify site conditions and horizontal development needs and associated costs, including building removal, backbone roadways, and utility infrastructure improvements.<sup>1</sup> Further, in consultation with Saylor Consulting, EPS will pinpoint current vertical development costs for prototypical real estate development projects.<sup>2</sup> Through this robust horizontal and vertical development cost analysis, the EPS team will establish current, defensible cost projections associated with the development of the Specific Plan area, ensuring that the financial feasibility analysis is reflective of site-specific challenges and current real estate development conditions.<sup>3</sup>

The data and findings from **Task 2** will provide the basis for EPS evaluation project feasibility in **Task 3** as well as potentially inform future negotiations with the project applicant.

### **Task 3: Real Estate Financial Feasibility**

A site-specific pro forma financial feasibility model and analysis for the Vallco Specific Plan will offer critical input to preparation of Specific Plan alternatives and also will be available to support future Development Agreement negotiations. In **Task 3**, EPS will develop a pro forma financial analysis to inform the overall financial viability of project alternatives, as well as the potential for the Specific Plan to fund community benefits.

The pro forma financial model prepared for this effort will support testing of development alternatives and key real estate development variables. EPS will rely on a “static” (stabilized year) pro forma financial analysis to test project alternatives’ feasibility and to determine their ability to support community benefits. The EPS pro forma will detail the development program by use, with cash flow analysis and development cost budgets for each. The model will establish the residual land value for each land use (i.e., value net of development costs including required developer returns). These residual land value estimates will establish project feasibility and provide a gauge on the potential for additional community benefits.

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<sup>1</sup> Horizontal cost analysis includes up to three (3) distinct plan layouts. It is anticipated that additional alternatives may be established and costed based on these initial horizontal development studies.

<sup>2</sup> Vertical cost analysis will focus on two (2) primary building prototypes, likely one residential and one commercial prototype, to establish current construction cost factors. Additional building cost estimates may tier off these initial cost studies as necessary.

<sup>3</sup> The EPS team believes that detailed costing is appropriate, given recent cost escalation conditions in the Bay Area and the likelihood that a realistic and well-documented development costs will be critical to future negotiations with a project applicant.

This preliminary proposal assumes financial analysis of up to five (5) Specific Plan alternatives that evolve from the public outreach process, with sensitivity analysis around each, as appropriate. It is anticipated that preparation of preferred alternatives will be an iterative process, with refinements to the five initial program tests that seek balance physical aspects of the project, financial performance, community benefits, and other factors. EPS will collaborate with the City and its Planning Consultant to establish a preferred Specific Plan in **Task 5** of this Scope of Work. Initial feasibility testing in **Task 3** ensures that the Specific Plan alternatives will be financially viable, and if not, assesses the degree to which public subsidies may be required to achieve feasibility.

In a future phase of work (not included in this Scope of Work), the pro forma model and analysis also can be used to inform deal points and to test alternative development strategies and financial alternatives. EPS's model programming will provide a means of testing market and financial assumptions, such as rates of return, development programs, phasing, and other project characteristics. As part of model development, EPS will coordinate with the City to ensure that the EPS model will meet the needs of the anticipated future Development Agreement negotiation process.

#### **Task 4: Fiscal Impact Analysis**

EPS will conduct a fiscal analysis that evaluates the ongoing impact of Vallco alternatives on the City's General Fund at buildout. EPS will build on prior fiscal analyses conducted for Cupertino, using the most recent City budget as the basis for cost analysis. The fiscal impact analysis will estimate public service costs using an average cost methodology, except where project impacts are likely to have unique and quantifiable fiscal cost effects on the City. The analysis also will consider General Fund revenues attributable to Specific Plan alternatives, including property tax, sales tax, transient occupancy tax, and other sources, as appropriate. Based on estimates of General Fund costs and revenues, EPS will estimate the net annual fiscal impact on the City for five (5) Specific Plan alternatives, conducting sensitivity analysis as needed to establish the likely range of potential fiscal outcomes.

#### **Task 5: Program Recommendations**

Considering the analytical outputs from **Task 3** and **Task 4**, and in close coordination with the City, EPS will recommend program elements for inclusion in Vallco Specific Plan alternatives. The EPS proposal assumes that the City and its Planning Consultant ultimately will advance five alternatives, potentially including a baseline (no project), current General Plan, and three (3) other new alternatives, which probably will include housing. To assist the City with program recommendations, EPS will rely on financial feasibility testing and fiscal impact assessment to inform recommended real estate formats, development densities, program mix, infrastructure investments, public realm improvements, and other program characteristics as appropriate. EPS will finalize the financial feasibility analyses and fiscal impact analyses for up to five final Specific Plan alternatives.

