

PROFESSIONAL SERVICES AGREEMENT
[Fiscal Impact Analysis of Chapman University]

THIS PROFESSIONAL SERVICES AGREEMENT (the "Agreement") is made at Orange, California, on this ____ day of _____, 2021 (the "Effective Date") by and between the CITY OF ORANGE, a municipal corporation ("City"), and KEYSER MARSTON ASSOCIATES, INC., a California corporation ("Contractor"), who agree as follows:

1. Services. Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to the reasonable satisfaction of City the services set forth in Exhibit "A," which is attached hereto and incorporated herein by reference. As a material inducement to City to enter into this Agreement, Contractor represents and warrants that it has thoroughly investigated and considered the scope of services and fully understands the difficulties and restrictions in performing the work. The services which are the subject of this Agreement are not in the usual course of City's business and City relies on Contractor's representation that it is independently engaged in the business of providing such services and is experienced in performing the work. Contractor shall perform all services in a manner reasonably satisfactory to City and in a manner in conformance with the standards of quality normally observed by an entity providing such services to a municipal agency. All services provided shall conform to all federal, state and local laws, rules and regulations and to the best professional standards and practices. The terms and conditions set forth in this Agreement shall control over any terms and conditions in Exhibit "A" to the contrary.

2. Compensation and Fees.

a. Contractor's total compensation for all services performed under this Agreement, shall not exceed SIXTY-FIVE THOUSAND DOLLARS and 00/100 (\$65,000.00) without the prior written authorization of City.

b. The above compensation shall include all costs, including, but not limited to, all clerical, administrative, overhead, insurance, reproduction, telephone, travel, auto rental, subsistence and all related expenses.

3. Payment.

a. As scheduled services are completed, Contractor shall submit to City an invoice for the services completed, authorized expenses and authorized extra work actually performed or incurred.

b. All such invoices shall state the basis for the amount invoiced, including services completed, the number of hours spent and any extra work performed.

c. Payment shall constitute payment in full for all services, authorized costs and authorized extra work covered by that invoice.

4. **Change Orders.** No payment for extra services caused by a change in the scope or complexity of work, or for any other reason, shall be made unless and until such extra services and a price therefor have been previously authorized in writing and approved by City as an amendment to this Agreement. City's Project Manager is authorized to approve a reduction in the services to be performed and compensation therefor. All amendments shall set forth the changes of work, extension of time, and/or adjustment of the compensation to be paid by City to Contractor and shall be signed by the City's Project Manager, City Manager or City Council, as applicable.

5. **Licenses.** Contractor represents that it and any subcontractors it may engage, possess any and all licenses which are required under state or federal law to perform the work contemplated by this Agreement and that Contractor and its subcontractors shall maintain all appropriate licenses, including a City of Orange business license, at its cost, during the performance of this Agreement.

6. **Independent Contractor.** At all times during the term of this Agreement, Contractor shall be an independent contractor and not an employee of City. City shall have the right to control Contractor only insofar as the result of Contractor's services rendered pursuant to this Agreement. City shall not have the right to control the means by which Contractor accomplishes services rendered pursuant to this Agreement. Contractor shall, at its sole cost and expense, furnish all facilities, materials and equipment which may be required for furnishing services pursuant to this Agreement. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its subcontractors, agents and employees, including compliance with social security withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. Contractor acknowledges that it and any subcontractors, agents or employees employed by Contractor shall not, under any circumstances, be considered employees of City, and that they shall not be entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

7. **Contractor Not Agent.** Except as City may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, to bind City to any obligation whatsoever.

8. **Designated Persons.** Only those qualified persons authorized by City's Project Manager, or as designated in Exhibit "A," shall perform work provided for under this Agreement. It is understood by the parties that clerical and other nonprofessional work may be performed by persons other than those designated.

9. **Assignment or Subcontracting.** No assignment or subcontracting by Contractor of any part of this Agreement or of funds to be received under this Agreement shall be of any force or effect unless the assignment has the prior written approval of City. City may terminate this Agreement rather than accept any proposed assignment or subcontracting. Such assignment or subcontracting may be approved by the City Manager or his/her designee.

