



April 13, 2018

George Schroeder, Senior Planner
Community Development Department
City of Sunnyvale
via email: gschroeder@sunnyvale.ca.gov

**Subject: Proposal for Technical and Environmental Services
Lawrence Station Area Plan Update
City of Sunnyvale**

Dear Mr. Schroeder:

The Lawrence Station Area Plan (LSAP) Update would assist the City in its need to further increase the housing supply available to existing and future residents. This project also meets the City's objectives of providing mixed-use development opportunities near key public transportation facilities (Caltrain Lawrence Station). We have assembled a team of economic, engineering, and environmental professionals to meet your needs in processing this project under LSAP Update. Our team also includes staff with recent local experience in the project area associated with the LSAP, Intuitive Surgical, and Greystar projects.

We look forward to the opportunity to work with you and other City staff and appreciate your consideration of our submittal. Pat Angell will be your primary point of contact for this effort. Please feel free to contact either of us regarding questions or suggested refinements to the scope of work.

Sincerely,

Handwritten signature of Patrick Angell in blue ink.

Patrick Angell
Senior Director
e: pat.angell@ascentenvironmental.com
p: 916.732.3324

Handwritten signature of Amanda Olekszulín in blue ink.

Amanda Olekszulín
Principal
e: amand.olekszulín@ascentenvironmental.com
p: 916.930.3183

Enclosures

- A Scope of Work and Schedule
- B Subconsultant Scopes of Work

[File No. 18010029.00]

ATTACHMENT A

LAWRENCE STATION AREA PLAN UPDATE CALIFORNIA ENVIRONMENTAL QUALITY ACT REVIEW SCOPE OF WORK, SCHEDULE, AND PRICE

PROJECT UNDERSTANDING

The Lawrence Station Area Plan (LSAP) was adopted in December 2016. As part of its adoption the City Council directed staff to return with a study and update to the LSAP to allow for additional residential development beyond the 2,323 dwelling units in the plan. City staff have identified three options that would provide 1,075 to 2,839 additional residential dwelling unit potential to the LSAP. There are four areas near the Caltrain Lawrence Station site that have been identified for potential re-designation under the LSAP to provide this residential development. The City Council will provide direction to staff on which option will be the basis of the LSAP Update prior to commencement of work.

The LSAP area is currently developed with a range of residential, commercial, office, and industrial uses. LSAP EIR programmatically evaluated the environmental impacts of the intensification of land uses in the plan area that would result in 2,323 new residential dwelling units, 1.2 million square feet (sq. ft.) of new office uses, 16,600 sq. ft. of new retail uses, and 9,000 sq. ft. of new industrial uses. Modification of the adopted LSAP would trigger subsequent environmental review under State CEQA Guidelines Section 15162 and 15168 that may consist of a subsequent EIR or subsequent negative declaration. Our scope of work includes the subsequent environmental review and preparation of market/fiscal analysis and utility capacity analysis to support the LSAP Update.

Specifically, our scope of work consists of the following two-phase approach:

- ▲ **Phase 1:** Development of the project description for the LSAP Update and preparation of the market, fiscal, and utility impact analyses.
- ▲ **Phase 2:** Preparation of the environmental document.

A proposed scope of work and costs are presented below based on our understanding of the project.

PROPOSED SCOPE OF WORK

The scope of work below would evaluate LSAP Update.

PHASE 1: PROJECT DESCRIPTION AND TECHNICAL STUDIES

This phase would include project initiation and preparation of the project description and technical studies for the LSAP Update.

The tasks under Phase 1 consist of the following:

- ▲ Task 1: Project Initiation
- ▲ Task 2: Project Description
- ▲ Task 3: Fiscal, Market, and Utility Evaluations

Task 1 Project Initiation

The initial task will be a meeting with City staff, Hexagon Transportation Consultants (Hexagon), and Callander Associates to understand the how the LSAP would be updated to include this new residential development potential (e.g., changes in land use designations, modification of policies, and update of the LSAP implementation provisions). The verification of the LSAP Update to be evaluated would occur at this meeting. This initiation meeting would also include initiation of work on the market, fiscal, and utility impact analyses. Refinements of the scope of work and schedule will be identified at this meeting.

