



Staff Summary Report

Council Meeting Date: 12/11/2008

Agenda Item Number: _____

SUBJECT: Request to award two-year contracts with three, one-year renewal options to Economic Research Associates and Gruen Gruen & Associates for development consultants.

DOCUMENT NAME: 20081211fslg03 **PURCHASES (1004-01)**

SUPPORTING DOCS: Yes

COMMENTS: (RFP #09-036) Total cost for these contracts shall not exceed \$50,000 during the initial two-year contract period.

PREPARED BY: Lisa Goodman, CPPB, Procurement Officer, 480-350-8533

REVIEWED BY: Michael Greene, CPM, Central Services Administrator, 480-350-8516
Chris Salomone, Community Development Manager, 480-350-8294

**LEGAL REVIEW AS
TO CONTRACT FORM**

ONLY: N/A

FISCAL NOTE: In most cases, the Developer will pay for this service; in a rare instance City Staff will request to use available contingency funding.

RECOMMENDATION: Award the contracts.

ADDITIONAL INFO: Request for Proposal (RFP) #09-036 was issued to establish a qualified list of development consultants to advise the City regarding various development concepts/proposals within the City. Fourteen proposals were received. An evaluation committee comprised of Community Development and Financial Services staff reviewed the responses. Economic Research Associates and Gruen Gruen & Associates are recommended for award.



Economics Research Associates

September 23, 2008

Lisa Goodman
Procurement Officer
City of Tempe
PO Box 5002
Tempe, AZ 85280

RE: RFQ for Development Consultants (09-036)

ERA No: 50562

Dear Ms. Goodman:

Economics Research Associates (ERA), in conjunction with David Paul Rosen & Associates (DRA), is pleased to present this statement of qualifications to provide development consultant services to the City of Tempe. The ERA/DRA team has previously collaborated on numerous occasions, and both firms have recently completed assignments for the City of Tempe. ERA conducted a market demand analysis for a conference center in Tempe, while DRA was retained to calculate an affordable housing in lieu fee as a potential source of revenue for the development of affordable housing.

ERA is the most experienced and the largest land planning economics and real estate consulting firm in the United States. With six offices in the United States and one in London, ERA has a total of approximately 140 employees. The firm has performed nearly 18,000 consulting assignments in its 50-year history. ERA's domestic volume is evenly divided between government agencies and private interests. Clients include community organizations, redevelopment agencies, city governments, county governments, special districts, regional councils, transportation agencies, state governments, federal agencies and foreign governments. ERA offers a wide range of services including market analysis, financial and pro forma analysis, fiscal and economic impact analysis, and negotiations of development agreements. Our firm has experience with a variety of land uses, such as housing, office, retail, mixed-use, hotel, and public assembly facilities (including convention centers, conference centers, performing arts centers, civic centers, etc.)

DRA is a national development and financial advisory firm with an extensive history of providing comprehensive development, financial, public policy, business and strategic consulting services to cities, redevelopment agencies, housing authorities, non-profit and for-profit developers engaged in affordable housing, mixed income and mixed use development. DRA maintains authoritative and comprehensive national expertise in all aspects of affordable housing finance, development, underwriting, asset management, program design, public policy, and strategic planning. Additionally, DRA's work with public agencies and private developers provides the firm with an understanding of both sides of public-private partnerships in our evaluation of development proposals.

ERA will serve as the prime contractor, although both firms will be available to the City of Tempe to provide services if the City prefers to contract with one of the firms individually. ERA will predominantly focus on market rate, mixed income, and mixed use projects. DRA will predominantly provide services in affordable housing development and finance. William "Bill" Lee, Executive Vice President, will be the primary contact for ERA. David Rosen, Principal and founder of DRA, will serve as Principal-in-Charge.

388 Market Street Suite 1580 San Francisco, CA 94111
415.956.8152 FAX 415.956.5274 www.econres.com
Los Angeles San Francisco San Diego Chicago Washington DC New York London



Economics Research Associates

The DRA/ERA team can initially respond within one day from initial contact. Our response time for completing a requested assignment will depend on the nature of the assignment. We can usually review completed project proposals and pro forma within one to two weeks, depending upon their complexity. Most of our assignments and studies that require research can be completed within three to four weeks, depending on our workload. Major research assignments may take longer.

The following is our statement of qualifications. Please call if you have any questions about ERA's qualification or submittal.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William W. Lee'.

William W. Lee
Executive Vice-President
Economics Research Associates

A handwritten signature in cursive script, appearing to read 'David Rosen' followed by the initials 'SS'.

David Rosen, Ph.D.
Principal
David Paul Rosen & Associates

Vendor's RFQ Offer

It is REQUIRED that Request for Qualifications Offeror COMPLETE, SIGN and SUBMIT the original of this form to the City Procurement Office with the RFQ response offer. An unsigned "Vendor's RFQ Offer", late response and/or a materially incomplete response will be considered non-responsive and rejected.

RFQ offeror is to type or legibly write in ink all information required below.

RFQ Offeror's Company Name	<u>Economics Research Associates</u>
Company Mailing Address	<u>388 Market St. #1580, San Francisco, CA 94111</u>
Company Street Address	<u>Same</u>
RFQ Offeror Contact	<u>William W. Lee</u> Title <u>Executive Vice President</u>
Contact's Phone No.	<u>(415) 956-8152</u> E-mail Address <u>bill.lee@econres.com</u>
RFQ Offeror's Company Tax Information:	
Arizona Transaction Privilege (Sales) Tax No.	_____ or
Arizona Use Tax No.	_____
Federal I.D. No.	_____
City & State Where Sales Tax is Paid	_____, _____

THIS REQUEST FOR QUALIFICATIONS IS OFFERED BY

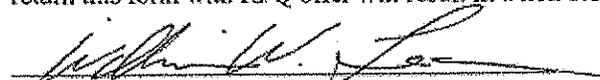
Authorized RFQ Offeror (Type or Print in ink) William W. Lee

RFQ Offeror's Title (Type of Print in ink) Executive Vice President

Date September 23, 2008

REQUIRED SIGNATURE OF AUTHORIZED RFQ OFFEROR (Must Sign in Ink)

By signing this RFQ Offer, Offeror acknowledges acceptance of all terms and conditions contained herein and that prices offered were independently developed without consultation with any other offeror or potential offeror. Failure to sign and return this form with RFQ offer will result in a non-responsive RFQ.


Signature of Authorized RFQ Offeror

9/23/08
Date

Form 201-B (RFQ)

Addendum to Solicitation



City Procurement Office/City of Tempe • PO Box 5002 • 20 East 6th Street • Tempe, AZ 85280 • (480) 350-8324 • www.tempe.gov/purchasing

This addendum will modify and/or clarify:

Solicitation No.: | 09-036

and is

Addendum No. | 1

Procurement Description: | Development Consultants

Changes should be made as follows:

The following questions were received and answers given as part of this RFP.

1. Is the RFP requesting urban design services as well as real estate economics?

The City is looking for assistance reviewing requests for incentives. Having knowledge of construction costs would be valuable. It is not our intent to use this RFP to obtain Planning help.

2. Are urban designers expected to submit separately or as a team with a real estate economist?

We are looking for a team approach.

