

Office of the City Manager

ACTION CALENDAR

November 12, 2002

To: Honorable Mayor and
Members of the City Council

From: Weldon Rucker, City Manager

Subject: Funding Request for U.C. Berkeley Fiscal Impact Study

RECOMMENDATION

Adopt a resolution authorizing the expenditure of \$50,000 in FY2002 carry-over savings to provide one-time funding for a U.C. Berkeley (UCB) Fiscal Impact Study to be conducted in calendar year 2003. The results would inform the City's negotiations with UCB as they prepare to adopt a new Long Range Development Plan.

FISCAL IMPACT OF RECOMMENDATION

Funds to support the recommended one-time expenditure of \$50,000 are available from FY2002 General Fund savings available for carry-over appropriation to FY2003. This expenditure is expected to yield long-term financial benefits to the City by providing information that could lead to a more favorable memorandum of understanding with the University regarding reimbursements for expenses incurred by the City in support of the University.

CURRENT SITUATION AND ITS EFFECTS

The Long Range Development Plan Agreement (LRDP) that was signed in 1990 between the City and UCB is set to expire in 2005. This agreement provides for both one-time and annual fiscal payments to the City from UCB for services the City provides including, but not limited to, sewer and fire services.

In anticipation of a new round of negotiations for the next LRDP, the City needs updated information to obtain appropriate and adequate compensation from UCB for services the City provides to the campus and its off-campus facilities. Staff believes a fiscal impact study is necessary to reevaluate the City's current fiscal payment assumptions and to also investigate other service areas where costs may be incurred, but are not paid for by UCB. In addition, a number of other agreements have been approved over time, such as the March 1997 MOU for the Haas Pavilion expansion and most recently the North East Quadrant Seismic Safety Infrastructure Project (NEQSS). The opportunity to consolidate payments and update the fiscal impact assumptions used for these agreements, and others, would be included. The outcome of the fiscal impact study could result in additional compensation from UCB.

BACKGROUND

UCB has announced that it plans to add 4,000 new students by 2005, and is already engaged in a major construction program to improve the safety of its buildings on and off campus. It is

currently conducting major planning studies on how to accommodate the new students, define a new strategic vision for its academic programs, and develop existing and new facilities to accommodate both of them. The studies will culminate in a new LRDP that will contain a detailed program and timeline for UCB's investment in new facilities. It has already announced a program to build new student housing, some of which may be located on land UCB will acquire or lease from private owners.

Since UCB is exempt as a State institution from paying the property tax and certain City fees and assessments, revenues from the University do not fully reimburse the City for the cost of services such as fire protection, sewer, storm, street and sidewalk maintenance, lighting and others. In certain instances, UCB has admitted that it should reimburse the City for service costs and has agreed to make annual payments or pay one-time fees. These have been negotiated in various agreements at different times, including the existing LRDP, 1990-2005, the March 1997 Memorandum of Understanding relating to the construction of Haas Pavilion, NEQSS Infrastructure Agreement, and others.

In new negotiations, the City will seek to consolidate payments from the various agreements, update them based on new information about UCB's existing and future service demands and corresponding City costs, and, if necessary, assess new fees for costs not presently reimbursed. We will also seek reimbursement for the fiscal impact of UCB's expansion, including any property removed from the tax rolls.

The study would be conducted by a consultant working in conjunction with a core staff team drawn from the City Manager's Office, Planning, City Attorney, and the Office of Economic Development. Staff from other departments, including Public Works, Finance, Housing, and the Office of Transportation, would also be asked to participate in the study.

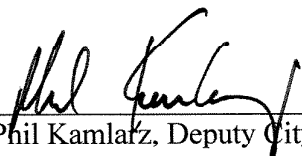
POSSIBLE FUTURE ACTION

Funding would result in the issuance of a Request for Qualifications, followed by Council approval of a negotiated contract not to exceed \$50,000. The project timeline would include a presentation of a final study to Council in fall 2003.

CONTACT PERSON

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Approved:



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