#### **Task 6: Meetings and Public Hearings**

EPS is available to attend meetings with City staff and the consulting team, and also to make presentations, as requested by the City. Our preliminary proposal includes EPS in-person attendance at two (2) public outreach workshops and (8) eight hearings, as well as conference calls as needed. Additional in-person meetings and presentations may be requested and would

be billed on a time-and-materials basis at standard hourly rates or agreed upon through a contract amendment.

### Optional Negotiation Support

It is understood that establishing market viability, assessing the potential of the Specific Plan to provide community benefits, and evaluating economic and fiscal impacts will be the primary goals of EPS's analyses. It also is understood that the project applicant likely will request a Development Agreement with the City and that future project negotiations may benefit from technical tools and information prepared as part of this Scope of Work. EPS is available to review and assess the impact of critical project deal points on project feasibility, including for example community benefits, unique cost factors, and the timing effects of phased development. Negotiation support would be conducted on a time-and-materials basis at standard hourly rates or agreed upon through a contract amendment.

### Deliverables

The preliminary proposed Scope of Work includes EPS delivery of three technical memoranda. It is anticipated that these documents would cover (i) financial feasibility, (ii) fiscal impacts, and (iii) recommendations concerning Specific Plan alternatives. It may be that the memoranda are organized by subject matter or, alternatively, released sequentially over the duration of the process to provide updates on all aspects of the study. EPS will author each memorandum, accept one-round of consolidated comments from the City and its Planning Consultant, revise the memorandum as appropriate, and finalize the document. It is anticipated that these memoranda will provide significant content for staff reports and public presentations, but the authorship of such additional project documents would be conducted on a time-and-materials basis at standard hourly rates or agreed upon through a contract amendment.

### Proposed Budget

The budget estimate associated with the Scope of Work in this Preliminary Proposal is **\$146,200**. This not-to-exceed budget includes all anticipated project costs. While EPS strongly recommends the inclusion of a cost estimator and retail expert, the project can be completed for approximately \$118,700 if the efforts of these subject experts are excluded from the Scope of Work.

The estimated average cost per in-person engagement, including workshops and hearings, is \$1,880. This estimate assumes that the EPS Principal attends all meetings and an EPS Associate attends one-third of the meetings.

Charges for EPS time are based on the amount of time actually spent. Expenses for travel, data, facsimiles, copying, and other project related items are billed at cost. **Table 1** below details our not-to-exceed budget for the Scope of Work.

**Table 1 Budget Estimate for Vallco Specific Plan Economics Services**

Task/ Description	EPS Staff			Staff Cost Subtotal	Subconsultants			EPS Expenses	Total Cost
	PIC	Associate	RA		BKF	Saylor	MSPS		
Task 1: Project Initiation	4	4	2	\$1,880	\$0	\$0	\$0	\$0	\$1,880
Task 2: Value- and Cost-Side Inputs for Financial Analysis	16	60	40	\$18,500	\$25,000	\$10,000	\$7,500	\$1,300	\$62,300
Task 3: Real Estate Financial Feasibility (5 Alternatives)	30	80	10	\$21,200	\$5,000	\$10,000	\$0	\$0	\$36,200
Task 4: Fiscal Impact Analysis (5 Alternatives)	12	60	12	\$13,860	\$0	\$0	\$0	\$0	\$13,860
Task 5: Program Recommendations and Analysis (5 Alternatives)	16	20	8	\$8,140	\$5,000	\$0	\$0	\$0	\$13,140
Task 6: Meetings and Public Hearings	60	20	0	\$18,100	\$0	\$0	\$0	\$720	\$18,820
Billing Rates *	\$250	\$155	\$130						
<b>Total Project Costs</b>				<b>\$81,680</b>	<b>\$35,000</b>	<b>\$20,000</b>	<b>\$7,500</b>	<b>\$2,020</b>	<b>\$146,200</b>

\* Billing rates shown are applicable during 2017 and are subject to change annually.