Deliverable:

- ▲ Electronic copy of the meeting notes in Word and PDF

Task 2 Project Description

Ascent will prepare a detailed project description, including text and graphics, based on the information collected during Task 1. It will be used as the basis for the technical studies and subsequent EIR. The project description will include regional and local settings; objectives of the project; project characteristics, including all required amendments to the LSAP land use, implementation provisions, and associated zoning. The project description will be reviewed and approved by the City prior to initiation of Task 3.

Deliverable:

- ▲ Electronic copy of the project description in Word and PDF

Task 3 Fiscal, Market, and Utility Evaluations

EPS will prepare the market and fiscal analysis, and BKF Engineers will prepare the civil infrastructure and water supply assessment (WSA) for the LSAP Update to be used in the environmental document. The scopes of work for EPS and BKF Engineers are attached. Capacity analysis for energy, solid waste, and emergency services would be addressed in the environmental document (Phase 2).

Deliverable:

- ▲ Draft and final version of WSA
- ▲ Draft and final version of the utility (water, sewer, and drainage) evaluation
- ▲ Draft and final version of the fiscal analysis and market study

PHASE 2: ENVIRONMENTAL DOCUMENTATION

The results of Phase 1 will determine the scope of the subsequent EIR. This EIR will be focused on project-specific significant environmental impacts using the LSAP Final EIR pursuant to CEQA Guidelines Section 15162 and 15168.

Task 1 Notice of Preparation and Scoping Meeting

Ascent will prepare a draft of the Notice of Preparation (NOP) for the project that will provide a description of the project and a summary of key environmental issues to be addressed in the EIR. Upon receiving comments on the draft NOP from the City, we will prepare the public version of the NOP for City distribution. We will submit the NOP to the State Clearinghouse on behalf of the City with the Notice of Completion.

Ascent project management will participate in the NOP scoping meeting that will consist of preparation of a power point presentation and assistance in the presentation of the project and anticipated environmental issues at the meeting. Ascent will also take meeting notes and provide a summary of NOP and scoping meeting comments.

Deliverable

- ▲ Electronic copy of the draft NOP in Word and PDF
- ▲ Twenty (20) printed copies of the public NOP for City distribution and an electronic copy in Word and PDF
- ▲ Submittal of fifteen (15) copies of the NOP and the Notice of Completion to the State Clearinghouse on behalf of the City
- ▲ Participation in the NOP scoping meeting
- ▲ Electronic copy of the summary of NOP comments in Word and PDF

Task 2 Administrative Draft EIR

Ascent will prepare an administrative Draft EIR, in accordance with CEQA and the State CEQA Guidelines. For those resources that would not be affected by the project, the EIR will provide the rationale as to why no impact would occur and note that the issue is not discussed further in the EIR. Based on review of the LSAP EIR, the following environmental issue areas are anticipated to not be discussed further in the EIR:

- ▲ Aesthetics
- ▲ Agriculture and Forestry Resources
- ▲ Biological Resources
- ▲ Cultural Resources
- ▲ Geology and Soils
- ▲ Hydrology and Water Quality
- ▲ Mineral Resources

The EIR will adhere to all CEQA requirements and is anticipated to focus on resource categories for which significant impacts could occur. The EIR will include the following chapters:

Introduction

The Introduction will describe the purpose of the EIR and the outline of the EIR contents.

Executive Summary

The Executive Summary will provide an overview of the project, alternatives evaluated, areas of controversy and issues to be resolved, and project impacts and mitigation measures.

Project Description

The Project Description will utilize the project description provided in the Phase 1.

Environmental Setting, Impacts, and Mitigation Measures

Each environmental resource section will include a description of the environmental setting (i.e., the baseline environmental conditions), regulatory setting (i.e., federal, state, and local regulations), criteria used to determine the significance of impacts, analysis methodology and assumptions, and detailed discussion of the potential environmental effects of the project. Impact conclusions will be based on substantial evidence and mitigation measures will be recommended for significant or potentially significant impacts. References will be provided as necessary to the supporting technical studies, which will be included as appendices to the EIR.