10. **Time of Completion.** Except as otherwise specified in Exhibit "A," Contractor shall commence the work provided for in this Agreement within ten (10) days of the Effective

Date of this Agreement and diligently prosecute completion of the work or as otherwise agreed to by and between the representatives of the parties.

11. Time Is of the Essence. Time is of the essence in this Agreement. Contractor shall do all things necessary and incidental to the prosecution of Contractor's work.

12. Reserved.

13. Delays and Extensions of Time. Contractor's sole remedy for delays outside its control, other than those delays caused by City, shall be an extension of time. No matter what the cause of the delay, Contractor must document any delay and request an extension of time in writing at the time of the delay to the satisfaction of City. Any extensions granted shall be limited to the length of the delay outside Contractor's control. If Contractor believes that delays caused by City will cause it to incur additional costs, it must specify, in writing, why the delay has caused additional costs to be incurred and the exact amount of such cost at the time the delay occurs. No additional costs can be paid that exceed the not to exceed amount stated in Section 2.a, above, absent a written amendment to this Agreement.

14. Products of Contractor. The documents, studies, evaluations, assessments, reports, plans, citations, materials, manuals, technical data, logs, files, designs and other products produced or provided by Contractor for this Agreement, with the exception of Contractor's proprietary computer models, shall become the property of City upon receipt. Contractor shall deliver all such products to City prior to payment for same. City may use, reuse or otherwise utilize such products without restriction.

15. Equal Employment Opportunity. During the performance of this Agreement, Contractor agrees as follows:

a. Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Contractor shall ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, a notice setting forth provisions of this non-discrimination clause.

b. Contractor shall, in all solicitations and advertisements for employees placed by, or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law.

c. Contractor shall cause the foregoing paragraphs (a) and (b) to be inserted in all subcontracts for any work covered by this Agreement, provided that the foregoing provisions shall not apply to subcontracts for standard commercial supplies or raw materials.

16. Conflicts of Interest. Contractor agrees that it shall not make, participate in the making, or in any way attempt to use its position as a consultant to influence any decision of City in which Contractor knows or has reason to know that Contractor, its officers, partners, or employees have a financial interest as defined in Section 87103 of the Government Code.

17. Indemnity.

a. To the fullest extent permitted by law, Contractor agrees to indemnify, defend and hold City, its City Council and each member thereof, and the officers, officials, agents and employees of City (collectively the “Indemnitees”) entirely harmless from all liability arising out of:

(1) Any and all claims under workers’ compensation acts and other employee benefit acts with respect to Contractor’s employees or Contractor’s subcontractor’s employees arising out of Contractor’s work under this Agreement, including any and all claims under any law pertaining to Contractor or its employees’ status as an independent contractor and any and all claims under Labor Code section 1720 related to the payment of prevailing wages for public works projects; and

(2) Any claim, loss, injury to or death of persons or damage to property caused by any act, neglect, default, or omission other than a professional act or omission of Contractor, or person, firm or corporation employed by Contractor, either directly or by independent contract, including all damages due to loss or theft sustained by any person, firm or corporation including the Indemnitees, or any of them, arising out of, or in any way connected with the work or services which are the subject of this Agreement, including injury or damage either on or off City’s property; but not for any loss, injury, death or damage caused by the active negligence or willful misconduct of City. Contractor, at its own expense, cost and risk, shall indemnify any and all claims, actions, suits or other proceedings that may be brought or instituted against the Indemnitees on any such claim or liability covered by this subparagraph, and shall pay or satisfy any judgment that may be rendered against the Indemnitees, or any of them, in any action, suit or other proceedings as a result of coverage under this subparagraph.

b. To the fullest extent permitted by law, and as limited by California Civil Code 2782.8, Contractor agrees to indemnify and hold Indemnitees harmless from all liability arising out of any claim, loss, injury to or death of persons or damage to property to the extent caused by its negligent professional act or omission in the performance of professional services pursuant to this Agreement.

c. Except for the Indemnitees, the indemnifications provided in this Agreement shall not be construed to extend any third party indemnification rights of any kind to any person or entity which is not a signatory to this Agreement.

d. The indemnities set forth in this section shall survive any closing, rescission, or termination of this Agreement, and shall continue to be binding and in full force and effect in perpetuity with respect to Contractor and its successors.