3. Is this RFQ limited to Arizona consultants or may non-local firms also be considered?

Any firm will be considered.

4. If so, are there relevant licensure requirements for this RFP?

None that we're aware of.

5. What will be the typical fee range for the urban design services you expect through this contract?

There are no preconceived expectations.

6. Is there a maximum fee amount per task or over the life of the contract?

Not that I'm aware of. The contract value is dependent upon the City's available funds.

The balance of the specifications and bid solicitation instructions to remain the same. Bidders/Proposal Offerors are to acknowledge receipt and acceptance of this addendum by returning of signed addendum with bid/proposal response. Failure to sign and return an addendum prior to bid/proposal opening time and date may make the bid/proposal response non-responsive to that portion of the solicitation as materially affected by the respective addendum.

Economics Research Associates
NAME OF COMPANY

388 Market Street #1580
ADDRESS (or PO Box)

San Francisco, CA 94111
CITY STATE ZIP

W.W. Lee, Executive VP
BY NAME (please print) TITLE

(415) 956-8152
TELEPHONE


AUTHORIZED SIGNATURE



SECTION 1. DEVELOPMENT CONSULTANT QUALIFICATIONS

Economics Research Associates

Founded in 1958, Economics Research Associates (ERA) is now the most experienced and the largest land planning economics and real estate consulting firm in the United States. With six offices in the United States and one in London, ERA has a total of approximately 140 employees. The firm has performed nearly 18,000 consulting assignments in its 50-year history. ERA's domestic volume is evenly divided between government agencies and private interests.

Over the past 30 years, ERA has evolved into an organization that provides high-level economic consulting services to all levels of government. Clients include community organizations, redevelopment agencies, city governments, county governments, special districts, regional councils, transportation agencies, state governments, federal agencies and foreign governments.

Community Revitalization and Urban Development Planning

A large portion of ERA's public agency consulting assignments is community revitalization or central area redevelopment studies. ERA has had sustained working relationships with the redevelopment agencies in Los Angeles, San Francisco, San Jose, Seattle, Portland, Salt Lake City, and New York City. The firm is also frequently called upon to assist much smaller communities, such as Park City, Utah; Moscow, Idaho; Jackson, Wyoming; Puyallup, Washington and Davis, California. ERA services for redevelopment agencies include:

- Reviewing redevelopment project or program alternatives.
- Developing innovative project concepts appropriate for the site or redevelopment opportunity.
- Generating market and other data to assist with financial analysis and developer negotiations.
- Preparing the detailed market analysis necessary to support public policy or private financing.
- Providing advice and research data to Agency staff in developing market strategies and request for development proposals.
- Reviewing development proposals and assisting Agency staff with developer selection.
- Assessing the developer's business terms and creating detailed financial models of the developer's project to formulate counter proposals for the negotiations of development disposition agreements (DDAs).
- Estimating the employment, tax increment revenue and service cost impacts of project alternatives.
- Preparing Property Disposition Summary Reports and Section 33433 Reuse Appraisals in support of disposition land price and terms.

Retail Advisory Services

ERA provides retail advisory services to public and private clients, with a special focus on downtowns and commercial districts, urban mixed-use projects, resort and leisure projects and airports and transportation centers. We tailor a variety of services to the need of each assignment.



ERA understands consumer and operator trends, the future direction of retail locations, and the functional and operational requirements of retail settings. Our retail services include:

- Market definition and analysis
- Financial feasibility
- Economic and fiscal impact
- Retail planning and programming
- Targeted tenanting strategies
- Leasing advisory services
- Store sizing and layout
- Planning and design coordination

Adaptive Reuse of Historic Structures

ERA has evolved into a leading firm in the economic analysis of adaptive reuse of historic structures and areas. The firm co-authored with the Urban Land Institute, a book titled *Adaptive Use: Development Economics Process and Profiles*. Successful adaptive reuse naturally extends the economic life of historic buildings. ERA has performed adaptive use and historic preservation work in Boston (Faneuil Hall Area), St. Louis (Old Post Office Building), Chicago (Historic Pullman Area), and Lowell, Massachusetts (Lowell National Cultural Park).

Economic/Fiscal Impact Studies

The pressure for increased efficiency in government is contributing to a growing demand for economic and fiscal impact evaluation of public policies, programs and projects. ERA has computerized fiscal models to examine the impacts of plan alternatives and specific development projects. In Southern California, ERA examined the fiscal implications of creating a 25,000-acre new community in San Diego County and the economic impacts of Los Angeles hosting the Summer Olympic Games.

Transportation/Joint Development

ERA offers a wide range of services to transportation agencies, often in consort with transportation planners and engineers. ERA is in the fifth year of a major contract with King County Department of Transportation (KCDOT) in Washington to serve as prime contractor for its market strategy and development packaging program for some 50 properties scattered throughout the greater Seattle area. The County's objective is to stimulate higher density residential and other development around transit stations (mostly long-haul bus park and ride lots) on public properties to increase transit patronage.

ERA has a five-year retainer contract with the Bay Area Rapid Transit District (BART) to assist with joint development negotiations. We recently completed a land lease in exchange for parking construction negotiation at the Pleasant Hill BART station and are currently researching connections fees for an office building at the Downtown Oakland station.

The firm's experience in joint development planning and project implementation is both current and substantial. ERA completed a joint development market analysis and implementation program for the twenty-six light rail stations along the Banfield Line in Portland, Oregon. As part of that study, ERA examined the joint development techniques, organizational strategies and case studies of seven regional rapid transit systems. ERA also has performed the mass transit system joint development



economic analyses for the Houston region, the Massachusetts Bay Transit Authority in Boston, and the Los Angeles Metro Rail System. Additionally, ERA was the lead consultant on the economic impact assessment of High Speed Rail for the State of California.

In addition to working as prime contractor on a system wide basis, ERA is often called upon by transit agencies, municipalities, landowners, and redevelopment agencies to assist with station area development planning and real estate negotiations on individual projects.

Public Assembly and Cultural Facilities

ERA is thoroughly experienced in the analysis of public and cultural facilities, including conference centers, convention centers, museums, performing arts centers, sports complexes and multi-use facilities. Types of analyses include facilities needs assessment, attendance forecasting, financial evaluation, funding plans, management and operations evaluation, public presentations and architect selection. These public facilities are excellent catalysts for generating urban vitality and are often analyzed in conjunction with multi-use developments or area revitalization plans. ERA studies have included: expansion and relocation analysis of the Seattle Art Museum, feasibility evaluation of expansion of the Salt Lake Convention Center, management plans for the New Orleans Superdome and management approaches for the Los Angeles Convention Center.

Financing and Implementation Plans

The firm has exceptional experience in soliciting, selecting, and negotiating with major development organizations on behalf of public bodies. ERA assisted the San Francisco Redevelopment Agency with planning, developer selection, and project refinement on the Yerba Buena Project. The firm also assisted the San Francisco Redevelopment Agency with an assessment that resulted in financing for the Blue Note Jazz Club and AMC Cinema complex in the Lower Fillmore District. ERA has negotiated several dozen development disposition agreements on behalf of the various redevelopment agencies in California. ERA has provided similar services to Bridgewater, New Jersey and Capital Heights, Maryland. In Bridgewater, ERA negotiated with the Ernest Hahn Company and improved the Township's revenue position by several million dollars.