The EIR will focus on the following environmental issues because of their potential importance in the analysis:

Air Quality

The air quality analysis will focus on project-specific construction and operational impacts as compared to the build-out analysis provided in the LSAP EIR. The analysis will review and utilize (as appropriate) the Bay Area Air Quality Management District's Thresholds of Significance under its CEQA Guidelines. The impact analysis will address whether the project would result in exacerbation of any existing toxic air contaminants concentrations that could result in greater health impacts than current conditions.

Greenhouse Gas

The LSAP EIR includes an analysis of greenhouse gas emissions (GHG) at City build-out as compared to the City's current Climate Action Plan (CAP) and determined that the CAP adequately addressed the LSAP GHG emissions. The GHG analysis for the project would address its consistency with the City's CAP and would consider changed circumstances associated with the adoption of Senate Bill 32, current City efforts to update the CAP, and the California Air Resources Board's 2017 Climate Change Scoping Plan Update.

Noise

The LSAP Update would place residential development adjacent to the Caltrain tracks and could generate additional traffic volumes that result in new traffic noise impacts in the LSAP area. The noise analysis will evaluate potential noise and vibration impacts to these new residential areas as well as evaluate whether increases in traffic volumes would create new noise impacts not previously addressed in the LSAP EIR.

Transportation and Traffic

Hexagon will be preparing the traffic impact analysis under a separate contract for the LSAP Update that will compare the LSAP EIR traffic impact conclusions to the results of this new analysis. This will also include an evaluation of the potential change in projected vehicle miles traveled from the inclusion of additional residential uses. The results of Hexagon's traffic analysis will be summarized.

Utilities

The results of the utility impact analysis and water supply assessment (WSA) prepared by BKF under Phase 1 Task 3 will be summarized. The analysis will address water, wastewater, and storm drainage infrastructure and whether any improvements would be required to support the additional residential development potential. The City has recently identified existing capacity issues with the Lawrence Station wastewater trunk pipeline that would require improvement of the pipeline.

Other CEQA Sections

CEQA provides very specific requirements for the contents of an EIR. Ascent will provide the City with a complete EIR, containing all sections required by CEQA, including the following:

- ▲ Alternatives: Up to three alternatives, including the No-Project Alternative will be evaluated in the EIR. The alternatives will be analyzed at a comparative level of detail, less than that of the proposed project, but sufficient to allow a comparison of impacts.
- ▲ Significant Environmental Effects Which Cannot Be Avoided: This section will clearly and succinctly summarize significant and unavoidable environmental effects of the proposed project and alternatives as evaluated in the EIR.
- ▲ Growth-Inducing Impacts of the Proposed Project: This section will qualitatively evaluate the project's potential to induce growth and subsequent environmental impacts that would occur (pursuant to CEQA Guidelines Section 15126[d]).
- ▲ Cumulative Impacts: Ascent will evaluate the impacts of cumulative development and activities on all the resource issues evaluated in the EIR. Ascent will work closely with City staff to establish the cumulative setting, which involves identification of reasonably foreseeable projects and activities in the region and an accurate list of cumulative projects (proposed, approved, under construction).

The EIR will include visual aids, such as maps and diagrams, to clearly present the environmental analysis to decision makers, responsible agencies, and the public. The executive summary will include a summary table of all impacts and mitigation measures identified in the EIR. An impact comparison table of the alternatives will also be provided.

As part of preparation of the administrative Draft EIR, Ascent will compile an electronic copy of all cited literature, studies, personal communications, and reference materials used in the preparation of the EIR.

Deliverable

- ▲ Electronic copy of the administrative draft EIR in Word and PDF

Task 3: Print Check Draft EIR

Based on comments from City staff on the administrative draft EIR, Ascent will prepare a print check Draft EIR for City review. This scope of work assumes that comments will not require analysis of new issues or substantially revised analysis of issues already addressed in the administrative draft.

Deliverable

- ▲ Electronic copy of the print check Draft EIR in Word and PDF

Task 4: Public Draft EIR

Based on comments from City staff on the print check Draft EIR, Ascent will prepare a public Draft EIR for the City to release. This scope of work assumes that comments will not require analysis of new issues or substantially revised analysis of issues already addressed in the print check document. We will also prepare the Notice of Availability and will submit the Draft EIR to the State Clearinghouse on behalf of the City.

We will also attend the public meeting to receive comments on the Draft EIR.