18. Insurance.

a. Contractor shall carry workers' compensation insurance as required by law for the protection of its employees during the progress of the work. Contractor understands that it is an independent contractor and not entitled to any workers' compensation benefits under any City program.

b. Contractor shall maintain during the life of this Agreement the following minimum amount of comprehensive general liability insurance or commercial general liability insurance: the greater of (1) One Million Dollars (\$1,000,000) per occurrence; or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage and be written on an occurrence basis.

c. Contractor shall maintain during the life of this Agreement, the following minimum amount of automotive liability insurance: the greater of (1) a combined single limit of (1) One Million Dollars (\$1,000,000); or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage for all owned, non-owned and hired vehicles and be written on an occurrence basis.

d. Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits which are applicable to a given loss shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Contractor under this Agreement.

e. Each policy of general liability and automotive liability shall provide that City, its officers, officials, agents, and employees are declared to be additional insureds under the terms of the policy, but only with respect to the work performed by Contractor under this Agreement. A policy endorsement to that effect shall be provided to City along with the certificate of insurance. In lieu of an endorsement, City will accept a copy of the policy(ies) which evidences that City is an additional insured as a contracting party. The minimum coverage required by Subsection 18.b and c, above, shall apply to City as an additional insured. Any umbrella liability insurance that is provided as part of the general or automobile liability minimums set forth herein shall be maintained for the duration of the Agreement.

f. Contractor shall maintain during the life of this Agreement professional liability insurance covering errors and omissions arising out of the performance of this Agreement with a minimum limit of One Million Dollars (\$1,000,000) per claim. Contractor agrees to keep such policy in force and effect for at least three (3) years from the date of completion of this Agreement.

g. The insurance policies maintained by Contractor shall be primary insurance and no insurance held or owned by City shall be called upon to cover any loss under the policy. Contractor will determine its own needs in procurement of insurance to cover liabilities other than as stated above.

h. Before Contractor performs any work or prepares or delivers any materials, Contractor shall furnish certificates of insurance and endorsements, as required by City,

evidencing the aforementioned minimum insurance coverages on forms acceptable to City, which shall provide that the insurance in force will not be canceled or allowed to lapse without at least ten (10) days' prior written notice to City.

i. Except for professional liability insurance coverage that may be required by this Agreement, all insurance maintained by Contractor shall be issued by companies admitted to conduct the pertinent line of insurance business in California and having a rating of Grade A or better and Class VII or better by the latest edition of Best Key Rating Guide. In the case of professional liability insurance coverage, such coverage shall be issued by companies either licensed or admitted to conduct business in California so long as such insurer possesses the aforementioned Best rating.

j. Contractor shall immediately notify City if any required insurance lapses or is otherwise modified and cease performance of this Agreement unless otherwise directed by City. In such a case, City may procure insurance or self-insure the risk and charge Contractor for such costs and any and all damages resulting therefrom, by way of set-off from any sums owed Contractor.

k. Contractor agrees that in the event of loss due to any of the perils for which it has agreed to provide insurance, Contractor shall look solely to its insurance for recovery. Contractor hereby grants to City, on behalf of any insurer providing insurance to either Contractor or City with respect to the services of Contractor herein, a waiver of any right to subrogation which any such insurer may acquire against City by virtue of the payment of any loss under such insurance.

l. Contractor shall include all subcontractors, if any, as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to City for review and approval. All coverages for subcontractors shall be subject to all of the requirements stated herein.

19. Termination. City may for any reason terminate this Agreement by giving Contractor not less than five (5) days' written notice of intent to terminate. Upon receipt of such notice, Contractor shall immediately cease work, unless the notice from City provides otherwise. Upon the termination of this Agreement, City shall pay Contractor for services satisfactorily provided and all allowable reimbursements incurred to the date of termination in compliance with this Agreement, unless termination by City shall be for cause, in which event City may withhold any disputed compensation. City shall not be liable for any claim of lost profits.