The market planning work done by ERA contributed heavily to the San Jose Redevelopment Agency's receipt of thirteen major mixed-use development proposals after the previous plan had generated no developer interest for five years. ERA also provided the background material for developer solicitation, assisted in selecting the development team, and negotiated with the selected developer to refine various plan elements.

Hotel and Tourism

ERA's resort, hospitality and tourism practice focuses on creating, accelerating, and enhancing value for our clients. ERA's experience allows us to recommend the combination of programs, land uses, and events that optimize resort performance. ERA understands consumer trends, the future direction of the leisure market, and competitive resort products. This allows ERA to identify products, environments, and experiences to enhance our clients' projects. For our public clients, ERA provides strategic advice to maximize the economic returns of tourism-development programs. Our resort and leisure services include: market research, amenity programming, financial forecasting, real estate analysis, master plan development, and management and operations.



David Paul Rosen & Associates

Founded in 1980, David Paul Rosen & Associates (DRA) is a nationally recognized financial and development consulting firm with offices in Oakland and Irvine, California. DRA specializes in financial and development advisory services for affordable housing, market rate housing, redevelopment and local economic development.

DRA has a track record of success and innovation in program and investment design, finance, underwriting, due diligence, developer negotiations, project development and asset management. We have pioneered finance and public policy initiatives in affordable housing, redevelopment, tax increment pledged financing, small business, economic development, banking, asset management, insurance, and urban planning.

Our clients include federal, state, and local government agencies, government-sponsored enterprises, non-profit and for-profit developers, corporations, institutional investors, foundations, professional associations and research organizations. DRA Principals have served as development and financial advisors on more than \$7.0 billion in financing for affordable housing and commercial development. DRA has raised more than \$200 million in equity capital and negotiated lending commitments in excess of \$1 billion for our clients. We have represented clients in 39 states and more than 200 cities and counties.

DRA's work is marked by strategic insight, innovation, sophisticated market, and economic and financial analysis of the highest quality. We have extensive market, finance, developer and project experience in Maricopa County, California and the nation for nearly three decades. We apply our interdisciplinary, state-of-the-art skills to determine the best solutions to the complex problems our clients face. We excel in developing consensus among diverse constituencies for solutions to difficult issues.

For nearly 30 years, DRA has maintained an active practice advising local government agencies on a wide range of assignments. These include developer solicitation and negotiation, development of RFPs, RFQs, NOFAs and sole source developer negotiations, market analyses, financial feasibility, asset management, underwriting policies and program design. DRA advises on financial underwriting guidelines, development of detailed financing plans for redevelopment projects, maximizing leverage of scarce redevelopment agency resources, and the financing of tax increment cash flows.

DRA is financial advisor to local agencies negotiating the terms, conditions and pricing of development financial assistance, including detailed guidance on documents such as loan agreements, regulatory agreements, ground leases, disposition and development agreements, owner participation agreements, exclusive negotiating agreements, notes, deeds of trust, homebuyer resale restrictions and equity share provisions.

DRA has extensive experience in quantifying the value of a wide-range of development incentives and public policy trade offs associated with granting such incentives, such as affordable housing or other community benefits, and also negotiating those combined incentives/community benefit packages with developers. Using land residual analysis and discounted cash flow methodologies, we have quantified incentives such as zone changes, increased density, parking reductions, other modifications to development regulations and design guidelines, fast-track development processing, reduced interest rate financing, and development impact fee waivers or deferrals, to name a few. This approach could be used, for example, in valuing zones of high density housing allowed in the immediate radius of light rail stations in Tempe.



DRA maintains an active practice of asset management advisory services to agencies. This includes assuring financial and regulatory compliance with agency documents and agreements, as well as economic valuation of agency-held loan portfolios for their prospective securitization and sale on the secondary market.

DRA also assists agencies in capital and fiscal planning in a wide range of municipal programs including, but not limited to, inclusionary housing, commercial development linkage fees, housing trust funds, impact fees, as well as land use and fiscal planning.



Examples of Projects Completed Within Last Five Years

Economics Research Associates

Tempe Conference Center

Tempe, Arizona

Client: City of Tempe

The City of Tempe is considering the development of a conference center or meetings facility in order to enhance the hospitality and tourism sector of the City's economy. With a thriving commercial district on Mill Avenue and Tempe Town Lake, the city of Tempe has numerous assets on which to build upon to attract meeting attendees. In order to assess the market potential for a conference facility in Tempe, the City of Tempe retained ERA to conduct a study analyzing the demand for additional meeting space in Tempe. The purpose of the study was to provide a recommendation and expert opinion based upon market indicators and limited market research.

Transit-Oriented Development at Future Rail and Bus Rapid Transit Stations

Austin, Texas

Client: Capital Metropolitan Transportation Authority

Cap Metro of Austin, Texas retained ERA to conduct its system-wide market analysis initially for six light rail and bus rapid transit stations in the metropolitan area. After completing the draft analysis for all six stations ERA is now refining the economic study based on the concepts and strategies created in cooperation with the station area planning consultant retained by the City of Austin. In addition, ERA is also beginning analysis of three new station areas.

Joint Development Opportunities at Future Commuter Rail Stations

Santa Clara, California

Client: Santa Clara Valley Transportation Authority

BART is planning a \$4 billion dollar extension into Santa Clara County with six stations in the cities of Milpitas, San Jose and Santa Clara. The Santa Clara Valley Transportation Authority (VTA), the agency responsible for planning and financing this extension, retained ERA to examine joint development opportunities within a half mile of the six commuter rail stations. ERA has also been asked to brief VTA top management concerning other vehicles, such as transit benefit assessment districts, impact fees and cost sharing agreements with developers or land owners.

Pleasant Hill BART Station and Land Lease Negotiations

Pleasant Hill, California

Client: BART Real Estate Division

ERA has a five-year retainer contract with the Real Estate Division of BART. Its current assignment is detailed financial analysis of the proposed land lease agreement between BART and Contra Costa County at the Pleasant Hill BART station. The parties involved include a development team, the County Redevelopment Agency, Contra Costa County and the adjacent cities interested in annexation. The uses proposed include a major replacement parking structure, transit oriented housing over retail and office uses.



San Mateo Downtown Market Analysis and Development Strategy

San Mateo, California

Client: City of San Mateo

ERA has completed a market analysis and strategy for Downtown San Mateo. In recent years, the Downtown has benefited from the San Mateo Redevelopment Agency investment in a new 12-screen Century Theater complex, a transit center, and a new parking garage. The impact was most felt by restaurants and retailers near the cinema complex and parking garage. There has also been a small amount of new residential development in the Downtown. However, there is still concern about the continuing health and vitality of Downtown San Mateo. ERA's study is intended to provide some of the answers to prepare a new Downtown Specific Plan. ERA's analysis includes a detailed retail, housing, and office market study; interviews with community stakeholders and City staff; surveys of households and businesses; and interviews with area developers. The report will include recommendations on branding, strategies to strengthen existing retail and recruiting new tenants, and policies to encourage private development Downtown. ERA also conducted some financial analysis for the redevelopment of key sites within the Downtown.