## Project Team

EPS organizes projects to bring the most relevant in-house talent to each assignment. While our staff works fluidly to produce project analyses and deliverables, each engagement is assigned a Principal-in-Charge who bears the ultimate responsibility for a project's successful completion and who is available to the client on a day-to-day basis. EPS also will assign a project manager to assist the PIC.

The following EPS staff will play a primary role in this effort:

- **Benjamin C. Sigman**, Principal at EPS, will serve as Principal-in-Charge of the EPS team. He will be the primary point of contact for the engagement and will be responsible for the coordination of EPS team work products, including technical work, deliverables, and correspondence. Ben brings more than 15 years of experience providing economics, land use, and real estate advisory services to public, private, not-for-profit, and institutional clients. His experience spans residential, retail, office, industrial, hospitality, entertainment, infrastructure, and open space conservation projects throughout the United States. He has advised on urban infill, transit-oriented development, and brownfield redevelopment as well as large-scale master-planned developments and habitat conservation plans. Ben holds a Bachelor of Arts in Economics from Colby College and a Master of Science in Agricultural and Resource Economics from the University of California, Davis.

Other key members of the EPS team include:

- **Daniel Schaefer**, PE | LEED® AP, QSD, Principal at BKF, will lead and serve as point of contact for the BKF effort. Utilizing BKF's problem solving abilities, and by understanding and aligning his client interests, Dan leverages BKF efforts to maximize value. He enjoys working with clients during the feasibility, alternative analyses, and planning process to ensure that the project's viability is considered early and throughout implementing the project. Dan's 28 years of joint public and private experience provide a unique perspective to projects. In working with clients to create a shared vision, Dan implements those ideals into practical solutions with clear intent.
- **Stephen Lawton** is a Retail Consultant for Main Street Property Services. He provides advisory services to owners, developers, and public agencies seeking to establish or reposition walkable, mixed-use retail districts. Steve is dedicated to assisting Main Street's clients navigate the complex physical, financial, governance and community issues that accompany urban infill development. He advises clients proposing new, mixed-use buildings or communities, including on retail market feasibility, site planning, entitlement support, public outreach, architectural review, shell specification, and community governance. He also consults with public sector clients grappling with changes in their retail streets, offering guidance on capital improvement programs and economic development strategies. Steve holds a BA degree in Economics from the University of California, Berkeley, is a published author, and a licensed real estate broker.
- **Andrew Chalabardo**, Senior Project Manager at Saylor Consulting Group, will lead and serve as point of contact for the Saylor Consulting effort. Andrew is a Chartered Quantity Surveyor (MRICS) and Professional Quantity Surveyor with the Canadian Institute of Surveyors (PQS) with expertise in budget control from project inception to project completion. His clients include government investment funds, private investment funds, real estate developers, major lenders, and investment banks.

Firm profiles for EPS, BKF, and Saylor Consulting are enclosed. Additional information and references are available upon request.



# *ECONOMIC & PLANNING SYSTEMS, INC.*

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## **The Firm**

Economic & Planning Systems, Inc. (EPS) is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.

## **Guiding Principle**

EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.

## **Areas of Expertise**

- Real Estate Market and Feasibility Analysis
- Public Finance
- Fiscal and Economic Impact Analysis
- Reuse, Revitalization, and Redevelopment
- Real Estate Transactions and Negotiations
- Regional Economics and Industry Analysis
- Land Use Planning and Growth Management
- Open Space and Resource Conservation
- Government Organization
- Transportation Planning and Analysis
- Asset Valuation and Repositioning

## **Clients Served**

Since 1983 EPS has provided consulting services to hundreds of public- and private-sector clients in California and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.

## **Staff Capabilities**

The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. The firm excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.

## **EPS Locations**

Oakland, Sacramento, Los Angeles, and Denver

## **EPS Web Site**

[www.epsys.com](http://www.epsys.com)

## Real Estate Market and Financial Feasibility Analysis

EPS prepares technically rigorous real estate market and financial feasibility analyses for private- and public-sector clients. EPS's market analyses provide a research-based assessment of real estate conditions to estimate potential market support for real estate projects and urban development plans. These market analyses range from high-level evaluations of existing market information to detailed, project-specific market demand forecasts that rely on consumer surveys and other primary research.

