

**AMENDMENT NUMBER ONE
TO PROFESSIONAL SERVICES AGREEMENT
WITH
ENVIRONMENTAL SCIENCE ASSOCIATES**

This Amendment Number One ("Amendment") is made and entered into this 16th day of December, 2019 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and ENVIRONMENTAL SCIENCE ASSOCIATES, a California corporation ("Consultant").

WHEREAS, City and Consultant entered into an agreement on May 22, 2019 for Consultant to prepare an Initial Study/Mitigated Negative Declaration in connection with the English First International Language Campus Project at 3150 Bear Street (the "Agreement"); and

WHEREAS, City and Consultant desire to amend the Scope of Services to include the additional services set forth in Exhibit "A," attached hereto and incorporated herein by this reference; and

WHEREAS, City desires to increase Consultant's maximum compensation accordingly to One Hundred Eight Thousand Two Hundred Seven Dollars (\$108,207.00).

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Scope of Services shall be amended to include the additional services set forth in Exhibit A.
2. Section 2.1 of the Agreement shall be amended to reflect that Consultant's total compensation shall not exceed One Hundred Eight Thousand Two Hundred Seven Dollars (\$108,207.00). Consultant shall be paid according to the fee schedule set forth in the Agreement and Exhibit A of this Amendment.
3. All terms not defined herein shall have the same meaning and use as set forth in the Agreement.
4. All other terms, conditions, and provisions of the Agreement not in conflict with this Amendment shall remain in full force and effect.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by and through their respective authorized officers, as of the date first written above.

CITY OF COSTA MESA

Jan. And it
City Manager

Date: 1/23/20

CONSULTANT

Steven C. Nelson
Signature

Date: 12/23/2019

STEVEN C. NELSON, VP
Name and Title

ATTEST:

Brenda Green 1/23/2020
City Clerk



APPROVED AS TO FORM:

[Signature]
City Attorney

Date: 1/14/2020

APPROVED AS TO INSURANCE:

[Signature]
Risk Management

Date: 1/7/2020

APPROVED AS TO CONTENT:

[Signature]
Project Manager

Date: 1/8/2020

DEPARTMENTAL APPROVAL:



Economic and Development Services
Director

Date: 1.8.20

APPROVED AS TO PURCHASING:



Finance Director

Date: 1/6/2020

EXHIBIT A
ADDITIONAL SERVICES



2121 Alton Parkway
Suite 100
Irvine, CA 92606
949.753.7001 phone
949.753.7002 fax

esassoc.com

October 3, 2019

Daniel Inloes, AICP
Economic Development Administrator
City of Costa Mesa Development Services
77 Fair Drive
Costa Mesa, CA 92626

Subject: Revised Contract Augment - Fiscal Impact Assessment for EF Education First: International Language Campus

Dear Mr. Inloes:

As we discussed last week, the City of Costa Mesa requested the preparation of a Fiscal Impact Analysis for the EF Education First: International Language Campus project. Environmental Science Associates (ESA) contacted Roger Dale at the Natelson Dale Group to provide a proposal. Attachment A includes the scope of work, schedule and cost to prepare the Fiscal Impact Analysis. ESA will incorporate the Fiscal Impact Analysis into the IS/MND and public hearing presentation for the Planning Commission meeting, where appropriate. The ESA estimated fee includes 2.0 hour of Director III (\$480) and 6.0 hours of Project Technician III (\$690). Following are the costs.

Task	Cost
Fiscal Impact Analysis	\$9,500
ESA	1,170
Total Fee	\$10,670

As shown above, the total cost for the Fiscal Impact Analysis is \$10,670. If you have any questions, please call me at 949.753.7001.

Sincerely,

Michael E. Houlihan, AICP
Principal Associate

Attachment A: Proposal to Prepare Fiscal Impact Analysis

Attachment A

The Natelson Dale Group, Inc.

P.O. Box 489

Yorba Linda, CA 92885

714/692-9596 OFFICE | 714/692-9597 FAX | WEB: natelsondale.com

October 3, 2019

#7473

Mr. Michael E. Houlihan, AICP
Principal Associate
Environmental Science Associates (ESA)
2121 Alton Parkway, Suite 100
Irvine, CA 92606

Subject: Proposal to Prepare Fiscal Impact Analysis for EF Education First project in
Costa Mesa, CA

Dear Mr. Houlihan:

Per your request, the Natelson Dale Group, Inc. is pleased to provide this proposal to prepare a fiscal impact analysis for the proposed EF Education First project in Costa Mesa. This letter outlines our understanding of the assignment, proposed scope of work, cost proposal, and completion schedule.