City of San Carlos Retail and Economic Development Strategy

San Carlos, California

Client: City of San Carlos

In 1988 the City of San Carlos was faced with a set of difficult decisions. The City was receiving only about 60 percent of its resident generated retail sales and a new shopping center anchored by Home Depot and Lucky's supermarket was proposed for development on the Eastside. The smaller retailers in the downtown on the Westside were very threatened. ERA was retained by the City to prepare a market analysis and retail strategy. We recommended that the Eastside center not include any smaller outlets, that the tax increments from this new development be spent within the downtown and suggested revisions to downtown parking standards to stimulate restaurant development. All elements of the strategy worked, and the City has retained ERA for several assignments since.

The explosive growth of the new Silicon Valley economy in recent years has created development pressures and opportunities within a number of communities in San Mateo County. Our recent market analysis identified specific economic development strategies for San Carlos to further its goals of enlivening the downtown area, assessing the potential for biotech/ R&D development to generate new employment, and enhancing the City's sales tax revenues by attracting new retailers and developers.

Downtown Burlingame Market Analysis

Burlingame, California

Client: City of Burlingame

ERA recently prepared an economic strategy for downtown Burlingame's commercial area. The objective of the study was to provide a realistic guide of retail product mix in the real estate market place over the next 20 years to be used in preparation for the upcoming Downtown Burlingame Specific Plan and to evaluate opportunities for mixed use housing over retail. In addition the study was used to educate interested community members about how economics affect land planning and development decisions. The city also used the study to encourage the redevelopment of specific properties in a manner that will serve both property owner and community interests.



San Jacinto - Ramona Sanderson Corridor Market Study

San Jacinto, California

Client: City of San Jacinto

The City of San Jacinto retained Economics Research Associates (ERA) to provide a market based assessment of the future of the 1,700-acre Ramona-Sanderson Corridor located in the northern portion of the city. With the planned upgrading of Highway 79 to freeway status and the construction of the new Mid County Parkway, this corridor has exceptional strategic value in shaping the future of San Jacinto. ERA provided recommendations on realistic and market-based strategies to accomplish the following five economic development objectives for the City:

- Ensure that the Corridor will be able to provide the retail goods and services needed by San Jacinto Valley residents for at least the next 20 years.
- Provide one or more areas within the Corridor that will serve to accommodate high quality jobs in the future.
- Ensure that development in the Corridor will generate tax revenues to fund municipal services like fire suppression, police protection, road maintenance and park upkeep.
- Taking advantage of the Corridor's history and geography, create a community core that citizens of San Jacinto can take pride in.
- Enhance long-term value appreciation for San Jacinto land, homes and businesses.

Retail Districts and Neighborhood Revitalization in Westminster

Westminster, California

Client: City of Westminster

While Westminster has a strong automobile dealership sector and Little Saigon that attracts Vietnamese shopping from throughout Southern California, its mainstream retail sector is struggling to capture local resident spending and attract consumers from neighboring communities. Many of the older shopping centers built in the 1960s and 1970s are in need of reinvestment, and their tenants do not satisfy contemporary consumer tastes. The challenges facing Westminster's mainstream retail community has been intensified by the complete renovation of Bella Terra in nearby Huntington Beach. Even Little Saigon faces new challenges in the decades ahead as retail facilities follow the dispersal of the growing Vietnamese population into Garden Grove and other nearby communities and as the second and third generation of Vietnamese-American population assimilate into the mainstream.

The City has attempted to encourage owners of local shopping centers to reinvest and secure contemporary retailers. To be more effective, the City retained ERA to provide a market study to quantify future development potential and suggest strategic direction. With emphasis on the retail sector, ERA defined market potential for the city and also suggested strategies to enhance the city's long term economic and fiscal health.

West Capitol Corridor Market Analysis and Mixed Use Financial Model Development

West Sacramento, California

Client: City of West Sacramento

ERA analyzed the market potential for mixed-use development within the West Capitol Avenue Corridor. In a second assignment, ERA developed an interactive mixed-use financial analysis model designed for pro forma analysis for the West Sacramento Redevelopment Agency.



David Paul Rosen & Associates

Below is a sample of DRA's assignments completed within the past five years relevant to the scope of work for the City of Tempe.

Maricopa County Workforce Housing Strategy

DRA was selected from a nationwide recruitment to advise the Maricopa County Regional Workforce Housing Task Force on the development of a Plan to address comprehensively, through 2020, the housing affordability needs of working households in Maricopa County. This regional strategy embraced more than 20 jurisdictions plus the State of Arizona.

The Task Force met throughout 2005 to consider demographic, market, legal, economic, land use, financial and public policy factors contributing to a resolution of the crisis in housing affordable to working families in Maricopa County based on analyses prepared by DRA. DRA also carefully analyzed a wide range of best practices in land use policy and practice, a long list of potential development incentives, and a number of potential revenue sources to capitalize workforce housing assistance programs. We also assessed the capacity that exists to produce the required number of workforce housing units on an annual basis, and the political will that exists in the region. Based on a thorough review of best practices nationwide, on exhaustive research, and on the legal, fiscal and political constraints facing land use and revenue proposals in Maricopa and Arizona, DRA facilitated a process through which the Task Force crafted a set of recommendations considered the most viable proposals to increase the production of workforce housing in Maricopa County.

Tempe Affordability Gap Analysis

DRA was retained by the City of Tempe, Arizona to calculate an affordable housing in lieu fee as a potential source of revenue for the development of affordable housing. DRA prepared an affordability gap analysis on a variety of housing prototypes ranging from low density single-family homes to high-rise steel construction. DRA developed detailed development budgets for each housing prototype, based on interviews with local developers, review of local land sales comparables, and calculation of local development impact and processing fees.

The renter affordability gap was calculated based on the difference between the total development cost of the unit and the amount of mortgage that the net cash flow from an affordable unit can support. This is the affordability "gap to cost." We calculated the net operating income for the rental prototypes based on rents affordable to alternative income targets, area utility allowances and local apartment operating cost data.

For the ownership prototypes, we calculated the difference between the market price of the units, based on a review of local sales data, and the amount of mortgage and downpayment that a targeted household can afford. This is the affordability "gap to price." The calculation of the affordable mortgage included fees such as homeowner association and Mello-Roos fees. We also did a second calculation of the "gap to cost" for the owner prototypes, based on the estimated development budget to build the for-sale prototypes.

Community Services of Arizona Development and Financial Advisory Services

DRA served as development and financial advisor to Community Services of Arizona, Inc. one of the largest nonprofit developers and operators of affordable housing in the Phoenix area. DRA prepared financial pro forma models, in consultation with CSA management, to assess and test the financial feasibility of various projects using differing assumptions regarding development costs, financial structure, sources, uses, and financial benefit to CSA. DRA advised CSA on the potential acquisition and rehabilitation of a 416-unit multifamily housing development. DRA also advised the corporation on the buy-out of co-general partner interests on two other multifamily rental developments.