EPS's financial feasibility analyses evaluate the potential financial returns and related feasibility of real estate projects, drawing on market pricing and absorption potential, analysis of development costs, and a keen understanding of real estate investor objectives. The feasibility analyses include pro forma cash flow models that test feasibility under various project alternatives, market assumptions, financing and partnership options, disposition strategies, and measures of financial return.

EPS's market and financial feasibility analyses support a range of real estate-related activities, as described below.

- **Market Demand Analyses**—EPS market demand analyses provide a realistic assessment of real estate-market trends to determine the potential market support for a given project or land use plan. Depending on the needs of the project, EPS market analysis efforts range from evaluations of existing market information to provide market value assumptions for financial feasibility estimates to detailed project-specific market forecasts using consumer surveys and other primary research.
- **Project Feasibility**—EPS prepares real estate market and financial feasibility analysis for mixed-use, retail, office, housing, lodging, or entertainment projects. Pro forma cash flow models are utilized to test feasibility under a range of project alternatives, financing, and partnership options, disposition strategies, and measures of financial return. Project feasibility analyses are commonly used to determine the economic value of requested change(s) to land use and zoning regulations.
- **Developer Negotiations**—EPS prepares feasibility studies and economic analyses to support real estate and infrastructure negotiations involving public and private participants. These negotiations have resulted in development agreements, owner participation agreements, and participation and disposition agreements.
- **Public/Private Financing**—EPS evaluates the optimal levels of public financial support to attract developer interest or to complete the financing program for a proposed project. Project experience includes identifying and forecasting potential funding sources; allocating capital costs among participating entities; public finance negotiations, including drafting development agreements; and formulating assessment rates, special tax formulas, and fee ordinances.

## Representative Clients

### *Cities*

Anaheim, California  
Aspen, Colorado  
Auburn, California  
Berkeley, California  
Boulder, Colorado  
Chico, California  
Citrus Heights, California  
Concord, California  
Cupertino, California  
Davis, California  
Folsom, California  
Fremont, California  
Los Angeles, California  
Merced, California  
Modesto, California  
Napa, California  
Oakland, California  
Palo Alto, California  
Pleasanton, California  
Redding, California  
Redwood City, California  
Richmond, California  
Rocklin, California  
Roseville, California  
Sacramento, California  
San Clemente, California  
San Francisco, California  
San Jose, California  
San Luis Obispo, California  
San Mateo, California  
Santa Barbara, California  
Santa Monica, California  
Santa Rosa, California  
Seaside, California  
Sunnyvale, California  
Truckee, California  
Turlock, California  
Vacaville, California  
Vallejo, California  
Ventura, California  
Walnut Creek, California  
Watsonville, California  
Winters, California

### *Counties*

Alameda, California  
Contra Costa, California  
El Dorado, California  
Marin, California  
Mendocino, California  
Merced, California  
Monterey, California  
Orange, California  
Placer, California  
Pitkin County, Colorado

Sacramento, California  
Sutter, California  
Yolo, California  
Yuba, California  
San Joaquin, California  
San Luis Obispo, California  
San Mateo, California  
Santa Cruz, California  
Sonoma, California

### *Public Agencies and Special Districts*

Alameda County Congestion Management District  
Alameda Reuse and Redevelopment Authority  
Bay Area Rapid Transit District  
Capital Area Development Authority  
Capital District Transportation Authority, New York  
Contra Costa LAFCO  
East Bay Regional Park District  
El Dorado Hills CSD  
El Toro Redevelopment Authority  
Fort Ord Reuse Authority  
Incline Village G.I.D.  
Los Angeles Community Redevelopment Agency  
Olivehurst Public Utility District  
Port of Los Angeles  
Port of Oakland  
Port of San Diego  
Port of San Francisco  
Sacramento Area Council of Governments  
Sacramento Open Space Commission  
Sacramento Regional Transit  
San Joaquin Council of Governments  
Transmission Agency of Northern California  
Tri-Valley Wastewater Authority  
Treasure Island Development Authority

### *State Agencies*

California Attorney General  
California Coastal Conservancy  
California State Department of Fish and Wildlife  
Caltrans

### *Private Sector*

AEW Capital Management  
Aspen Skiing Company  
A. Teichert & Son  
Beazer Homes  
Buzz Oates Enterprises  
Callahan Property Company  
Camray Development and Construction Co.

