

ATTACHMENT 4



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

March 9, 2016

ADVISORS IN:

Real Estate
Redevelopment
Affordable Housing
Economic Development

Brenda Green

City Clerk

City of Costa Mesa

77 Fair Avenue

Costa Mesa, California 92628-1200

SAN FRANCISCO

A. Jerry Keyser
Timothy C. Kelly
Kate Earle Funk
Debbie M. Kern
Reed T. Kawahara
David Doezema

Dear Brenda:

LOS ANGELES

Kathleen H. Head
James A. Rabe
Gregory D. Soo-Hoo
Kevin E. Engstrom
Julie L. Romey

Keyser Marston Associates, Inc. (KMA) is please to submit the following proposal to provide consulting services to the City of Costa Mesa (City). Specifically, KMA is proposing to prepare a report in compliance with California Election Code Section 9212 related to "An Initiative To Require Voter Approval On Certain Development Projects" (Initiative).

SAN DIEGO

Paul C. Marra

The following proposal is organized as follows:

1. The Initiative issues KMA proposes to analyze are summarized;
2. The proposed scope of services is described; and
3. The proposed budget and timing for the engagement are identified.

SALIENT ISSUES TO BE ANALYZED

The Initiative applies to any project involving an amendment, change, or replacement of the General Plan, the Zoning Code, any Specific Plan or Overlay Plan, or adoption of a new Specific Plan or Overlay Plan that meets any one of the following criteria:

1. Generates more than 200 additional daily trips;
2. Increases the volume/capacity of an intersection based on a specified formula;
3. Changes the intersection capacity utilization or level of service based on a specified formula;

4. Adds 40 or more dwelling units;
5. Adds 10,000 square feet of retail, office or other non-residential; or
6. The proposed project, combined with other projects, within eight years and ½ mile of each other meets the above threshold levels; and
7. The Initiative may apply to projects that:
 - a. Change a public use to a private use under specified circumstances;
 - b. Involve land designated as utility right-of-way under specified circumstances;
 - c. Involve land donated, bequeathed or otherwise granted to Costa Mesa;
 - d. Involve land used or designated for Costa Mesa school property; or
 - e. Involve land owned, controlled or managed by Costa Mesa.

The City is currently in the process of amending the General Plan. At full build out, this amendment is projected to result in the development of over 9,400 residential units, 1.28 million square feet of retail space, 1.0 million square feet of office space and 200 hotel rooms. The new development is anticipated to occur on sites that are currently underutilized and/or create a blighting influence on the surrounding community.

The City has concluded that the implementation of the amended General Plan will require properties to be rezoned and/or modifications to existing Specific Plans, and that these implementing actions will trigger the Initiative requirements. The potential impact this will have on the implementation of the amended General Plan is the focus of the proposed KMA analysis.

PROPOSED SCOPE OF SERVICES

California Election Code Section 9212 provides the City with the right to obtain a report that evaluates the impacts that could potentially be generated by the Initiative. Within that context, KMA proposes to undertake the following scope of services:

1. A review of the available literature pertaining to the impacts growth control initiatives have had on development activity;
2. An assessment of the potential to attract the development scopes identified for the amended General Plan "Focus Areas";

3. An evaluation of the potential for underutilized properties to be recycled and for blighting influences to be replaced with new development allowed by the amended General Plan; and
4. An assessment of the impact on the City's General Fund.

The KMA analysis will be presented in the form of a memorandum and accompanying financial analysis tables. It is important to note that the analysis will be predicated on a variety of assumptions. Actual development will vary from these assumptions based on the characteristics of the each development site. In addition, the timing of development will influence the projects' costs and revenues. As such, the KMA analyses should only be used to provide order-of-magnitude estimates of the impacts created by the Initiative.

TIMING / BUDGET

KMA will complete the proposed scope of services by March 31, 2015. KMA proposes to undertake the proposed scope of services on a time-billed basis with a not-to-exceed budget of \$15,000. This budget includes KMA participation at two City Council meetings.

Additional services related to this engagement, and not specifically described herein, including additional in-person meetings, may be requested by the City's Project Manager. These additional services will be requested by the City in writing, with written concurrence between the City and KMA regarding the scope, deliverables and budget.

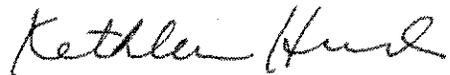
The KMA billing rates for the staff members that will be assigned to this engagement are presented in the following table:

| | |
|----------------------|----------|
| Managing Principals | \$280.00 |
| Senior Principals | \$270.00 |
| Managers | \$225.00 |
| Senior Analysts | \$150.00 |
| Administrative Staff | \$80.00 |

KMA appreciates the opportunity to submit this proposal. If the proposal can be modified to be more responsive to your needs, please do not hesitate to call me.

Sincerely,

Keyser Marston Associates, Inc.

A handwritten signature in black ink that reads "Kathleen Head". The signature is written in a cursive style with a large initial 'K' and a long, sweeping underline.

Kathleen Head