Deliverable

- ▲ Twenty (20) printed copies of the public Draft EIR and an electronic copy in Word and PDF
- ▲ Notice of Availability
- ▲ Submittal of the Draft EIR to the State Clearinghouse with the Notice of Availability on behalf of the City

Task 5: Response to Public Comments/Final EIR

Ascent will coordinate with the City, who will assemble public and agency comments received on the Final EIR. Responses to these comments will be prepared and presented in a format to accompany the document. The responses are assumed to require only clarification and/or explanation of the conclusions in the Draft EIR without the need to revise analysis, elaborate substantially, or add new issues or alternatives.

Upon receiving comments on the administrative Final EIR from the City, Ascent will generate a print check copy of the Final EIR for final City review. We will revise the document and generate the Final EIR for City distribution.

Deliverable

- ▲ Electronic copy of administrative draft Final EIR in Word and PDF
- ▲ Electronic copy of print check Final EIR in Word and PDF
- ▲ Twenty (20) printed copies and an electronic copy Final EIR in Word and PDF

Task 6: Findings and Statement of Overriding Considerations

In coordination with City staff, Ascent will prepare CEQA Findings of Fact (Findings) and, if necessary, a Statement of Overriding Considerations (SOC) for use by the City. The Findings will specify mitigation measures that have been incorporated into the project, and will explain why other measures, if any, have been found to be infeasible. If applicable, the Findings will also identify feasible project alternatives that could reduce adverse environmental effects but are not being implemented, with an explanation as to why

they are infeasible. Ascent will prepare an administrative draft of the Findings and will submit (electronically) to the City for review and comment. Once comments are received, Ascent will incorporate comments and deliver an electronic file of the final Findings to the City.

Deliverable

- ▲ Electronic copy of draft Findings/SOC in Word and PDF
- ▲ Electronic copy of final Findings/SOC in Word and PDF

Task 7: Mitigation Monitoring and Reporting Program

A draft and final MMRP will be provided. The MMRP will include all mitigation measures in the EIR and will identify timing, responsible party, timing, performance standards, etc.

Deliverable

- ▲ Electronic copy of draft MMRP in Word and PDF
- ▲ Electronic copy of final MMRP in Word and PDF

Task 8: Project Management and Meetings

Ascent will manage the preparation of the environmental document and maintain close communication with City. Ascent will consult with project applicant representatives only when directed by or with the permission of City staff. Ascent will participate in the following meetings:

- ▲ Eight (8) conference calls
- ▲ Two (2) project meetings
- ▲ Six (6) public meetings and workshops

EIR ENVIRONMENTAL REVIEW PROCESS SCHEDULE

The following table summarizes the anticipated schedule to complete the EIR. The schedule assumes ten (11) weeks for the preparation of the traffic impact analysis report, fiscal/market analysis, WSA, and utility analysis.

TASK		DURATION (WEEKS)
Phase 1		
Task 1	Project Initiation	n/a
Task 2	Project Description Draft project description submitted to City City review and approval of project description	2 1
Task 3	Fiscal, Market, and Utility Evaluations Draft reports submitted to City City review complete Final reports submitted to City	11 4 3
Phase 2		
Task 1	NOP and Scoping Meeting Draft NOP submitted to City City review complete NOP release NOP 30-day review period	2 2 1 4+
Task 2	Administrative Draft EIR (ADEIR) ADEIR submitted to City ^{1,2} City review complete	- 6 4
Task 3	Print Check Draft EIR Print check Draft EIR submitted to City City review complete	3 4
Task 4	Public Draft EIR Public Draft EIR released Draft EIR 45-day public review period	1 6+
Task 5	Response to Comments/Final EIR Administrative draft Final EIR submitted to City City review complete Print check Final EIR submitted to City City review complete Final EIR submitted to City	3 3 2 1 1
Task 6	Findings and Statement of Overriding Considerations³ Draft Findings submitted to City City review complete Final Findings submitted to City	1 1 1
Task 7	MMRP³ Draft MMRP submitted to City City review complete Final MMRP submitted to City	1 1 1
Task 8	Phase 2 Project Management and Meetings	On-Going
TOTAL		64 Weeks

¹This schedule assumes traffic report, WSA, and utility analysis are complete and approved by the City. Preparation of ADEIR chapters not related these studies will commence prior to approval of these reports.