Catellus Development Corporation  
Centex  
Continuum Partners LLC  
Corrie Development Corporation  
DKM Investments, Inc.  
El Dorado Hills Development Co.  
FHK/Ward Company  
First Commercial Bank  
Forest City Development  
Georgia-Pacific  
General Growth Partners  
Graham Development Company  
Granite Power and Development Co.  
Hyatt Rickeys  
The Hofmann Company  
Jones Lang LaSalle  
JPI West Coast Construction  
KB Home  
Kaiser Permanente  
L & P Land Development  
Lennar Communities  
Lewis Homes  
McClellan Business Park  
McCuen Properties  
Morrison Homes  
Pacific Construction Company  
Pacific-Teal Development  
Pacific Telesis  
Pacific Gas & Electric Properties  
Powell Development  
Prometheus Development Company  
Prudential Development Group  
Pulte Homes, Inc.  
Resort Development Company  
Reynen & Bardis Communities  
Sears, Roebuck and Co.  
Shaffer Management Group  
Southern Pacific Transportation Co.  
Sterling Pacific Assets  
The DeSilva Group  
The Hodgson Company  
The MacDiarmid Company  
The Pivotal Group  
The RREEF Funds  
Wadsworth Golf Construction  
Waterworld Resorts, Inc.  
WCI Communities, Inc.

### *Educational Institutions*

Chabot-Las Positas Community College District  
Rocklin Unified School District  
Sacramento State University  
University of California, Berkeley  
University of California, Merced  
University of California, Office of the President  
University of California, Santa Cruz

## EPS Project Examples

### ***Peery Park Community Benefits Financial Analysis*** *Sunnyvale, California*

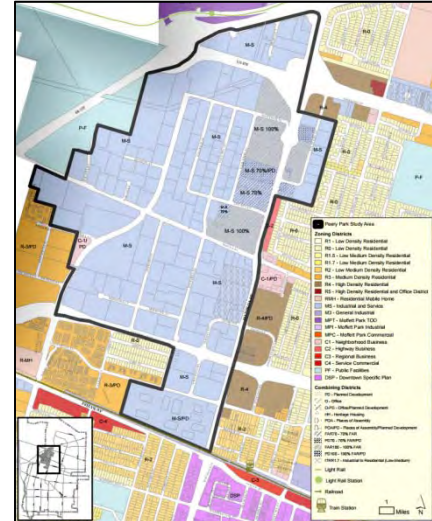
The Peery Park area of Sunnyvale, like many other older low-rise office and industrial areas in Santa Clara County, is in the midst of a transformation from homogeneous low-density commercial business parks to higher-density, modern, mixed-use districts. To guide the transformation of this area, the City of Sunnyvale embarked on the preparation of a Specific Plan for the area. The hope is that the planning work will promote revitalization and intensification of Peery Park. The evolution of Peery Park offers a range of economic and fiscal benefits for the City, and also potential opportunities for achieving additional community benefits through incentive zoning.

The EPS engagement with the City of Sunnyvale focused on development economics and, specifically, the potential economic value created by optional up-zonings contemplated by the proposed Peery Park Specific Plan. In collaboration with City staff, EPS identified a range of real estate development scenarios (i.e., real estate product “prototypes” and their associated land, parking, and other site and building characteristics). The analysis established base-case scenarios for comparison to scenarios that take advantage of higher density allowances that might be made available through incentive zoning. The financial analysis of base-case and higher-density alternatives evaluated the value created by the potential zoning incentives and explored through sensitivity analysis the value created or lost under a range of economic and market conditions. The City relied on the EPS financial analysis as a key input in the crafting of Peery Park community benefit requirements.

#### *Project Reference:*

Connie Verceles  
Economic Development Manager, City of Sunnyvale  
(408) 730-7256  
cverceles@sunnyvale.ca.gov

**Peery Park Study Area**



**2211 Harold Way - Downtown Berkeley Community Benefits Financial Analysis**  
*Berkeley, California*

The 2211 Harold Way project is an 18-story, 180-foot mixed-use tower proposed for development in Downtown Berkeley. The project was the first to request approval under the City's Downtown Area Plan and its 2012 zoning ordinance, which requires "significant community benefits" for structures taller than 75 feet. The City of Berkeley engaged EPS to assist with review of the community benefits proposed by the 2211 Harold Way applicant.

