



Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Stephen M. Haase

**SUBJECT: Continuation Agreement for
Fiscal Impact Study Consultant
Contract with Strategic Economics**

DATE: May 5, 2004

Approved

Date

Council Districts and SNI Areas: Citywide

RECOMMENDATION

The City Council approve the continuation agreement with Strategic Economics to continue the term of their consultant agreement from December 31, 2003 to June 30, 2004, to revise the scope of work to reflect additional work of data collection and processing for use in the fiscal impact model, and to increase the total compensation allowed to the consultant by approximately \$10,500 from \$139,452 to \$150,000.

BACKGROUND

On June 24, 2003, the City Council authorized the City Manager to negotiate and execute an agreement with the selected consultant for the preparation of a Fiscal Impact Study, in an amount not to exceed \$150,000. The firm of Strategic Economics was selected and an agreement was executed in the actual amount of \$139,452. The original completion date for the study was anticipated to be September 12, 2003 and termination date of the agreement was December 31, 2003.

ANALYSIS

The process for preparing the fiscal impact analysis turned out to be much more complex and time-consuming than originally expected, due to several factors. Additional work was performed by the consultants and schedule extensions were necessary to meet the project objectives for this important study of the fiscal conditions in San Jose. The initial task of acquiring and verifying data for from a variety of sources, including the Census, Employment Development Department (EDD), Santa Clara County Assessor's Office and the State Board of Equalization for use in the

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GIS-based fiscal impact model required over two months of additional time and many additional hours of manual data correction. Additional time was also required to analyze employment trends, portions of which were incorporated into the Economic Development Strategy prepared by the Office of Economic Development.

The timeline for public outreach and review of the draft document with stakeholder groups through the Developers' Roundtable was extended to allow for complete discussion and feedback, including a focus group meeting with development and industry representatives. The draft Fiscal Impact Study report was delivered by the consultants in February. The extension of the agreement to June 30, 2004 will recognize the additional work performed by consultants as described above, as well as the additional time that the consultants needed to perform that work, allow time for the consultants to complete final elements of the GIS-based fiscal impact model specified in the agreement scope and also provide time for processing and execution of final payments to consultants.

As noted above, the original cost of the agreement was \$139,452. Based on the additional work performed by the consultant, as described above, Planning Staff recommends revising the scope of the agreement accordingly and that the consultant be paid an additional amount of \$10,500. This would bring the total contract amount to approximately \$150,000, which remains within the not-to-exceed amount for this agreement previously approved by the City Council.

OUTREACH

Outreach to the real estate development industry occurred throughout the development of the Strategic Economics report as well as in the creation of the Framework. Specifically, the consultant team met with the PBCE Developer Roundtable in July and October, 2003 and February, 2004. The draft final report was posted to the Planning website and hard copies were available upon request. Two focus groups were held as part of this effort, one at the beginning of the study with a group of commercial/ industrial developers, brokers, and corporate facilities planners and one in late February to discuss the draft study recommendations with industry representatives. No additional outreach was conducted in conjunction with preparation of this memo.

COORDINATION

Preparation of this memorandum was coordinated with the City Attorney's Office and the Budget Office.

CEQA

Not a project.

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BUDGET REFERENCE

Fund: 001/443
Appropriation: 0582 (001) / 0582)(443)
Amount: \$112,500 (001) / \$37,500 (443)
Budget Document: 2003-04 Adopted Operating Budget, Page 472

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Planning, Building and Code Enforcement