



# Agenda Item

## City Council

---

**Item #:** 3.13.

**9/14/2021**

**File #:** 21-0505

---

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Rick Otto, City Manager

### **1. SUBJECT**

Professional Services Agreement with Keyser Marston Associates, Inc. to evaluate the fiscal impact of Chapman University.

### **2. SUMMARY**

The proposed agreement is for Keyser Marston Associates, Inc. to analyze the fiscal impact to the City of Orange from Chapman University. The analysis includes both current student enrollment as well as the fiscal impact from a proposed increase in student enrollment.

### **3. RECOMMENDED ACTION**

Approve the agreement with Keyser Marston Associates, Inc. in the amount of \$65,000 to prepare a fiscal impact analysis and authorize the Mayor and City Clerk to execute on behalf of the City.

### **4. FISCAL IMPACT**

The total expenditure for this agreement is \$65,000 and will be funded through General Fund (Fund 100).

### **5. STRATEGIC PLAN GOALS**

Goal 2: Be a fiscally healthy community

b: Analyze future fiscal needs and potential revenue opportunities.

### **6. DISCUSSION AND BACKGROUND**

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 uses are that they are often exempt from property taxes that help serve as a resource to fund municipal services.

Chapman University has submitted a proposed update to the Specific Plan (SP7). As part of the review of the proposal, it is necessary for the City to conduct a fiscal analysis that will take into account both the positive economic benefits of Chapman University as well as the costs of providing it with municipal services. The analysis will look at current impacts as well as a scenario that includes a proposed increase in student enrollment. The proposed fiscal analysis is a typical component of

project review, and will take approximately 12 weeks to complete at a cost of \$65,000.

Staff recommends approving the Professional Services Agreement with Keyser Marston Associates, Inc. to provide a fiscal impact analysis for Chapman University to help staff and the City Council better understand the fiscal impact of this important institution.

## **7. ATTACHMENT**

- Professional Services Agreement with Keyser Marston Associates, Inc.