

Exhibit A

Scope of Work, Timeline, and Budget

Fiscal Impact and Infrastructure Feasibility and Financing Analysis

Scope of Work

This Scope of Work describes the tasks the EPS team will undertake to complete the analysis of fiscal implications and consequences of the proposed development in the West Area Specific Plan (WASP) and Central Area Specific Plan (CASP), as well as the feasibility of required infrastructure facilities. The analysis will focus on the City's financial position and risk and will be designed to inform negotiation of a Development Agreement with each developer. Because development of these two areas may run concurrently, much of the technical analysis completed under this scope of work can be used to evaluate the fiscal implications of and viability of infrastructure financing requirements of both plan areas. This Scope of Work therefore is separated into two primary tasks with the same series of discrete subtasks associated with the analytical elements needed to evaluate each plan area:

Task 1: West Area Specific Plan

Subtask 1.1: Market Assessment

Subtask 1.2: Developer Interviews

Subtask 1.3: Fiscal Impact Analysis

Subtask 1.4: Infrastructure Financing and Feasibility Analysis

Task 2: Central Area Specific Plan

Subtask 2.1: Market Assessment

Subtask 2.2: Developer Interviews

Subtask 2.3: Fiscal Impact Analysis

Subtask 2.4: Infrastructure Financing and Feasibility Analysis

Because there will be much overlap in the analytical effort associated with the 2 distinct tasks and associated subtasks described above, the associated budget estimate provided in the next section divides the estimated work effort into work that informs analysis for each task and plan area (e.g., budget modeling) and work that is distinct to each plan area (e.g., evaluation of infrastructure financing requirements). The work program (subtasks) applying to each task is described in further detail in the sections to follow, with the WASP and CASP referred to generally as "Specific Plan."

Subtask 1: Market Assessment

EPS will build on its ongoing market work and knowledge of the Salinas local economy to assess key market parameters for residential and commercial uses envisioned in the Specific Plan. This assessment will inform potential values and timing for economically viable development to be

realistically supported within the Specific Plan area relative to the broader Trade Area population and employment growth. This information is an essential part of determining the ability of the Specific Plan to support necessary public improvements and infrastructure.

EPS will leverage and expand on market research conducted as part of the ongoing Targeted Housing Market Assessment which is evaluating the competitive attributes of residential uses in Salinas. As part of this effort, EPS will consider how proposed land uses and their synergies may affect the Specific Plan competitiveness. The research, analysis, and conclusions of this technical work will be summarized in a draft technical memorandum.

Subtask 2: Developer Interviews

EPS will meet with the Specific Plan developer and/or landowners. The meeting will be designed to inform the development community about the planning and infrastructure feasibility and financing efforts as well as to review and establish appropriate market segmentation and phasing projections. This is particularly important given the likely concurrency between development in the WASP and CASP. EPS will also engage developers to establish financial parameters for school facility financing. EPS will also set up follow up calls with developers to share preliminary conclusions and solicit input on methodology and assumptions, building on initial market study conclusions.

Subtask 3: Fiscal Impact Analysis

EPS will create a fiscal impact model to compare the City's General Fund revenues generated through property tax, sales tax, transfer tax and other sources with the costs of providing urban services to new development. The model will evaluate the impacts on an annual basis with summary results presented by phase.

The analysis will be based on review of the City's most recent budget. EPS will establish the appropriate methodology for each item (e.g. assessed value for property tax, resident spending for sales tax, etc.) with revenues tested at three various levels – conservative, moderate, and optimistic. On the cost side, EPS will apply an average cost approach with the exception of public safety. For police and fire, EPS will conduct detailed interviews with City staff related to any unique attributes of the Specific Plan. It is understood that maintenance service cost of new growth will not be affected, as the Project will be funded through Landscaping and Lighting District (LLD). The cost and revenue estimates will be presented in a format that clearly indicates the net fiscal impacts as a result of implementing of the Specific Plan by each phase and at Project buildout. In addition to direct costs, EPS will identify any long-term indirect costs that may be incurred by the City as the result of new development.

In addition to the fiscal impact of the City's General Plan, EPS will develop similar revenue and cost analysis for each of the two school districts. It is understood that Salinas Union High School District and Salinas City Elementary School District both cover the Specific Plan area. The research, analysis and conclusions of this technical work will be summarized in draft technical memorandum. To the extent costs exceed revenues, EPS will work with City staff to develop a range of potential fiscal mitigation measures and revenue reimbursement agreements that could address the potential shortfall.