20. Maintenance and Inspection of Records. In accordance with generally accepted accounting principles, Contractor and its subcontractors shall maintain reasonably full and complete books, documents, papers, accounting records, and other information (collectively, the "records") pertaining to the costs of and completion of services performed under this Agreement. City and its authorized representatives shall have access to and the right to audit and reproduce any of Contractor's records regarding the services provided under this Agreement. Contractor shall maintain all such records for a period of at least three (3) years after termination or completion of this Agreement. Contractor agrees to make available all such records for inspection or audit at its

offices during normal business hours and upon three (3) days' notice from City, and copies thereof shall be furnished if requested.

21. Compliance with all Laws/Immigration Laws.

a. Contractor shall be knowledgeable of and comply with all local, state and federal laws which may apply to the performance of this Agreement.

b. If the work provided for in this Agreement constitutes a "public works," as that term is defined in Section 1720 of the California Labor Code, for which prevailing wages must be paid, to the extent Contractor's employees will perform any work that falls within any of the classifications for which the Department of Labor Relations of the State of California promulgates prevailing wage determinations, Contractor hereby agrees that it, and any subcontractor under it, shall pay not less than the specified prevailing rates of wages to all such workers. The general prevailing wage determinations for crafts can be located on the website of the Department of Industrial Relations (www.dir.ca.gov/DLSR). Additionally, to perform work under this Contract, Contractor must meet all State registration requirements and criteria, including project compliance monitoring.

c. Contractor represents and warrants that it:

(1) Has complied and shall at all times during the term of this Agreement comply, in all respects, with all immigration laws, regulations, statutes, rules, codes, and orders, including, without limitation, the Immigration Reform and Control Act of 1986 (IRCA); and

(2) Has not and will not knowingly employ any individual to perform services under this Agreement who is ineligible to work in the United States or under the terms of this Agreement; and

(3) Has properly maintained, and shall at all times during the term of this Agreement properly maintain, all related employment documentation records including, without limitation, the completion and maintenance of the Form I-9 for each of Contractor's employees; and

(4) Has responded, and shall at all times during the term of this Agreement respond, in a timely fashion to any government inspection requests relating to immigration law compliance and/or Form I-9 compliance and/or worksite enforcement by the Department of Homeland Security, the Department of Labor, or the Social Security Administration.

d. Contractor shall require all subcontractors or subconsultants to make the same representations and warranties as set forth in Subsection 21.c.

e. Contractor shall, upon request of City, provide a list of all employees working under this Agreement and shall provide, to the reasonable satisfaction of City, verification that all such employees are eligible to work in the United States. All costs associated with such

verification shall be borne by Contractor. Once such request has been made, Contractor may not change employees working under this Agreement without written notice to City, accompanied by the verification required herein for such employees.

f. Contractor shall require all subcontractors or sub-consultants to make the same verification as set forth in Subsection 21.e.

g. If Contractor or subcontractor knowingly employs an employee providing work under this Agreement who is not authorized to work in the United States, and/or fails to follow federal laws to determine the status of such employee, that shall constitute a material breach of this Agreement and may be cause for immediate termination of this Agreement by City.

h. Contractor agrees to indemnify and hold City, its officers, officials, agents and employees harmless for, of and from any loss, including but not limited to fines, penalties and corrective measures City may sustain by reason of Contractor's failure to comply with said laws, rules and regulations in connection with the performance of this Agreement.

22. Governing Law and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California and Contractor agrees to submit to the jurisdiction of California courts. Venue for any dispute arising under this Agreement shall be in Orange County, California.

23. Integration. This Agreement constitutes the entire agreement of the parties. No other agreement, oral or written, pertaining to the work to be performed under this Agreement shall be of any force or effect unless it is in writing and signed by both parties. Any work performed which is inconsistent with or in violation of the provisions of this Agreement shall not be compensated.

24. Notice. Except as otherwise provided herein, all notices required under this Agreement shall be in writing and delivered personally, by e-mail, or by first class U.S. mail, postage prepaid, to each party at the address listed below. Either party may change the notice address by notifying the other party in writing. Notices shall be deemed received upon receipt of same or within three (3) days of deposit in the U.S. Mail, whichever is earlier. Notices sent by e-mail shall be deemed received on the date of the e-mail transmission.