EPS reviewed the applicant's community benefit proposal and quantified its economic value. The analysis focused on the value attributable to two key elements of the proposal, a Project Labor Agreement (PLA) and the inclusion of a movie theater in the project. EPS evaluation of the PLA relied on interviews with local Labor representatives, interviews with local developers, and a review of academic literature on the topic. The EPS analysis of the movie theater proposal identified the market value of the movie theater use, and compared that value to the cost of development, to establish the private-funding gap that would exist in the absence of the community benefits program. The EPS analysis provided quantitative results that informed the Berkeley Zoning Adjustments Board's review of community benefit requirements and the decision to grant the project its Conditional Use Permit.



MVEI Architecture and Planning

*Project Reference:*

Shannon Allen  
Principal Planner, City of Berkeley  
(510) 981-7430  
ShAllen@ci.berkeley.ca.us



### **2190 Shattuck - Downtown Berkeley Community Benefits Financial Analysis**

*Berkeley, California*

EPS currently is assisting Mill Creek Residential (MCR) with financial analysis of their proposed project and community benefits offering associated with 2190 Shattuck Avenue within the Berkeley Downtown Area Plan. MCR is seeking to develop a 180-foot tower, an entitlement which requires “significant community benefits” per City code. As part of this effort, EPS conducted market analysis, financial feasibility analysis, economic and fiscal impact assessments, and advised MCR on their community benefit package.

EPS undertook a phased approach to research, documentation, communications, and follow-on efforts with MCR. EPS initially prepared technical analysis and documentation covering an evaluation of the economic potential of the downtown Berkeley site and financial feasibility of the proposed project. As part of this effort, EPS studied the applicant’s proposed project as well as project alternatives, including a project of only 75 feet in height. In a later phase of work, EPS supported MCR efforts to communicate economic and financial findings to a range of audiences and advised on the community benefits proposal. MCR currently is finalizing application materials for submittal to the City of Berkeley.

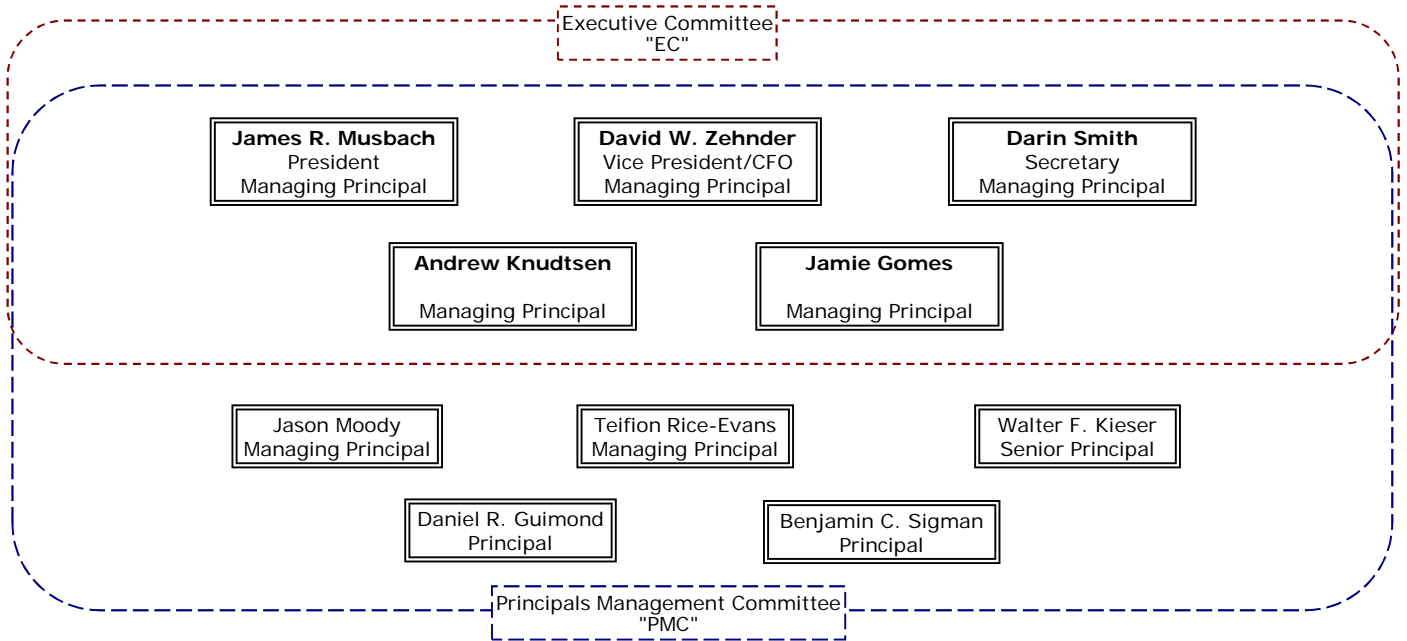


*WRNS Studio*

#### *Project Reference:*

Mr. Matt Udouj  
Development Associate, Mill Creek Residential  
(650) 248-2130  
mudouj@MCRTTrust.com

