Meeting Date: 02-12-08

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 5.A.3

Santa Clara All-America City 2001

DATE: February 6, 2008

TO: City Manager/Executive Director for Redevelopment Agency Action

FROM: Assistant City Manager

SUBJECT: Amendment No. 3 to the Consulting Contract with Keyser Marston Associates, Inc. for Fiscal and Economic Land Use Issues, Economic Benefits Analysis and Stadium Financing Options Analysis to Assist Staff in the 49er Stadium Feasibility Study

EXECUTIVE SUMMARY:

At their February 6, 2007 meeting the Agency directed the City Manager to proceed with a Feasibility Study for a San Francisco 49ers proposed stadium to be sited in the parking lot of Great America Theme Park. Additionally, the Agency authorized the use of $200,000 of Agency appropriations for specialized legal and consulting services to support City/Agency staff in completing the Feasibility Study. These monies come from Redevelopment Agency tax increment revenues and can only be used to support redevelopment activities in the North Bayshore Area. General Fund monies have not been used in engaging consulting services for the stadium proposal.

At their April 3, 2007 meeting, the Agency approved a legal services agreement with the firm of Goldfarb and Lipman, and a fiscal and economic analysis consulting agreement with the firm of Keyser Marston Associates, Inc. (KMA). Additionally, funds were set aside for specialized consulting in the areas of sports financing and operations. At this point in time, staff had not yet been presented with the 49ers stadium proposal, and commented in the Agency report that a definitive budget for a stadium Feasibility Study could not be determined in advance without more information.

Since that time, due to the complexity, scope and depth of issues involved in the Feasibility Study, it has been necessary to amend and supplement the consulting contracts, resulting in a total Feasibility Study appropriation of $500,000 with an anticipated Feasibility Study completion date of December 18, 2007. Staff established this amount as a conservative estimate of the cost to complete the study and anticipated that some portion of the total appropriation might not be spent by the conclusion of the study. However, in December 2007 it became clear that the Feasibility Study would not be presented to the City Council until January 15, 2008.

For the above stated reasons it is necessary to extend the contract length and funding amount for the City's fiscal and economic consultant, KMA. There is no change to the total amount of $500,000 appropriated for the Feasibility Study, as unexpended funds remain from appropriated monies. (The KMA contract amendment has been left in Council Offices for review.)

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Extending the contract length and funding for the Agency's fiscal and economic consultant allows the Agency's consultant, KMA, to be appropriately paid for work performed in the last month of the extended Feasibility Study period.

ECONOMIC/FISCAL IMPACT:
This third contract amendment for Keyser Marston Associates increases the firm's not-to-exceed contract amount by $45,000, to a total for the Feasibility Study of $280,000. As previously anticipated, portions of the total $500,000 appropriation for the Feasibility Study have not been expended, and are available to cover this KMA contract amendment. No additional appropriation of funds is necessary. Funds are available in the Redevelopment Agency Contractual Service account (901-1012-87870-(I)-2292-(A)-04949).

RECOMMENDATION:
That the Agency/Council approve Amendment No. 3 to the consulting contract with Keyser Marston Associates, Inc. and Redevelopment Agency in the amount of $45,000 for fiscal and economic land use issues, economic benefits analysis and stadium financing options analysis to assist staff in the 49er stadium Feasibility Study, for a total contractual amount not to exceed $280,000, and authorize the City Manager/Executive Director to execute Amendment No. 3.

Pam Morrison
Administrative Analyst to the City Manager

for Ronald E. Garratt
Ronald E. Garratt
Assistant City Manager

APPROVED:
for Ronald E. Garratt
Jennifer Sparacino
Executive Director for
Redevelopment Agency

Certified as to Availability of Funds:
901-9011-87870 $ 45,000.00

Mary Ann Parrot
Redevelopment Agency Treasurer

Documents Related to this Report:
1) Amendment to Professional Services Agreement Between the Agency and Keyser Marston Associates, Inc.

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CITY OF SANTA CLARA

AGENDA MATERIAL ROUTE SHEET

Council Date: February 6, 2008

SUBJECT: Amendment 3 with Keyser Marston Associates to provide fiscal and economic analysis services in support of the 49ers stadium feasibility study.

CERTIFICATION

The proposed amendment regarding the provision of fiscal and economic analysis services in support of the 49ers stadium feasibility study has been reviewed and is hereby certified.

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published _____ time(s) at least _____ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 200__.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:
Title _____ *U.S.C. §* _____
(Titles run 1 through 50)

California Codes:
Code _____ *§* _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:
Title _____ *C.F.R. §* _____
(Titles run 1 through 50)

California Regulations:
Title _____ *California Code of Regulations §* _____
(Titles run 1 through 28)

City
City Charter § _____ *(i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)*
City Code § _____

1. As to City Functions, by
Ronald E Garratt
_____
Department Head

2. As to Legality, by
Helene Leichter
_____
City Attorney's Office

3. As to Environmental Impact Requirements, by
_____
Director of Planning and Inspection

4. As to Substance, by
Ronald E Garratt
_____ for City Manager

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AMENDMENT 3 TO THE PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AND KEYSER MARSTON ASSOCIATES, INC.