“CONTRACTOR”

“CITY”

Keyser Marston Associates, Inc.
500 South Grand Avenue, Suite 1480
Los Angeles, CA 90071
Attn.: Kevin Engstrom

City of Orange
300 E. Chapman Avenue
Orange, CA 92866-1591
Attn.: Aaron Schulze

Telephone: 213-622-8095
E-Mail: kengstrom@keysermarston.com

Telephone: 714-744-2202
E-Mail: aschulze@cityoforange.org

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures transmitted via facsimile and electronic mail shall have the same effect as original signatures.

IN WITNESS of this Agreement, the parties have entered into this Agreement as of the year and day first above written.

“CONTRACTOR”

KEYSER MARSTON ASSOCIATES, INC.,
a California corporation

*By: _____
Printed Name: _____
Title: _____

*By: _____
Printed Name: _____
Title: _____

“CITY”

CITY OF ORANGE, a municipal corporation

By: _____
Mark A. Murphy, Mayor

ATTEST:

Pamela Coleman, City Clerk

APPROVED AS TO FORM:

Mary E. Binning
Senior Assistant City Attorney

***NOTE:** City requires the following signature(s) on behalf of the Contractor:
-- (1) the Chairman of the Board, the President or a Vice-President, **AND** (2) the Secretary, the Chief Financial Officer, the Treasurer, an Assistant Secretary or an Assistant Treasurer. If only one corporate officer exists or one corporate officer holds more than one corporate office, please so indicate. **OR**
-- The corporate officer named in a corporate resolution as authorized to enter into this Agreement. A copy of the corporate resolution, certified by the Secretary close in time to the execution of the Agreement, must be provided to City.

EXHIBIT “A”

SCOPE OF SERVICES

[Beneath this sheet.]



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

ADVISORS IN:

Real Estate
Redevelopment
Affordable Housing
Economic Development

SAN FRANCISCO

A. Jerry Keyser
Timothy C. Kelly
Kate Earle Funk
Debbie M. Kern
David Doezeema

LOS ANGELES

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

SAN DIEGO

Paul C. Marra

August 20, 2021

Aaron Schulze
Senior Assistant to the City Manager
City of Orange
300 E. Chapman Avenue
Orange, CA 92866

Re: Chapman University Fiscal Impact Analysis

Dear Mr. Schulze:

Keyser Marston Associates, Inc. (KMA) is pleased to submit this proposal to the City of Orange (City) to evaluate the fiscal impact of Chapman University. As KMA understands the situation, the University is exploring the possibility of expanding and the City would like to understand the potential fiscal impact of both the existing student body, now and into the future, and the impact of an expanded student body on the City. The proposal below is separated into four sections:

- Statement of Qualifications
- Proposed Scope of Services
- Information Needs
- Estimated Budget and Schedule

KMA is pleased to submit this proposal to the City.

STATEMENT OF QUALIFICATIONS

Description of the Firm

KMA is a full-service real estate, financial, redevelopment and economic consulting firm specializing in real estate advisory and evaluation services. KMA is a privately held corporation that was founded in 1973. KMA has one of the largest real estate advisory practices on the West Coast. The majority of KMA assignments involve long-standing client relationships.

KMA has 19 professional staff members in offices located in Los Angeles, San Francisco and San Diego. The downtown Los Angeles office provides consulting services to government agencies and private sector clients throughout Southern California.

KMA's services fall within the following general areas:

- Real Estate Evaluation and Transaction Services
- Strategic Planning and Economic Development Services
- Affordable Housing
- Valuation and Litigation Support
- Fiscal Impact Analyses
- Infrastructure and Public Finance Structuring

The increased complexities of real estate transactions demand a strong technical understanding of market opportunities and constraints. KMA can provide services that are grounded in a fundamental understanding of the Southern California real estate market, valuations and investment financing. Unique characteristics possessed by KMA include:

Experience

KMA has 40 years of experience assisting clients throughout the West in real estate market and evaluation services; negotiation services; structuring public/private transactions; and project implementation services.

Cost Effectiveness

KMA is able to be cost effective for our clients given our ability to provide comprehensive services relating to market and financial feasibility, economic analysis, direct implementation experience and public finance without the need for multiple consultants.