# Organization Chart



EPS Oakland		EPS Sacramento		EPS Denver	
Jason Moody	Managing Principal	Jamie Gomes	Managing Principal	Andrew Knudtsen	Managing Principal
Jim Musbach	Managing Principal	David Zehnder	Managing Principal	Dan Guimond	Principal
Teifion Rice-Evans	Managing Principal	Amy Lapin	Executive Vice President	Brian Duffany	Vice President
Darin Smith	Managing Principal	Ellen Martin	Executive Vice President	Matt Prosser	Vice President
Ben Sigman	Principal	Russ Powell	Senior Vice President	David Schwartz	Vice President
Walter Kieser	Senior Principal	Tom Martens	Vice President	Tim Morzel	Senior Associate
Ashleigh Kanat	Executive Vice President	Allison Shaffer	Senior Technical Associate	Elliot Kilham	Associate
Michael Nimon	Vice President	Megan Quinn	Senior Associate	Rachel Shindman	Associate
Ed Sullivan	Senior Technical Associate	Sean Fisher	Associate	Lisa Marie Eytcheson	Production Manager
Jenny Lin	Associate	Kate O'Beirne	Associate	Lena Soister	Office Manager
Paige Peltzer	Associate	Mark Polhemus	Associate		
Claire Desser	Research Analyst II	Delia Cruz	Staff Accountant		
Sadie Wilson	Research Analyst II	Lily Sto. Domingo	Staff Accountant		
Nerissa de Jesus	Production Manager	Michelle Mayer	Human Resources/Benefits	<b>EPS Los Angeles</b>	
Susan Marcus	Administrative Manager	Victoria Allensworth	Production Manager	Andrew Kaplan	Vice President
Denise Young	Administrative Assistant	Anya Tamagni	Office Manager	Michelle Chung	Associate
				Frank Refuerzo	Associate

## CIVIL ENGINEERING . SURVEYING . PLANNING

### *Delivering Inspired Infrastructure*

For 100+ years, BKF has Delivered Inspired Infrastructure to its clients. As a result, we have earned our clients trust, and thereby their repeat business. BKF has worked diligently to help our clients achieve their goals, and bring their projects across the finish line. Through our network of 13 offices in California, we have developed extensive local knowledge that provides us with a keen understanding of issues relating to feasibility, permitting, and entitlement approvals.

BKF provides civil engineering, land surveying, and land planning services for government agencies, institutions, developers, architects, contractors, school districts, and corporations. Our markets include healthcare, education, residential, commercial, industrial, corporate, transportation, and public works. We provide a number of specialty services including sustainable design, site accessibility consulting, hydrology/hydraulics, traffic signal design, and 3D laser scanning.

BKF's 100+ years of engineering, surveying and planning have produced some of the most recognized projects in California. By combining our years of experience in diverse markets with new, innovative approaches to problem solving we have grown to our current 13 offices with over 400 experienced staff. This success has compelled **ENR California** to name BKF the **2017 Design Firm of the Year!**



Treasure Island, San Francisco, CA



Oracle, Redwood Shores, CA

### OFFICES

Redwood City	650.482.6300
Lathrop	209.923.8200
Newport Beach	949.526.8460
Oakland	510.899.7300
Pleasanton	925.396.7700
Richmond	510.529.0336
Sacramento	916.556.5800
Salinas	831.205.5880
San Francisco	415.930.7900
San Jose	408.467.9100
San Rafael	415.930.7960
Santa Rosa	707.583.8500
Walnut Creek	925.940.2200



Santana Row, San Jose, CA

### CIVIL ENGINEERING

- Site Development
- Streetscape Design
- Parking Lot Planning & Design
- Grade Separations
- Joint Trench Coordination
- Site Grading