Background on The Natelson Dale Group, Inc. (TNDG). TNDG is a real estate economic and financial consulting firm established in southern California in 1974. We have completed several hundred fiscal impact studies for projects of all land use types throughout California and Arizona. We are highly familiar with development conditions in Costa Mesa, having completed market forecasts and developed a Fiscal Impact Model as part of the City's most recent General Plan update.

A more detailed description of our qualifications and project experience is available online at www.natelsondale.com.

Understanding of the Assignment. TNDG understands that EF is proposing to develop an EF International Language Campus on the former Trinity Broadcast Network site located at 3150 Bear Street in the City of Costa Mesa. The proposed project includes the following main building components:

ECONOMIC AND FINANCIAL CONSULTANTS

- Renovation of the existing three-story building to create approximately 50 classrooms, a student services area, cafeteria, and faculty staff offices; and
- Construction of three new student residential buildings (and related amenities) to accommodate students living on-site.

Table 1 below summarizes the existing and proposed building square footages.

TABLE 1 EXISTING AND PROPOSED BUILDINGS	
BUILDINGS (NUMBER)	SQUARE FEET
<i>Existing Building</i>	
Main Building (00)	57,700*
<i>Proposed New Buildings</i>	
Student Residential Building 1 (01)	49,800*
Student Residential Building 2 (02)	23,000
Student Residential Building 3 (03)	23,000
Pool Equipment, Auxiliary Dining, Security Booth	1,500
<i>Subtotal (Proposed)</i>	<i>100,000</i>
Total (Existing and Proposed)	155,000
Notes: * Due to design changes, the existing rotunda will be considered in the future as a part of the new Student Residential Building 01 and not the existing Main Building 00.	

Anticipated operational features include the following:

- At full buildout, the Campus would accommodate up to 1,347 international students and approximately 70 faculty, staff and residential advisors.
- Up to 627 students would live on-site in the proposed student residential buildings.
- Up to 720 students would live off-site with EF host families. EF's requirement is that off-site students be housed within a 45-minute commute via walking, biking and/or public transportation. Students are not permitted to drive, own or rent motor vehicles while enrolled at an EF school.

- EF would provide a local shuttle bus for student use with convenient access to/from OCTA bus lines, South Coast Plaza area, the beach and other activities.
- The project would provide a full complement of on-site recreational facilities, including a swimming pool, volleyball court, basketball court and multi-purpose field.
- EF would provide 24/7 security on-site, including a staffed security booth and roaming security staff.
- The students' typical duration of stay on the campus (or in offsite housing) would be short (2-4 weeks) due to the short-term nature of the educational programs to be offered.

The City of Costa Mesa has requested a fiscal impact analysis (FIA) for the proposed project. To maximize efficiency and also to ensure consistency with FIA's conducted for previous projects in Costa Mesa, TNDG would utilize the Fiscal Impact Model developed for the General Plan update. The Model would be appropriately updated to reflect cost/revenue factors from the City's most recent budget, and would also be customized to reflect the unique nature of the proposed project (i.e., non-household population, self-contained residential community, on-site recreational amenities, private security staff).

Consistent with the standard scope of this type of study, the FIA would focus on the project's annually recurring revenue and cost impacts to the City's General Fund (i.e., operations and maintenance items). One-time impacts such as capital facilities costs are typically addressed via other financing/ funding mechanisms and thus assumed to not result in net cost impacts to the municipality. In this case, it is TNDG's understanding that the project applicant would make direct payments to the City to fund a range of agreed-upon infrastructure improvements specific to the needs of the proposed project.

TNDG understands that an initial draft of the FIA would need to be available by late October or early November, allowing ample time for staff to review it in advance of the Planning Commission hearing for the proposed project (anticipated in early December).

Proposed Scope of Work. Based on the project understanding described above, TNDG's proposed work scope for this assignment is outlined below.