²Preparation of the ADEIR would start during the NOP 30-day public review period.

³Work under Task 6 and 7 would occur at the same time as Task 5.

PROPOSED COST AND ASSUMPTIONS

With the objective of promoting clarity about the proposed price, the following assumptions explain its basis to implement the proposed scope of work. Please note that the price is estimated based on a good faith effort and current understanding of the project needs of the City. Variations in approach, issues, and deliverables can adjust the contract price. If selected, Ascent is very interested in listening to the City's needs and willing to revise the scope of work and price to meet the City's expectations.

1. **Proposal Validity:** The proposed scope of work and price are valid for 120 days from the date of submittal, after which it may be subject to revision.
2. **Compliance with CEQA:** The price assumes that an environmental document will be prepared in compliance with CEQA. Work related to National Environmental Policy Act (NEPA) compliance, Section 404 compliance, or other permitting processes is not included. These can be provided with a budget augment. Work concludes at the acceptance by the City staff of the final proposed deliverable.
3. **Schedule:** The price is based on the proposed schedule. Should significant delay occur (more than 60 days) for reasons beyond Ascent's control, a budget amendment may apply to the remaining work, based on labor rates in effect at that time. Ascent will consult with the City about a course of action, if a significant delay occurs.
4. **Price Allocation to Tasks:** The proposed price has been allocated by tasks to determine the total budget. Ascent may reallocate budget among tasks, as needed, as long as the total budget is not exceeded.
5. **Staff Allocation:** Ascent may reassign tasks to different staff or labor categories, as long as the total budget is not exceeded.
6. **Coordination Meetings, Conference Calls, Public Meetings:** A total number of proposed meetings and conference calls is specified. If the number of meetings or conference calls or the required level of effort exceeds this total, a budget augment would be warranted. Ascent will advise the City, if this circumstance arises.
7. **Public Notices:** The City will be responsible for the cost of newspaper publication of notices. These costs are not included in the proposed price.
8. **Billing rates:** The enclosed billing rates apply to all agreements executed during the calendar year. After the current calendar year, contract amendments will be subject to the updated billing rates in effect at the time of amendment execution, unless contract provisions exclude billing rate updates.
9. **Changes to the Description of the Project:** After the description of the project are approved by the City for use in the environmental document, it is assumed they will not change during the course of analysis and document preparation. If changes are necessary, amendment of the budget will be warranted to the extent that already completed analysis and document preparation need to be revised or redone.
10. **Changes in the Scope of Analysis:** The proposed price assumes that no new technical issues, alternatives, field surveys, modeling, or topical areas of research or analysis will be identified through the scoping process or by other affected agencies after contract execution.

11. **CEQA Document:** This proposed scope and budget assumes preparation of an EIR only. Additional support for an additional document can be provided with a budget and scope augment.
12. **Document Review Cycles:** Review cycles for preliminary versions of the deliverables are specified in the enclosed scope of work. Additional review cycles or additional versions of administrative or other drafts, if desired, can be provided with a budget augment.
13. **Consolidated Comments:** The City will provide Ascent with one set of consolidated, non-conflicting comments on preliminary draft deliverables that are submitted for review to facilitate the overall schedule and promote efficiency.
14. **References Cited in the Deliverables:** Ascent will maintain electronic copies of reference documents or portions of documents cited and will make the electronic files available during public review. Ascent will submit electronic copies of references to the City for project files upon completion of the authorized work.
15. **Litigation Support:** Ascent is available to assist in the lead agency's response to a lawsuit, subject to an amendment to the contract and budget. Except for electronic files of cited references, which will be provided as described above, assembly of an administrative record or project record, whether needed for litigation or other purposes, is not included in the budget, but can be provided with a budget augment.

PRICE PROPOSAL

The proposed price for the LSAP Update and EIR process is summarized in the table below. Detailed cost estimates can be provided to the City upon request.