### WATER RESOURCES

- Storm, Sewer and Water Systems
- Storm Water Quality Compliance
- Erosion Control & SWPPP
- Pump Station
- Detention Systems
- Hydraulic & Hydrology Studies
- Utility Master Planning & Design

### TRANSPORTATION

- Geometric Roadway Design
- Traffic Signal Design
- Traffic Impact Studies
- Highway and Interchange Design
- Traffic Circulation
- Light and Heavy Rail

### LAND PLANNING

- Master Planning
- Zoning Modification
- Permit Application
- Contract Planning to Public Agencies

### ENTITLEMENT SUPPORT

- Review Permit Requirements
- Hard/Soft Cost Estimates
- Environmental Review Support
- Tentative Map Preparation
- Scheduling
- Feasibility Studies
- Due Diligence Reports

### SURVEY

- GPS Surveys
- Right-of-Way Mapping
- ALTA/ASCM Surveys
- Topographic Mapping
- High Resolution Scanning
- GIS Mapping
- Subdivision Mapping
- Boundary Surveys
- Construction Surveying

### SPECIALTY SERVICES

- Landfill Reclamation
- Wetlands Permits
- Project Management
- Differential Settlement Site Design
- LEED Documentation Support
- Construction Management
- Expert Witness





## **A History of Service**

Saylor Consulting brings together a staff of experienced consultants who have helped shape and pioneer the field of cost consulting and continue to develop new approaches to maximize cost savings and streamline construction management in an ever-changing business environment. Nationally recognized as experts in their fields, Saylor and its staff have built their reputation on innovation, expertise, and service to the client. We are proud that many of the techniques used in the industry today were created and developed by members of the Saylor staff. Today, Saylor offers a wide range of services, combining project management, estimating, scheduling, value engineering, life cycle cost, material selection and specification research to give architects, engineers, contractors, developers, lenders and owners complete command over project cost control, quality and on-time completion.

## **Cost Estimating**

The Cost Estimate is the foundation for a successful construction project. Through estimating, we are able to establish a budget for the project and measure the project's progress against that budget. Using Integrated Cost Management, the Saylor staff uses the most accurate up-to-date cost information to gauge the impact of different design options on cost, schedule and quality of a project. We take into consideration actual construction costs and hidden expenditures such as life cycle costs. We care not only about the dollar amount of a project, but also the value our clients receive for that dollar. Pioneers in the fields, our staff continues to develop innovative approaches in the business of Cost Estimating.

## **Project Contact:**

Andrew Chalabardo MRICS, PQS  
Leland Saylor Associates  
101 Montgomery Street, Suite 800  
San Francisco, CA 94104  
[www.lelandsaylor.com](http://www.lelandsaylor.com)



Founded in 1997, Main Street Property Services, Inc. with offices in Lafayette and Pleasanton, California is a premier retail real estate services company providing the highest level of specialized leasing, project positioning, remerchandising, development, and tenant representation services for retail property owners, investors, tenants and municipalities throughout Northern California.

By focusing exclusively on retail, Main Street Property Services, Inc. provides clients with a competitive edge by supplying first-hand knowledge of activities and transactions throughout the retail real estate industry.



Main Street Property Services, Inc. is a hands-on company that involves itself in a project from entitlement to completion of leasing. Responding to the needs of developers, owners, investors and retailers, the company provides a full-range of services and



has established itself as a leader in leasing and downtown shopping districts and retail projects throughout Northern California.

The primary focus at Main Street Property Services, Inc. is remerchandising and leasing downtown retail shopping districts as well as community, neighborhood, and lifestyle centers.

Special attention is paid to every detail in the projects represented by the company. Main Street Property Services, Inc. works to establish the best possible merchandise mix for each project creating a selection of retailers that results in increased retail performance.

Main Street's objective is to achieve maximum value for our clients by providing superior long term solutions to retail projects utilizing creative leasing strategies.

## *EPS 2017 HOURLY BILLING RATES*

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Managing Principal	\$275–\$315
Senior Principal	\$315
Principal	\$250
Executive/Senior Vice President	\$230
Vice President	\$210
Senior Technical Associate	\$210
Senior Associate	\$190
Associate	\$155
Research Analyst II	\$130
Research Analyst I	\$90
Production and Administrative Staff	\$90

*Billing rates updated annually.*