This agreement ("Amendment 3") is made and entered into on this ____ day of February, 2008, ("Effective Date") by and between The Redevelopment Agency of the City of Santa Clara, a redevelopment agency, a public body, corporate and politic, organized and existing in the County of Santa Clara, under and by virtue of the laws of the State of California (California Health and Safety Code section 33000, et seq.) ("Agency") with its primary business address at 1500 Warburton Avenue, Santa Clara, CA 95050, and Keyser Marston Associates, Inc., a California corporation ("Consultant"), with its primary business address at Golden Gateway Commons, 55 Pacific Avenue Mall, San Francisco, CA 94111. Agency and Consultant may be referred to herein individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

A. The Parties previously entered into an agreement entitled "Agreement for Professional Services by and between the Redevelopment Agency of the City of Santa Clara and Keyser Marston Associates, Inc.," dated April 3, 2007 (the "Original Agreement"); and

B. The Parties entered into the Original Agreement for the purpose of having Contractor provide fiscal, economic and land use analysis services. The Parties amended the Original Agreement to increase the not-to-exceed amount of seventy-five thousand dollars ($75,000.00) by sixty-five thousand dollars ($65,000.00), bringing the total not-to-exceed amount to one hundred forty thousand dollars ($140,000.00), dated July 10, 2007 ("Amendment 1"); and

C. The Parties amended the Original Agreement and Amendment 1 to increase the not-to-exceed amount of one hundred forty thousand dollars ($140,000.00) by ninety five thousand dollars ($95,000.00), bringing the total not-to-exceed amount to two hundred thirty five thousand dollars ($235,000.00), dated October 9, 2007 ("Amendment 2"); and

D. The Parties now wish to amend the Original Agreement and Amendments 1 and 2 to increase the not-to-exceed amount of two hundred thirty five thousand dollars ($235,000.00) by forty-five thousand dollars ($45,000.00), bringing the total not-to-exceed amount to two hundred eighty thousand dollars ($280,000.00).

In consideration of the above Recitals and the following mutual covenants and obligations, the Parties agree as follows:

AGREEMENT PROVISIONS

1. That the paragraph entitled "Maximum Not to Exceed Contract Amount" of Exhibit A, entitled "Scope of Work and Schedule of Fees and Charges" of the Original Agreement, is hereby amended to read as follows:

"**Maximum Not to Exceed Contract Amount**.
In no event shall the total amount paid to the Consultant for services, including all fees, cost and/or expenses, under this Agreement exceed two hundred eighty thousand dollars ($280,000.00) per fiscal year, subject to budgetary appropriations."

2. All other terms of the Original Agreement which are not in conflict with the provisions of this Amendment 3, shall remain unchanged in full force and effect. In case of a conflict in the terms of the Original Agreement, Amendment 1, Amendment 2, and this Amendment 3, the provisions of this Amendment 3 shall control.

The Parties acknowledge and accept the terms and conditions of this Amendment 3 as evidenced by the following signatures of their duly authorized representatives. It is the intent of the Parties that this Amendment 3 shall become operative on the Effective Date first set forth above.

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA,
a redevelopment agency, a public body, corporate and politic,
organized and existing in the County of Santa Clara,
under and by virtue of the laws of the State of California

APPROVED AS TO FORM:

HELENE L. LEICHTER
Agency General Counsel

JENNIFER SPARACINO
Executive Director

ATTEST:

1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax Number: (408) 241-6771

ROD DIRIDON, JR.
Agency Secretary

"Agency"

Keyser Marston and Associates, Inc.
a California corporation

By: A. Jerry Keyser

A. JERRY KEYSER
Chairman of the Board
55 Pacific Avenue Mall
San Francisco, CA 94111
Telephone: (415) 398-3050
Fax Number: (415) 397-50655

"Consultant"

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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
ROBERT J. WETMORE

LOS ANGELES
CALVIN E. HOLLIS, II
KATHLEEN H. HEAD
JAMES A. RABE
PAUL C. ANDERSON
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMEY

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

February 6, 2008

Mr. Ron Garratt
Assistant City Manager
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: 49ers Stadium Scope of Work Dec. 6th 2007 to Jan. 25th 2008

Dear Ron:

This scope covers additional work KMA completed in relation to the 49ers Stadium feasibility study subsequent to our December invoice which brought us to the maximum under our existing contract based on time expended through December 5th, 2007. The additional work addressed in this scope was performed during the period from December 6th 2007 through January 25th 2008.

Scope of Work

The major tasks completed by KMA are as follows:

1. Preparation for and participation in the December 18th joint public hearing on the financing component of the stadium feasibility study. This effort included preparation of a PowerPoint, input on the staff report, refinement to exhibits on stadium financing, and participation in meetings and conference calls with City staff and with the 49ers to make final adjustments and refinements to the study as presented on December 18th.

2. Comparative analysis of City / Agency financing if no SB 211 amendment were adopted including a projection of Agency tax increment under that scenario; analysis of tax increment available for repayment to the General Fund under the cooperation agreement; and an estimate of tax increment that would revert to the taxing agencies.

55 PACIFIC AVENUE MALL ➤ SAN FRANCISCO, CALIFORNIA 94111 ➤ PHONE: 415 398 3050 ➤ FAX: 415 397 5065

WWW.KEYSERMARSTON.COM

3. Comparative analysis of economic benefits that could be achieved with an alternative retail / entertainment use on the stadium site.

4. Provide assistance to staff in addressing questions from Council on the finance component of the stadium feasibility study.

5. Preparation for and participation in the January 15th joint public hearing on the stadium feasibility study including: input and assistance on the staff report; participation in meetings and conference calls; and preparation of exhibits.

Budget

The budget for this scope is $43,826.25 based on the actual time and materials necessary for these tasks.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.

A. Jerry Keyser

A. Jerry Keyser
Chairman of the Board