EIR OPTION	
TASK	PROPOSED PRICE
Phase 1 Project Description (Ascent)	\$9,830
Phase 1 Utility Analysis and Water Supply Assessment (BKF) ¹	\$79,275
Phase 1 Marketing and Fiscal Analysis (EPS) ¹	\$29,011
Phase 2 EIR and Associated Tasks (Ascent)	\$181,855
TOTAL	\$299,971

¹The subconsultant cost includes a general and administrative management cost of 5%.
NOTE: The budget and scope assume the evaluation of one option of the three options currently identified.



ENGINEERS . SURVEYORS . PLANNERS *Delivering Inspired Infrastructure*

April 11, 2018
BKF Job No.: 20180080

Mr. Pat Angell
Senior Director
Ascent Environmental, Inc.
455 Capitol Mall, Suite 300
Sacramento, CA 95814
via email: pat.angell@ascentenvironmental.com

**Subject: Lawrence Station Area Plan
 Housing Study Project
 Proposal for Civil Engineering Assistance**

Dear Mr. Angell:

BKF is pleased to provide you with this proposal for the Lawrence Station Area Plan (LSAP) Housing Study project in Sunnyvale. The City of Sunnyvale is interested on the effects of increased housing units to the existing LSAP project. It is our understanding that the City will provide data on their existing utilities including existing infrastructure, land uses and zoning designations, parcel data, densities, property owner information, and other relevant information that can be used for the housing study project.

Scope Description

Increase housing on properties where residential development is already allowed by the LSAP. Residential zones on MXD-I and MXD-II properties would increase to 100 du/ac, which would add 1,764 new net units. M-S/LSAP and O-R properties would be zoned to introduce residential uses with maximum allowable density 54 du/ac, which would result in 1,075 new units.

Scope of Work

Based on the scope description above, BKF Engineers will analyze the impacts to the existing City infrastructure and determine the effects of this impact, if any, that would have on the City's public services and land use by the increase in housing units. BKF Engineers will prepare a report that will outline the findings of the existing and proposed utility demands for the increased housing units. Below is an outline of BKF Engineering services for this study.

- Review existing utilities for water, sewer and storm drain based on the already existing zones within the LSAP project.
- Review the surrounding areas that contribute to the existing public utilities.
- Review the land use areas for the additional housing units.
- Study utility demand uses for the additional housing units, analyze any issues, constraints and opportunities with the existing and proposed utility system.
- Prepare a checklist for CEQA analysis.

- Assist with providing documentation as needed for EIR review
- Prepare any Mitigation Monitoring and Report Plan based on the findings of the study area.
- Study the water assessment for the surrounding areas assuming that the City will provide the water usage for the area.
- Study the water assessment for the additional housing units
- Prepare a cost estimate for the proposed utility improvements that would be impacted by the increase of the housing units.
- Estimated budget for this study - \$52,500

Meetings and Coordination

- BKF will attend four conference calls
- BKF assumes that site planning, traffic studies, landscaping and environmental analysis will be prepared by others.
- BKF assumes that the landscape architect will study storm water treatment as it applies with the Santa Clara County C.3 Guidelines.
- BKF assumes that garbage, recyclables, gas and electrical analysis will be done by others.
- Coordinate data with City and subconsultants
- BKF was able to access to the Draft and Final EIR for LSAP that were prepared by Michael Baker International.
- Estimated budget for meetings and coordination - \$23,000

If additional scope of services would be required for this study by the City, BKF can provide a budget for the additional services.

Thank you for the opportunity to provide this proposal. We look forward to working with you and the rest of the project team. Please let us know if you have any questions on this proposal or need any additional information.

Sincerely,

BKF Engineers



Project Manager

April 11, 2018

Pat Angell
Ascent Environmental, Inc.
Sent via email to: pat.angell@ascentenvironmental.com

Subject: Revised Proposal for Sunnyvale LSAP Update; EPS #181012

Dear Pat:

Economic & Planning Systems (EPS) is pleased to provide this proposal to assist Ascent Environmental in responding to the City of Sunnyvale's request for assistance in updating the Lawrence Station Area Plan (LSAP). Specifically, the City is interested in understanding the implications of amending the LSAP to allow more housing than was planned under the LSAP. As the Principal-in-Charge of EPS's economic analysis for the adopted LSAP, as well as EPS's work on the City's affordable housing fees and policies, I have familiarity with the physical, economic, and policy issues pertinent to this requested work. EPS's proposed scope of work is as follows:

Task 1: Project Meetings

EPS will be available to participate in two in-person meetings with City staff, and up to four conference calls. These discussions will be required to coordinate technical issues, review materials produced by the consulting team and potentially others, and prepare for public outreach and hearings. EPS will also be available to attend up to two such public meetings and hearings as may be requested by City staff.