DRA also prepared a strategic business plan for the organization as a whole. DRA assisted the corporation in clarifying whether and how to create a for-profit real estate development company; refinance and/or restructure key, underperforming, or imperfectly structured multi-family housing assets; find a continuing source of support for its social services programs; pursue affordable housing development outside of Arizona; manage growth of its portfolio; and expand its fee property management services. DRA, together with Chu & Waters, LLP, provided CSA with a detailed excel-based financial model providing a three- to five-year projection of operations, cash flows, and projected balance sheet, consolidated for CSA among its affiliates and properties.

Oceanside Redevelopment Agency Development and Financial Advisory Services

DRA provides development and financial advisory services to the City of Oceanside Redevelopment Agency on the City's affordable housing pipeline, which exceeds \$150 million in total development. DRA assisted the City with developer selection and negotiation on a 14-acre mixed-use site. DRA drafted a Request for Proposals (RFP) which identifies the City's requirements for 200 units of affordable rental housing to be financed with tax credits, as well as the parameters for development of the remainder of the site with market-rate uses, to be proposed by the developer. DRA assisted the Agency in evaluating the proposals, and recommending a developer team to enter into an Exclusive Negotiating Agreement.

DRA also assisted with developer negotiation and financial structuring of a mixed-use development that includes 80 units of multifamily housing assisted with MHP, 4% Low Income Housing Tax Credits and tax-exempt bond financing. DRA advised the Agency on acquisition and rehabilitation of two existing rental complexes to be preserved as rental housing for very low income seniors and families, respectively. In addition, we advised the Agency on the developer selection process and negotiation of a development agreement for a 19-unit infill homeownership development on a site owned by the Agency. DRA further advised the Agency on land-banking of development sites for new construction tax credit and ownership housing.

DRA advised the Agency on the acquisition, developer selection, negotiation and financing of a 90-unit blighted apartment project requiring substantial relocation in a target neighborhood revitalization area. DRA assisted the Agency in negotiations with the development of a HUD 202 senior development of new construction for approximately 75 residents, and assisted the Agency with all of its capital planning for affordable housing, deal negotiation, documentation, underwriting policies, practices, and asset management.

City of Vallejo

DRA, serving as sub-consultant to ERA, prepared an inclusionary housing analysis for the City of Vallejo, including economic analysis, program implementation and a zoning ordinance. The economic analysis included the valuation of a wide range of development incentives that could be offered to developers to offset the cost of the affordable housing requirements, including density bonuses, parking reductions, modifications to the size and interior finish quality of the affordable units, land dedication, and offsite compliance options. Using a land residual analysis methodology, DRA compared the cost to developers of the inclusionary housing requirements with the economic value of potential development incentives.

DRA also provides development and financial advisory services to the Redevelopment Agency, Housing Authority and City of Vallejo. DRA advised the Agency on preparation of a Notice of Funding Availability (NOFA) for \$5.5 million in affordable housing funds from HOME, Housing Authority, CDBG and Agency Housing Set-Aside Funds. The NOFA included a detailed financing plan template to be used by applicants in their proposals, to facilitate comparison and evaluation of the financial leverage of local funds achieved in the various proposals. DRA also assisted the Agency in evaluating and ranking the five developer proposals received in response to the NOFA.



Poway Redevelopment Agency

DRA is Affordable Housing Development and Finance Consultant to the Redevelopment Agency of the City of Poway. In this capacity, DRA assists the Agency in establishing its affordable rental housing finance policies and procedures, as well as establishing and carrying out a due diligence regimen in the recruiting and selection of developers of affordable rental housing within the City.

DRA also provides services to the Agency in structuring its financial support, negotiating development and disposition agreements with developers receiving such support, and structuring reporting requirements which assures compliance with long-term affordability restrictions accompanying Agency financial support.

DRA's assistance to the Poway Redevelopment Agency has resulted in premium pricing for 9-percent tax credit awards in the midst of an intensely competitive allocation environment, as well as premium pricing for construction of permanent debt, tax exempt bond proceeds, management of the bonding of agency tax allocation bond proceeds consistent with tax credit basis rules, and maximizing leverage with Federal Home Loan Bank AHP funds, county HOME funds and social services support revenue. DRA advised the Agency on nearly \$100 million of affordable housing development finance.

DRA also assisted the Agency in the disposition of two Agency-owned mobile home parks, assisting with review of developer proposals and developer selection, negotiation of key business terms and documents with the selected non-profit developer, financial structuring and securing bond credit enhancement. These mobile home parks comprise more than 600 homes and total development financing of more than \$65 million.

DRA advised the Agency on the development of a First-Time Homebuyer Program, including financial analysis of alternative income targeting scenarios, program policy and underwriting guidelines, and preparation and review of second mortgage documents including resale restrictions, promissory note, deed of trust and disclosure.

Northtown Housing Development Corporation

DRA serves as development, financial, and organizational consultant to the Northtown Housing Development Corporation (NHDC) in Rancho Cucamonga, California. NHDC is a community-based development corporation with a Board composed of Hispanic long-term residents of the barrio community of Northtown. Northtown is an 80-year-old neighborhood that has long suffered disinvestment and neglect. Through DRA's services, NHDC has put in place a \$45 million comprehensive neighborhood revitalization strategy, based on very low income rental housing development, and low and moderate income first-time homebuyer development and social services. DRA currently advises NHDC on a development pipeline of \$100 million. DRA's work with NHDC has won national awards from the Fannie Mae Foundation Maxwell Program, Best Affordable Rental and Owner Developments by the Pacific Coast Builders Conference three years in a row, the AIA, and HUD.

- Single-Family Ownership Housing - DRA advises NHDC on its First-Time Homebuyer Program, which has included the construction of four phases comprising 44 new homes on scattered site infill lots and the acquisition/rehabilitation of an additional 36 existing homes affordable to very low, low and moderate income households. NHDC's program includes a lease-purchase component that enabled 30 families with incomes as low as 45 percent of area median income to purchase a home. DRA also advised on the preparation of purchase and sales agreements, lease documents, resale restrictions, second mortgage notes, deeds of trusts and other documents necessary to implement the program.



- Pledge Financing - DRA assisted NHDC to secure a long-term pledge of tax increment revenues from the Rancho Cucamonga Redevelopment Agency. Through negotiation with the Agency, DRA and NHDC secured a 40-year pledge of tax increment revenues. To maximize the effective use of these funds, it was necessary to finance this stream of revenues.

Sacramento Housing and Redevelopment Agency

DRA advised the Sacramento Housing and Redevelopment Agency (SHRA) on their underwriting policies for affordable rental housing, with particular emphasis on developer fee. DRA reviewed existing SHRA documents associated with its affordable multi-family housing finance and underwriting program, including affordable multi-family loan and underwriting guidelines for projects with and without low income housing tax credits. DRA also prepared a survey of permanent developer fee levels for affordable housing programs to identify limits on developer fees when determining the amount of financial assistance provided by TCAC, HCD, the Federal Home Loan Bank of San Francisco, and selected local housing agencies.

DRA conducted a pro forma analysis of a hypothetical project with a range of financing scenarios and developer fee structures including fee deferral and caps. This analysis evaluated the effect on overall project financing, Agency gap financing, cash flow and "back end" consequences. DRA examined two project prototypes under four alternative finance scenarios.