Subtask 4: Infrastructure Feasibility and Financing

EPS will review the planning documents and will document the total estimated public cost of the Specific Plan by phase. EPS will test the financial feasibility of each Specific Plan cost relative to development value to determine whether private sector investment would be supported. To the extent that feasibility challenges exist, EPS will develop a strategy for implementation that identifies estimated costs, phasing, and financing solutions. The fiscal impact analysis conducted in **Subtask 3** and the Infrastructure Plan will inform this Financing Strategy. The strategy may identify potential sources and uses of funds necessary to achieve the public improvements and policy objectives articulated in the Specific Plan within the financial capacity of proposed development. For example, a recently adopted development impact fee will be an important funding source for infrastructure. The analysis will include the following inter-related efforts:

1. **Allocate Improvement Costs:** EPS will assess strategies for allocating improvement costs among the categories of land use within the Specific Plan area including vacant private property owners, existing development, and the City as a whole. Cost allocations will be made on the basis of proxy measures of demand for, or benefit from, the different types of improvements.
2. **Analyze Cost Burdens and Financial Feasibility:** EPS will evaluate the impact of the infrastructure cost burdens on the overall financial feasibility of the private development components of the Specific Plan. This analysis will be based on information provided by City staff regarding applicable fees, taxes, and other financial obligations. To the extent that initial cost allocations appear infeasible based upon industry standards, alternate allocations and other measures (e.g., cost reductions, re-phasing, changes in land uses, etc.) will be tested.
3. **Identify Financing Mechanisms:** EPS will assemble existing information on available City financial resources and programs such as fees, dedications and exactions, and bond issues and evaluate their applicability to the Specific Plan area and related areas. This review will be conducted in light of any specific financing constraints or requirements including affordable housing mitigation requirements, off site development impact fees, and any limitations on revenue generated from publicly owned land. To the extent that existing mechanisms are unable to finance improvements and related maintenance costs, a variety of other financing mechanisms will be considered. These may include but not be limited to the following:
 - Special assessments and taxes (e.g., Mello-Roos community facilities districts, landscaping and lighting districts)
 - Private (e.g., land-owner or developer) contributions and exactions
 - Area-specific development impact fees (and related reimbursement agreements)
 - Specific Plan fees
 - Public available grants and aid, including potential City, State, County, and Federal sources
 - Voter approved debt or tax increases

The selection of financing mechanisms for the Specific Plan will be made based upon financing principles, statutory and legal considerations, and industry standards regarding who typically pays for what; the timing of public improvements relative to private development; commitments regarding the availability of public sector funding; and negotiation-based preferences of stakeholders.

4. **Evaluate Improvement/Development Phasing Concurrency:** In concert with the evaluation of financing mechanisms, the consultant team will prepare a preliminary phasing strategy for real estate development and public facilities' construction. The phasing strategy will be based on a variety of factors, including market conditions, funding availability, and public policy objectives and will factor the concurrency expectations between WASP and CASP.

EPS will document financing strategy recommendations and other key results of the financing tool identifications and feasibility results in a draft technical memorandum.

Subtask 5: Meetings and Deliverables

The EPS Team will prepare a draft technical report documenting the findings and analysis described above, including integrating three technical memoranda in **Subtasks 1** through **4**. The EPS Team will first prepare an administrative draft of the Report. This report will include copies of all data, models, and other materials used in the analysis. Upon one round of comments received from the City staff, EPS will prepare the Final Report.

EPS will be available to attend in person meetings and otherwise communicate with City staff, as appropriate. The baseline budget assumes that two in-person meetings with the City staff including a kick-off and the developer interview described above. EPS will host follow up developer communications and department interviews for Public Safety providers by phone. In addition, EPS will attend one public presentation to present key findings of the tasks outlined above. Additional meetings can be attended on a time-and-materials basis.

Timeline and Budget

Project Schedule

The proposed schedule by task along with key deliverables is illustrated in **Table 1**. We are suggesting an efficient sequencing of tasks and frequent EPS Team to City staff communication. We aim to complete the Administrative Draft Reports reflective of **Subtasks 1** through **3** within eight weeks of project authorization and the complete project within an additional two weeks for a total study completion timeline of 10 weeks. We are open to refining the timeframe based on your needs.

Project Budget

The cost estimate of the EPS team by task is summarized in **Table 2** and detailed in **Table 2A**. The total not-to-exceed budget estimate for the work program is **\$98,600**. This covers all costs associated with the tasks and materials described in the EPS Scope of Work, including the meetings/presentations identified, travel, and production cost of deliverables. Charges for consultant time are based on the amount of time actually spent. Invoices are submitted monthly and payable upon receipt.