Task 2: Market Research

Building upon our previous work for the LSAP, EPS will explore indicators regarding the market for housing and commercial/industrial development in the LSAP area. Examples will include data for Sunnyvale and surrounding cities regarding:

- Population and job growth, by market segment,
- Trends in prices and rents for housing and commercial/industrial development,
- Absorption of new housing and commercial/industrial space, and
- Developments in the pipeline, including project characteristics and market orientation.

These data will provide information regarding the demand for housing in the general area, and trends in the LSAP area in particular. It will also provide important information to estimate the value of new housing development, and compare that to the potential value of commercial and industrial development allowed under the current LSAP.

The Economics of Land Use



*Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
Oakland, CA 94612-3604
510.841.9190 tel
510.740.2080 fax*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

Pat Angell
April 11, 2018
Page 2

Task 3: Fiscal Impact Modeling

Under the current concept prepared by the City, the allowance of new housing in the LSAP area would occur on parcels currently planned for commercial and industrial development. In addition, other areas already zoned for housing under the LSAP would be allowed to build at higher densities than currently shown in the LSAP. EPS will explore the fiscal implications of these changes by contrasting the tax and other revenues likely to be generated to the City by the currently allowed uses versus those likely under the more housing-intensive scenario. EPS will also explore the difference in municipal service costs under each scenario, using an average-cost approach based on the City's most recently adopted budget. The combined results will indicate the net fiscal impacts of two scenarios: 1) the current LSAP zoning; and 2) the densification of MXD-I and MXD-II properties to allow up to 1,764 additional multifamily housing units plus the allowance of up to 1,075 residential units on sites currently shown as M-S/LSAP or O-R, for a total increase of up to 2,839 units. EPS will work with the City and consulting team to determine appropriate assumptions regarding the size, affordability mix, and other factors related to the potential housing, as well as the likely characteristics of the development under current zoning.

Schedule and Budget

EPS understands that up to 12 months is anticipated for the overall LSAP update process, including time to conduct environmental review of the potential scenarios, as well as holding a series of public meetings and hearings regarding the potential changes to the adopted LSAP. EPS considers the work we have proposed to be needed early in the process, so that City staff and the consulting team can make informed decisions regarding the characteristics and implications of each scenario. EPS proposes to provide a draft market research memorandum for **Task 2** within five (5) weeks of a notice-to-proceed, and then work with City staff and the consultant team to define the development scenarios within two additional weeks. Following that scenario definition, EPS can provide a draft fiscal impact analysis for **Task 3** within four weeks. The schedule for EPS's involvement thereafter will depend on the needs of the City and consulting team.

For this proposed scope of work, EPS has estimated a budget of \$27,630, as shown on **Table 1**. This budget includes all professional service hours, travel costs for the meetings identified in **Task 1**, and costs for the acquisition of market data.

We appreciate the opportunity to assist in the refinement of the LSAP, and welcome any suggestions you may have regarding this proposal.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.



Darin Smith
Managing Principal

Pat Angell
April 11, 2018
Page 3

Table 1
EPS Budget Estimate
Sunnyvale LSAP Update; EPS #181012

Task	EPS Staff			Staff Cost Subtotal	Direct Costs	Total Cost
	Smith Managing Principal	Associate	Research Analyst			
1 Project Meetings	20	16	0	\$8,060	\$400	\$8,460
2 Market Research	8	24	24	\$9,280	\$600	\$9,880
3 Fiscal Impact Modeling	<u>10</u>	<u>20</u>	<u>24</u>	<u>\$9,190</u>	<u>\$100</u>	<u>\$9,290</u>
Total Hours	38	60	48			
Billing Rates [1]	\$275	\$160	\$135			
Total Project Costs				\$26,530	\$1,100	\$27,630

[1] Billing rates shown are applicable during 2018 and are subject to annual increases.