Local Agency Financial and Development Consulting

In addition to the redevelopment agency experience described above, DRA currently serves as approved real estate advisor to the Phoenix Housing Department, the Oakland Community and Economic Development Agency, the San Francisco Redevelopment Agency and the Community Redevelopment Agency of Los Angeles (CRA/LA). Recent assignments for the CRA/LA include evaluation of a developer's funding request for a 69-unit condominium project, a second developer funding request for a 50-unit single-family homeownership project, and an assessment of the Agency's multifamily underwriting practices and guidelines.

Inclusionary Housing and Regulatory Reform

DRA is nationally recognized as the leading affordable housing development, real estate economic and public policy firm advising local governments on the feasibility assessment, zoning and program design of inclusionary housing.

DRA has helped numerous communities research and develop inclusionary housing programs and develop regulatory reforms to increase production and preservation of affordable housing. DRA's approach to inclusionary housing economic and policy consulting represents a state-of-the-art analysis of the economic valuation of a variety of incentives which may be offered to developers (e.g., density bonuses, fee waivers, fee deferrals, modifications in design, building and engineering codes and standards, expedited development processing, alternative floor area ratio and site planning reforms, tax exempt and other favorable financing). These incentives are examined against alternative affordable housing requirements for both owners and renters, including provisions to encourage joint ventures between for-profit and non-profit developers.

DRA is expert in all of the issues involved in developing an inclusionary housing policy, including set-aside requirements for owner and rental housing, income levels, incentives, offsets, alternative compliance options, and policy/regulatory matters.

DRA's track record in California is unmatched in the field of inclusionary housing. A sample of the jurisdictions for which DRA has performed inclusionary housing policy and economic analysis includes Los Angeles, Long Beach, Glendale, San Diego, San Jose, Vallejo, the City and County of



Sacramento, Oceanside, Poway, Carlsbad, Chula Vista, Escondido, Fremont, Marin County, San Rafael, Novato, Stockton, San Joaquin County, Brea, Orange, Irvine, Tempe Arizona and others.

Santa Rosa Downtown Reuse Study

DRA assessed the reuse potential of a former AT&T building owned by the City of Santa Rosa. DRA assessed the market demand for office, retail, multifamily rental and condominium residential, hotel and specialty uses in downtown Santa Rosa. DRA evaluated the financial feasibility of four development alternatives for the City-owned building consisting of different combinations of uses considered supportable in the market based on the market analysis.

DRA's analysis incorporated hard cost estimates for reuse of the building prepared by a cost estimator and structural engineer retained by the City of Santa Rosa. DRA projected total development costs, including hard costs, tenant improvements, financing costs, architecture, engineering and other soft costs. DRA projected the income, operating costs and supportable serviceable debt associated with each use. DRA calculated the funding gap between the income from the various uses and development costs for reuse of the building.

Stanford Hospital Expansion

DRA is assisting the City of Palo Alto in developing an affordable housing development proposal to accommodate the new worker households employed by the Stanford University Medical Center expansion. DRA conducted an affordability gap analysis and land residual analysis to quantify the cost to Stanford of developing this housing. This analysis included developing housing prototypes and identifying potential sites for new housing developments in collaboration with City staff; estimating development cost budgets for these prototypes based on a series of interviews with Palo Alto area developers; defining and calculating affordable housing expense for renters at four income levels; and determining the affordability gap of the housing prototypes.

DRA also conducted a land residual analysis to determine the University's opportunity cost involved in using the identified sites for affordable, rather than market rate developments. DRA also worked collaboratively with City staff to identify and draft the proposed deal points for negotiations with Stanford over the development of this affordable housing. DRA continues to assist City staff with their ongoing negotiations with Stanford.



Resumes of Key Personnel

Economics Research Associates

William W. Lee, Executive Vice President

Mr. Lee has been active in the land development and urban redevelopment economics consulting profession since 1969 and has been with ERA since 1976. During this over 30 years of practice, he has specialized in market and financial analysis services to land developers, community redevelopment agencies, planning departments, planning/design firms and academic institutions. Some of his more significant assignments and clients are highlighted below:

- King County in Washington recently retained ERA and Mr. Lee as project manager to be its prime contractor for its market strategy and development packaging program for at least 20 properties scattered throughout the greater Seattle area. Key projects include Convention Place in downtown Seattle, the University District Parking Association property near the University of Washington, the expansion parcels for the Northgate Shopping Center, multi family property in Redmond near the Microsoft Campus and a central downtown Burien parcel. The County's objective is to stimulate higher density residential development around transit stations on public properties to increase transit patronage. ERA's role is to provide the market and financial analysis in support of developer solicitations, to assist in the selection of developers and to negotiate with selected developers.
- The County of Santa Clara General Services Administration retained Mr. Lee to examine 15 parcels of potentially surplus property. These properties ranged from a school site in Palo Alto to apartment sites in San Jose and mixed use possibilities on the First and Hedding parking lot property. The evaluation included physical description, determination of highest economic use, financial analysis of supportable land value through development, valuation based upon comparable sales, lease evaluation, consideration of County internal needs and joint development analysis.
- Redevelopment agencies often call upon Mr. Lee to assist with analysis or negotiations with developers and to prepare reuse appraisals. He has performed such services for the following California cities: Los Angeles, Pasadena, Concord, Walnut Creek, San Ramon, Emeryville, Oakland, Hayward, Union City, Fremont, San Rafael, Petaluma, San Francisco, Foster City, San Carlos, Santa Clara, Sunnyvale, Campbell, Los Gatos, Oakdale and others. He has served many smaller cities where the university was the important economic driver; these include Davis, Santa Barbara, Rohnert Park and Santa Clara.
- He has also served private or institutional clients in their development and land lease negotiations. Recent land lease or valuation negotiation clients include Wells Fargo Bank's Real Estate Division, ICI Development Company and East San Jose Unified High School District.
- Mr. Lee served as project manager for a major assignment for the State of California Intercity High Speed Rail Commission. In this assignment, ERA examined the economic impact and benefit versus cost implications of the construction and operations of a high-speed rail system linking the Los Angeles basin with Sacramento and the San Francisco Bay Area. Mr. Lee was responsible for evaluating the overall impact on the California economy, the impacts on the different sectors of the economy with emphasis on the manufacturing sector, the impacts on the geographic distribution of economic activity and the impacts on station area land development. Because of that assignment, he understands the long term real estate implications of high speed rail service on Merced and UC Merced.



- He has a five-year retainer contract with the Bay Area Rapid Transit District (BART) to provide assistance in joint development economics. He recently helped BART negotiate a long-term land lease with Contra Costa Redevelopment Agency for redevelopment at the station. He has also examined the feasibility of development of two dozen projects around BART stations. These include retail development at the Rockridge station (Market Hall), residential development at the Fremont station and office/retail developments near both the Pleasant Hill and Concord BART stations.
- The Portland Development Commission (PDC), in partnership with the Association for Portland Progress (APP), selected ERA to identify the strategies that will support the goals of the retail core as a regional retail center, establish new opportunities for future retail success, and integrate with the overall Downtown Development Strategy. Mr. Lee served as project manager and lead consultant.
- Mr. Lee was the chief development economist and fiscal analyst for Downtown Seattle's recently completed Nordstrom Headquarters/Pacific Place project. This retail, restaurant and cinema complex, integrated with the new Nordstrom Headquarters building, kept Nordstrom from moving its headquarters to Bellevue. Both the Seattle Downtown Association and the developer, Pine Street Associates, were clients for this project.

