

## MEMORANDUM

To: Aaron Sage, Senior Planner  
City of Berkeley

From: Richard Berkson and Michael Nimon

Subject: Proposal to Review Significant Community Benefits of the Residences at Berkeley Plaza; EPS #141166

Date: December 3, 2014

*The Economics of Land Use*



We appreciate the opportunity to help the City of Berkeley review the "Documentation of Project Significant Community Benefits" of the Residences at Berkeley Plaza prepared for the City. EPS has extensive experience evaluating community benefits for proposed development projects throughout the Bay Area, and we have evaluated the economics of numerous projects in the City of Berkeley. This memorandum provides a scope of services and estimated budget for this review.

We understand that the Berkeley Plaza is the first project to request approval under the Downtown Area Plan and its 2012 zoning ordinance. The ordinance requires that buildings taller than 75 feet provide "significant community benefits". The ordinance does not provide specific requirements, thus the City is seeking assistance in evaluating the proposed benefits that it has received for the Berkeley Plaza. EPS will conduct its review as described in the following tasks:

**Task 1: Project Initiation** – EPS will meet with City staff, compile and review applicable documents, and contact additional City staff as necessary to clarify the analysis of benefits.

**Task 2: Review of Benefits** – City staff to delineate those benefits that are typical or likely requirements of a project versus those that "beyond what would otherwise be required"; EPS will evaluate the latter in its report.

EPS will leverage its community benefits experience in other projects to develop the methodology for estimating value for each extraordinary benefit. The benefits expected from the Project will be reviewed and may be expressed in different metrics (e.g., the prevailing wage benefit may be expressed as an increase in individual incomes, vs. as a % of total development cost). The magnitude of total benefits will be

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compared to other metrics such as other City fees, % of total costs, value creation, etc. EPS will contact the project proponents as necessary to clarify the proposed community benefits. Fiscal and other economic benefits will not be reviewed as part of this scope.

**Task 3: Meeting Attendance** – In addition to the project initiation meeting, EPS will attend a second meeting with staff to review a draft EPS memorandum. EPS staff will attend the December ZAB meeting (in person or online) where the community benefits will be discussed, in order to better understand ZAB concerns and objectives. No formal meeting with project proponents or other stakeholders is assumed; however, EPS staff will be available for additional meetings as requested by the City. These meetings, which could include attendance at City Council hearings, may require a modification to the scope and budget.

**Task 4: Report Preparation** – EPS will prepare an administrative draft memorandum for review by City Staff and other parties as directed by staff; the memorandum will be revised in response to comments received. EPS will also produce a “revised final” memorandum to document possible changes to the project description or scope of community benefits that may occur prior to final approval of the project but after the revised draft memorandum.

### **Timeline and Budget**

EPS anticipates that an administrative draft can be prepared by the second week in January; a revised draft can be prepared within a week of receiving comments, depending on the extent of additional research and analysis required. We propose a budget not to exceed **\$8,000**; you will be billed only for the actual hours and direct costs expended.

Please let us know if you have any questions or require edits to this scope. We look forward to working on this project, and hope that we can contribute to the methodology and metrics applied to benefits offered by future projects in Berkeley.