Background Coordination

1. Develop working assumptions for important development and operational characteristics of the proposed project, including:
 - a. Development cost/value (for property tax purposes)
 - b. Non-profit versus for-profit status of applicant (for property tax purposes)
 - c. Operator's expected local expenditures (for sales tax purposes)
 - d. Anticipated level of resident (student) interaction in local community (for purposes of determining potential impacts on City services, and also for defining assumptions about spending in local retail/restaurant establishments)
 - e. New City infrastructure needed to serve the proposed project (for purposes of calculating any incremental maintenance costs to be incurred by the City)

Through the City, TNDG would request input on the above assumptions from the project applicant. Information supplied by the applicant would be independently verified (or refined) by TNDG based on a review of the operational characteristics of comparable educational facilities.

City of Costa Mesa Revenue Analysis

2. Utilizing the City's Fiscal Impact Model as a starting point, develop projection factors for annually recurring City revenues that would be enhanced by the proposed project. These would include the following potential categories:
 - a. Property taxes
 - b. Sales taxes
 - c. Utility franchise fees
 - d. Fines and forfeitures
 - e. State and federal subventions
 - f. Interest/investment income
3. Identify the tax rate area (TRA) for the proposed project and determine the total existing property tax rate within the TRA.
4. Obtain property tax breakdowns from the County Auditor-Controller's Office showing the distribution of the 1% property tax for the relevant TRA (i.e., the portion of the total property tax that accrues to various taxing agencies).
5. Evaluate potential sales tax revenues associated with the proposed project, including the following:

- a. Onsite taxable transactions (e.g., for meals charged to visitors)
 - b. Operator's purchases of supplies, etc. in the City
 - c. Offsite retail/restaurant purchases of students, faculty/staff, and visitors
6. Forecast project-related revenues accruing to the City.

City of Costa Mesa Fiscal Cost Analysis

7. For each affected General Fund line item, derive cost factors based on the City's Fiscal Impact Model. The cost factors would be expressed as costs per capita. The cost factors would be appropriately adjusted to reflect the unique status of the project's residents (i.e., a significant portion of students would live on-site).
8. Based on the derived cost factors, forecast project-related costs to be incurred by the City of Costa Mesa.

Summary Report

9. Prepare Draft of FIA Report. The summary report would clearly describe the study findings as well as the major assumptions and methodologies used for the analysis. The executive summary would be "reader friendly" to non-technical audiences while still conveying the key conclusions of the analysis. Any preliminary assumptions needing confirmation and/or refinement would be highlighted for the review of ESA, City staff and (if appropriate) the project applicant. The detailed spreadsheet calculations would be attached as appendices.
10. Prepare final FIA report reflecting reviewer comments on the draft.

Optional Task – Public Hearing(s)

11. If requested by client, attend public hearing(s) for the proposed project to respond to any questions on the FIA.

Assigned Personal. The following TNDG personnel would be assigned to this project:

- **Roger Dale, Managing Principal (31 years' experience)**, would serve as project manager, lead analyst and report writer, and primary contact with the City. Mr. Dale served as the project manager for TNDG's work on the City's General Plan update (including development of the Fiscal Impact Model).

- **Alan Levenson, Senior Associate (19 years' experience)**, would support Mr. Dale on the update of the Fiscal Impact Model. Mr. Levenson served in a similar capacity for TNDG's work on the City's General Plan update.

Completion Schedule. TNDG is available to begin work on this assignment immediately. Consistent with the City's needs, TNDG would complete a draft of the FIA report by October 31, 2019. A final report would be completed within one week of receiving comments on the draft. This completion schedule assumes authorization to proceed by October 1, 2019.

Cost Proposal. TNDG would bill this work on a time and materials basis against a maximum, not-to-exceed budget of \$9,500 (NINE THOUSAND FIVE HUNDRED DOLLARS), excluding the optional attendance at public hearing(s). Separate not-to-exceed budgets of \$2,000 per meeting (including preparation time) would apply to the public hearing(s).

The following hourly billing rates would apply:

Roger Dale - \$225/hour
Alan Levenson - \$175/hour

We very much appreciate being invited to submit this proposal and sincerely hope we have the opportunity to again be of service to the City of Costa Mesa. Please feel free to contact me directly (714-692-9596 or dale@natelsondale.com) if you have any questions or would like to discuss our proposal further.

Very truly yours,

THE NATELSON DALE GROUP, INC.



Roger Dale
Managing Principal