Commitment

KMA offers the commitment of principals who are recognized leaders in real estate advisory services throughout California. Our philosophy and structure results in clients having maximum direct contact with the firm's principals.

Relevant Areas of Expertise

KMA provides a full range of real estate advisory services and economic development services to our clients. Descriptions of the firm's services that are pertinent to this engagement follow:

Feasibility Assessment

KMA has undertaken feasibility studies for clients including public agencies at all levels of government, institutional investors, and national shopping center developers. While the purpose of these studies varies considerably, the essence is to identify the basic demand for the use being tested, which is an essential component in the decision making process. KMA has broad experience in commercial, retail and residential market opportunity assessments, and has assisted clients in identifying mid- to long-term development strategies. To this end, KMA has prepared market, financial and implementation studies for downtowns and corridors throughout Los Angeles, San Bernardino, Riverside and Orange Counties.

Financial Evaluation

The use of pro forma financial analyses to evaluate the financial feasibility of a wide range of projects is a strength of KMA. These financial feasibility analyses are typically geared toward providing KMA's perspective on the development economics for proposed projects.

Disposition Consulting

KMA services in this area include preparation of developer solicitation documents, proposal review, developer selection, participation in developer or owner negotiations, and analysis of pending agreements. KMA has taken an active role in the negotiation process leading to numerous Ground Leases, Disposition and Development Agreements, and Owner Participation Agreements.

Strategic Plans for Residential, Retail, Commercial and Industrial Uses

KMA's economic development services include identifying optimal mix of retail, commercial and industrial uses. KMA's services have assisted public sector clients in formulating policies that maximize revenue potential.

Fiscal Impact Analysis

As a full-service land economics consulting firm specializing in real estate predevelopment and evaluation services, KMA has developed extensive experience in assessing the revenue and cost impacts to be generated by proposed developments or implementation of plans. These analyses evaluate capital costs, and annual ongoing revenue and service cost impacts, as well as the employment and income effects.

PROPOSED SCOPE OF SERVICES

Educational institutions, hospitals, and other tax-exempt institutional land uses often represent the greatest trade-off between enhancing the economic base of a community and fiscal sustainability. They typically create many positive economic impacts, including high-paying jobs, a prestigious identity for the community, and are often an economic pillar of both the municipality and the surrounding region. Conversely, they also bring unique challenges. The primary challenge created by large institutional tax exempt uses results from securing resources to fund municipal services given that these uses do not pay local property taxes. As KMA understands the situation, Chapman University is planning on expanding; consequently, the City would like to understand the potential fiscal impact of this expansion. To that end, KMA's work will fall into three general tasks:

- Task I will be to initiate the Project. KMA will meet with the City to discuss the University's participation in the analysis, the approach given the University's

involvement (or not), the scope of work, and the data needs from the City. KMA will also review any existing agreements with the University and undertake a review of “best practices” for analyzing the impacts of universities on cities as well as effective mitigation measures.

- Task II will focus on evaluating the on-going fiscal impacts generated by the University. This analysis will include an assessment of tax revenues and service costs generated directly by the University as well as the indirect impacts generated by students and faculty who live off-campus but within the City of Orange. This analysis will focus on existing impacts but per capita factors will be developed to measure the impacts of future growth in enrollment and staffing.
 - Task III will address the annual operating revenues and one-time impact fee revenues that the City forgoes as a result of the tax-exempt status of the University. The key foregone operating revenues are on-going property tax and property tax in-lieu of motor vehicle license fees. The key foregone construction related revenues are property transfer taxes from the purchase of property and development impact fees.
 - Task IV will provide 25-year projections of the University’s impact on the City’s General Fund for two scenarios
- 1) Task 1 – Project Initiation: KMA proposes to meet with City staff within the first week of being selected. The purpose of the meeting will be to clarify the City’s objectives for the study, understand the University’s willingness to provide data for this study, to discuss potential modifications to the approach and scope of the study to correspond with the level of University involvement, and to discuss data needs. KMA will also review any relevant existing documents
 - 2) Task II – Annual Fiscal Impacts: The estimated annual fiscal impacts will evaluate the City general fund revenues and costs associated with the University.
 - a) General Fund Revenues – KMA will estimate the gross annual tax and subvention revenues that are currently directly generated by the University and indirect/

induced revenues that are generated by off-campus expenditures of students, faculty and staff. The revenues that we anticipate to quantify, through a review of the City budget, interviews with key City staff and the University include the following:

- i) Direct, on-site revenues
 - (1) City's share of sales and use taxes
 - (2) Utility user taxes
 - (3) Franchise fees
- ii) Indirect/induced off-site revenues:
 - (1) Hotel TOT tax generated by University-related business
 - (2) Sales and use taxes from Orange retailers generated by student, faculty, University, and staff purchases
 - (3) Indirect tax impacts of supported employment
 - (4) City's share of annual property tax revenues from off-campus private student and faculty and staff housing (if applicable)
 - (5) City's share of property taxes in-lieu of motor vehicle fees generated by off-campus housing (if applicable).
- b) General Fund Service Costs – The fiscal assessment will also include an evaluation of annual General Fund operating costs related to providing services such as police, fire, and, emergency medical protection, road maintenance costs, and general government costs. Both direct on-site service costs and indirect service costs generated by off-campus students, staff and faculty will be evaluated. The major steps in the costs analysis are:
 - i) Understanding the number of students, faculty and staff who live in Orange (on and off campus)
 - ii) Interview key City staff to discuss impact of University of City budget.
 - iii) Preparing a set of per capita cost factors derived from the City's budget
 - iv) Finalizing the annual cost estimates

- c) Net Annual Impacts – KMA will compare the annual revenues to annual service costs to estimate the net annual direct and indirect/induced fiscal impacts to the City of Orange that are generated by the University.
- 3) Task III – Foregone Revenues Due to Tax Exempt Status: The University is exempt from paying property taxes, which results in a significant loss of tax revenue to the City of Orange. Working with information from the City and University, KMA will evaluate the potential loss of City property tax by the proposed expansion.
- 4) Task IV - Estimate Per Capita Impacts of Future Enrollment Growth: Using information derived from Tasks I - III, KMA will prepare 25-year projections of City revenue and expense factors that can be used to estimate the fiscal impacts of future enrollment under two scenarios, at existing levels and a growth scenario.

INFORMATION REQUIRED

To conduct this analysis, KMA will require a significant amount of information from the City and University, while not complete, our initial thoughts on this information include:

- Existing employment by income level for both scenarios
- Total students for both scenarios
 - Full-time
 - Part-time
- Residency patterns of students and employees
- Existing City revenues generated on site by type, including any:
 - Sales and use taxes
 - Utility user taxes
 - Franchise fees
- Studies/data on student spending patterns

- Any current estimates of City public safety costs allocated to the University based on already collected data
- Data on University events by type of activity
- Projected expansion plans including:
 - Buildings:
 - Project Description
 - Site
 - Scope of development
 - Employment projections
 - Student projections
 - Anticipated ancillary benefits from the expansion (e.g. hotels, etc.)

ESTIMATED PROJECT BUDGET & SCHEDULE

Given the nature of the assignment, the study would be prepared for a not-to-exceed budget of \$65,000. KMA anticipates a draft review of the Study would be available within 12 weeks of receiving authorization to proceed and our receipt of any information requested from the City and University. For the purposes of this analysis, KMA will be available for ten meetings and interviews with key staff, assuming these are a mix of in-person and virtual meetings/interviews. Any additional meetings or appearances at public hearings or meetings will be billed on a time-and-expenses basis in accordance with the following rate schedule.

Billing Rate Schedule	
Chairman, President, Managing Principals	\$280.00
Senior Principals	\$270.00
Principals	\$250.00
Managers	\$225.00
Senior Associates	\$187.50
Associates	\$167.50
Senior Analysts	\$150.00
Analysts	\$130.00
Technical Staff	\$95.00
Administrative Staff	\$80.00

Monthly billings for staff time and expenses incurred during the period will be payable within thirty (30) days of invoice date. 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 contact us.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.



Kevin Engstrom
Senior Principal