Table 1
EPS Proposed Schedule and Key Deliverables
City of Salinas Fiscal Impact and Financing Analysis; EPS #161122

Task/Description	Week									
	1	2	3	4	5	6	7	8	9	10
Task 1: Market Assessment	M		DTM							
Task 2: Developer Interviews										
Task 3: Fiscal Impact Analysis					DTM					
Task 4: Infrastructure Feasibility and Financing							DTM			
Task 5: Meetings and Deliverables								AD		FD PP

M = meeting with staff/kick-off

DTM = draft technical memorandum

AD = administrative draft FIA report

FD = final FIA report

PP = public presentation to City Council

Table 2
EPS Proposed Budget Summary
City of Salinas Fiscal Impact and Financing Analysis; EPS #161122

Subtask/ Description	EPS COSTS [1]			
	Combined Costs	Task 1 WASP	Task 2 CASP	Grand Total
Subtask 1: Market Assessment	\$5,665	\$3,495	\$3,495	\$12,655
Subtask 2: Developer Interviews	\$0	\$2,495	\$2,495	\$4,990
Subtask 3: Fiscal Analysis	\$7,085	\$7,275	\$7,275	\$21,635
Subtask 4: Financing Feasibility / Plan	\$4,930	\$19,175	\$19,175	\$43,280
Subtask 5: Meetings / Deliverables	\$3,160	\$6,440	\$6,440	\$16,040
Subtotal Costs	\$20,840	\$38,880	\$38,880	\$98,600
Allocation of Combined Costs [2]		\$10,420	\$10,420	\$20,840
Total Costs by Task		\$49,300	\$49,300	\$98,600

sum

[1] See **Table 1A** for detailed hours by subtask and staffperson.

[2] Combined costs are allocated 50 percent to **Task 1** and 50 percent to **Task 2**.

Table 2A
EPS Proposed Budget
City of Salinas Fiscal Impact and Financing Analysis; EPS #161122

Subtask/ Description	COMBINED COSTS								TASK 1: WEST AREA SPECIFIC PLAN								TASK 2: CENTRAL AREA SPECIFIC PLAN								GRAND TOTAL EPS COSTS
	Zehnder Principal-in- Charge	Martin Project Advisor	Nimon Project Manager	Research Analyst	Production Staff	Staff Cost Subtotal	Direct Expenses ¹	Total Combined Costs	Zehnder Principal-in- Charge	Martin Project Advisor	Nimon Project Manager	Research Analyst	Production Staff	Staff Cost Subtotal	Direct Expenses ¹	Total Task 1 Costs	Zehnder Principal-in- Charge	Martin Project Advisor	Nimon Project Manager	Research Analyst	Production Staff	Staff Cost Subtotal	Direct Expenses ¹	Total Task 2 Costs	
Subtask 1: Market Assessment ²	5	5	10	8	0	\$5,550	\$115	\$5,665	6	2	4	3	2	\$3,495	\$0	\$3,495	6	2	4	3	2	\$3,495	\$0	\$3,495	\$12,655
Subtask 2: Developer Interviews ³	0	0	0	0	0	\$0	\$0	\$0	2.5	2	5	2	0	\$2,415	\$80	\$2,495	2.5	2	5	2	0	\$2,415	\$80	\$2,495	\$4,990
Subtask 3: Fiscal Analysis	8	2	15	10	0	\$7,005	\$80	\$7,085	8	2	15	10	3	\$7,275	\$0	\$7,275	8	2	15	10	3	\$7,275	\$0	\$7,275	\$21,635
Subtask 4: Financing Feasibility/Plan	5	2	10	8	0	\$4,890	\$40	\$4,930	31	6	39	8	2	\$19,175	\$0	\$19,175	31	6	39	8	2	\$19,175	\$0	\$19,175	\$43,280
Subtask 5: Meetings / Deliverables ⁴	6	0	6	0	0	\$2,910	\$250	\$3,160	10	4	10	2	4	\$6,340	\$100	\$6,440	10	4	10	2	4	\$6,340	\$100	\$6,440	\$16,040
TOTAL HOURS	24	9	41	26	0				58	16	73	25	11				58	16	73	25	11				
Billing Rates	\$280	\$220	\$205	\$125	\$90				\$280	\$220	\$205	\$125	\$90				\$280	\$220	\$205	\$125	\$90				
TOTAL PROJECT COSTS	\$6,720	\$1,980	\$8,405	\$3,250	\$0	\$20,355	\$485	\$20,840	\$16,100	\$3,520	\$14,965	\$3,125	\$990	\$38,700	\$180	\$38,880	\$16,100	\$3,520	\$14,965	\$3,125	\$990	\$38,700	\$180	\$38,880	\$98,600

(1) Direct expenses are billed at cost and do not include any overhead.
(2) Budget estimate for this task assumes EPS builds on concurrent market work with the City.
(3) Envision attendance of one meeting with follow up developer calls.
(4) Includes EPS preparation for and participation in up to two (2) meetings and/or presentatations total. Assumes all meeting/presentation time will be combined costs, with deliverable preparation time assigned to each task.