Mr. Lee is one of the original directors of East Alliance for Business (EDAB) an organization created by Alameda County. Before joining ERA he was with Development Research Associates (DRA), the development economics subsidiary of Booz, Allan and Hamilton. He received his BS degree from Stanford University, with a major in economics and a minor in mathematics, and his MBA degree from Columbia University and also attended the Graduate School of City Planning at Columbia.



James A. Edison, Principal

Mr. Edison has been in the land planning and development economics consulting profession since 1997 and has been with Economics Research Associates (ERA) since 2005. Mr. Edison specializes in services related to planning, real estate development and infrastructure projects, working for both municipalities and private developers.

Mr. Edison served as finance, economic and fiscal consultant to the developer of East Garrison at the former Fort Ord in Monterey County, a development encompassing 1,460 homes designed as a new town, with a town center and historical arts/cultural district. Mr. Edison also advised the Fort Ord Reuse Authority on strategies to leverage lease and other revenue to obtain funding for deconstruction, remediation and capital projects on the former Fort Ord.

Mr. Edison advised the City of Vallejo in negotiations with the Lennar Corporation over the development of Mare Island, a former shipyard and naval base.

Mr. Edison served as economic and fiscal consultant to the Mountain House new town development in San Joaquin County, California. Mountain House consists of approximately 20,000 homes and over three million square feet of commercial development, including regional and neighborhood serving retail, offices, hotels and industrial parks. Mr. Edison provided market analysis and infrastructure financing plans for each phase of the development, as well as a fiscal analysis examining the effect of the development on the County's finances.

Mr. Edison worked as a land economist and public finance consultant for the Coyote Valley Specific Plan in San Jose, a development that will eventually encompass 25,000 homes and 50,000 jobs. Mr. Edison provided financing feasibility analysis for the infrastructure required, and an examination of phasing to determine which components of Coyote Valley should be developed first to facilitate the more expensive early infrastructure.

Mr. Edison provided financing and implementation strategies for a number of reuse projects for closed military bases in California, including Hunters Point Naval Shipyard and Treasure Island in the City of San Francisco and El Toro MCAS in Orange County, California. Mr. Edison has also provided development impact fee programs and infrastructure development strategies for a number of Cities and Counties in California.

Mr. Edison has wide experience with the financial and fiscal implications of development for municipalities, and has worked on fiscal impact analyses of General Plans, Specific Plans, development projects and municipal reorganizations all over the state of California. Mr. Edison has also worked with municipalities throughout California on the revitalization and reuse of downtown areas and the creation of new commercial centers.

Before joining ERA, Mr. Edison was a Vice President with Economic & Planning Systems, Inc., and a public finance attorney with the firm of Orrick, Herrington and Sutcliffe, LLP. At EPS he specialized in finance, fiscal impact, feasibility, and market studies for public and private projects. At Orrick Mr. Edison was a public finance attorney and worked on a wide variety of projects, including the \$1 billion financing of the Alameda Corridor project connecting the Ports of Long Beach and Los Angeles to the Los Angeles rail yards.

He received his BA degree from Harvard University, and his JD and MPP degrees from the University of California, Berkeley. Mr. Edison is a member of the State Bar of California and a licensed real estate broker.



Linda A. Cheu, Principal

Ms. Cheu joined ERA ten years ago and has developed a specialty in housing economics, including market demand, feasibility, and financial analysis for market rate and affordable housing projects, downtown housing development strategies, transit oriented development (TOD) residential development analysis, and housing policy development.

She currently serves as a member of the San Francisco Redevelopment Commission, and for the previous eight years served as the Chair of the Housing Subcommittee for the City of San Francisco's CDBG Citizen's Advisory Committee. Prior to being at ERA, Ms. Cheu worked for one year at the Hong Kong Housing Society on redevelopment issues related to affordable homeownership and also worked with the Chinatown Community Development Corporation, a non-profit affordable housing developer.

Ms. Cheu received a Master's degree in Public Policy from Harvard University's Kennedy School of Government, where she focused on housing, community development and real estate, and a Bachelor's degree in American Studies from Stanford University.

Examples of services she has provided in the field of affordable and workforce housing while at ERA include:

- Identified national best practices in workforce and affordable housing in seven cities throughout the United States. This study was conducted for the Washington, D.C. Downtown Business Improvement District (BID) as a part of a new mayoral initiative to increase private sector involvement in the provision of affordable housing.
- Examined the impact of proposed changes to the City of San Mateo, California's inclusionary housing policy to residential development economics in the region. ERA's study identified a number of policy alternatives and recommended strategies for reaching affordable housing goals.
- Developed a strategy to address access to capital for affordable housing and economic development in the southwest border region. The study was conducted for the Border Trade Alliance and included an analysis of issues and barriers related to the development of affordable housing development.
- Utilized spatial trend analysis of housing and small business loan trends using Community Reinvestment Act data to recommend affordable housing strategies for the San Diego community. The study was conducted for the San Diego City-County Reinvestment Task Force.
- Conducted several due diligence reviews of developer pro formas for affordable, mixed-income, and mixed-use projects for the San Diego Redevelopment Agency, including identification of the reasonable justifiable subsidy required for project feasibility and conducting sensitivity testing for various affordability levels.
- Developed a downtown housing strategy for the Las Vegas City Centre Development Corporation. The study included housing market analysis, affordable housing issues, and the creation of a development strategy.
- Prepared a housing development strategy for an underutilized site in Dunnigan, California for the Yolo County Housing Authority. The study included analyzing the potential for market rate, affordable, and mixed-income housing as well as the feasibility of projects at various income levels.



Steven E. Spickard, AICP, Senior Vice President

In support of ERA's nationally prominent consulting practice in downtown development, Mr. Spickard advises public policy-makers and private interests on the development and operation of commercial entertainment complexes, museums, convention centers, sports facilities and other attractions, as well as on the core uses (hotel, retail, office and residential) that typically energize successful downtowns. Implementation of most of Mr. Spickard's projects has required both public and private participation. After assisting in project concept formulation through diligent market analysis, Mr. Spickard typically evaluates project alternatives from the dual perspectives of private sector pro forma financial feasibility, and public sector goals regarding job creation, economic development and fiscal sustainability. During his 30 years with ERA, Mr. Spickard has managed such projects as:

- Downtown Riverfront Attractions – feasibility, operations and impacts of six proposed private projects on public land along the riverfront in Portland, Oregon, including restaurant, retail, market hall, art center, and recreational uses for the Portland Development Commission;
- Downtown Waterfront Mixed-Use Development – evaluation of a proposed 16-acre waterfront mixed-use development including office, retail, industrial/technology, historic preservation, and cultural arts components for the Port of San Francisco;
- Urban Mixed-Use – market and financial feasibility of developing a mixed office, retail, and residential structure with assistance from the Capitol Area Development Authority on the mall in Sacramento for Riverwest Development;
- Assessment Districts – creation of assessment districts in Santa Barbara and San Luis Obispo to harness private resources to provide shared public parking to enhance downtown commercial viability;
- New Major League Ballpark – economic impact of MLB franchise and impact of developing a new ballpark in a downtown location for the San Francisco Giants;
- Concert Hall – feasibility study for bond prospectus on a public-private partnership to develop a 7,000-seat indoor concert venue for popular music in San Jose;
- Urban Entertainment – feasibility of a high-volume urban museum/experience attraction concept based on the San Francisco music scene focusing on the 1960s through the present;
- Adaptive Reuse – highest and best use market analysis and financial pro forma analysis for the historic Haslett Warehouse resulting in a mix of private hotel and public museum uses on the San Francisco waterfront;
- Riverwalk Development Potential – market opportunities for private real estate enhancement by public improvements and potential for private funding of same for the San Antonio River Authority in Texas; and
- Expansion of Downtown Anchor Use – feasibility of expansion for the Moscone Convention Center which serves as the anchor for the mixed-use district known as Yerba Buena Gardens in San Francisco.



Mr. Spickard believing that "small is beautiful," and has also analyzed the market support and financial feasibility of revitalizing downtowns for many smaller communities including:

- Spokane, Washington (population 197,000)
- Reno, Nevada (population 194,000)
- Springfield, Missouri (population 151,000)
- Pasadena, California (population 141,000)
- Santa Barbara, California (population 88,000)
- Round Rock, Texas (population 78,000)
- Santa Cruz, California (population 54,000)
- San Luis Obispo, California (population 44,000)
- Juneau, Alaska (population 31,000)
- Wenatchee, Washington (population 27,000)
- Eureka, California (population 26,000)
- Moscow, Idaho (population 21,000)
- Red Bluff, California (population 13,000)
- Oroville, California (population 13,000)
- Scotts Valley, California (population 11,000)
- Mendota, California (population 8,000)
- Emeryville, California (population 7,000)
- Vail, Colorado (population 5,000)
- Tahoe City, California (population 2,000)
- Stanley, Idaho (population 99).

Mr. Spickard graduated Magna Cum Laude from the University of California, Berkeley, with a B.A. in economics. He later returned to Berkeley to earn a Masters degree in City and Regional Planning. Steven E. Spickard is a member of the Urban Land Institute and sits on the Small Scale Development Council, and is a charter member of the American Institute of Certified Planners. He also serves as the leader of ERA's Sustainable Development Practice Group.



Sujata Srivastava, Principal

Ms. Srivastava performs research and analysis for a wide variety of urban economic real estate projects. Some of these include:

- A long-range market analysis for the City of San Carlos, California, to help guide future economic development planning.
- An assessment of market demand for the creation of smart-growth and community development funds targeting workforce housing and job generation in low- and moderate-income areas in the Puget Sound region and in Central California. The analysis required extensive use of ArcGIS to identify target areas and analyze demographic characteristics.
- Analysis of "best practices" in increasing access to capital for small business development and affordable housing development in the Southwest Border Region for the Border Trade Alliance and the Southwest Border Region Partnership.
- A market-based assessment of the future of the 1,700-acre Ramona-Sanderson Corridor in San Jacinto, California to meet the economic development objectives for the City, including the provision of high-quality jobs, generation of revenues for the General Fund, and creating a "town center" for residents.
- Assessment of retail market potential for Castroville, California. This study included an analysis of local, regional and tourist markets for the small rural community in Monterey County.
- A study of the economic potential for transit-oriented development along the proposed Gold Line Extension, running from Pasadena to Claremont, California. This entailed an analysis of the residential market for condominiums, apartments and single-family housing in various communities in East Los Angeles County.

Prior to joining Economics Research Associates, Ms. Srivastava's work experience included:

- Living and working in Quito, Ecuador for an urban planning and consulting firm, URBANA Consultores, which involved working with international agencies, local and international governments on projects ranging from market and economic feasibility studies to community development and planning processes.
- Working with the Spanish-Speaking Unity Council, an Oakland-based community development corporation, to develop an affordable homeownership strategy. Her work included conducting a feasibility analysis for the acquisition and rehabilitation of distressed properties for first-time homebuyers; ongoing neighborhood housing market research and analysis; identifying sources of subsidy for affordable and market-rate housing; and monitoring and analyzing client data for grant applications and report writing.
- Performing research and analysis for the Community Redevelopment Agency of Gainesville, Florida. This position involved conducting blight and feasibility studies related to the creation of a new redevelopment district; research of public funding sources for local economic development; and facilitating public participation.

Ms. Srivastava holds a Master's degree in City and Regional Planning from the University of California at Berkeley, where she focused on Community Development and Project Development. She received her B.A. from Mount Holyoke College *magna cum laude* with honors in Politics. She speaks fluent Spanish, as well as Portuguese and Hindi.



Tanya Chiranakhon, Associate

Tanya Chiranakhon, conducts research and analysis for a variety of housing, economic and real estate projects. Recent relevant ERA projects are highlighted below:

- North Park San Diego Feasibility – Conducted market analysis, created development concept illustrations and assisted with financial feasibility analysis of this San Diego redevelopment project.
- Barrio Logan Economics Analysis – Analyzed the real estate market pressures driving change in this near downtown neighborhood of San Diego.
- Flathead County Market Analysis – Conducted market analysis for residential development in Flathead County, Montana. This study included an analysis of local and regional markets and recommendations for positioning and absorption of residential real estate.
- New Markets Tax Credits community impact assessments – Conducted case studies to analyze the public benefits of innovative real estate projects in low and moderate-income communities. To date, Ms. Chiranakhon has evaluated two such developments in St. Louis and Calexico.
- West Sacramento Site Accommodation – Conducted site accommodation and massing studies to create alternative site plan options to be used for financial modeling of a two acre, mixed use site in West Sacramento.

Ms. Chiranakhon has an in-depth understanding of physical planning. Prior to joining Economics Research Associates, Ms. Chiranakhon worked as an Urban Planner/Designer with the HOK Planning Group in San Francisco and Hong Kong, and as an architectural designer with various architecture firms.

With HOK, Ms. Chiranakhon was responsible for site analysis, program test-fit, massing studies and site planning for projects across Asia and in California. Selected master plan and urban design projects of Ms. Chiranakhon include:

- Adaptive reuse concept master plan and strategy for historic district in Macau, SAR
- Technology park master plan in Bangalore, India
- Master plan for new university campus in South Saigon, Vietnam
- New town concept master plan in St. Petersburg, Russia
- Harbor-wide urban design guidelines for Victoria Harbor in Hong Kong, SAR
- Downtown redevelopment TOD concept study in San Jose, CA
- Bay Meadows office development site planning in San Mateo, CA
- California State Office site selection study in the Sacramento region, CA

Ms. Chiranakhon holds a Master's in Urban Planning from Harvard University, where she concentrated in real estate and urban development. She received a Bachelor's degree in Architecture from the University of California, Berkeley. Ms. Chiranakhon is a LEED accredited professional and a member of the American Planning Association and Urban Land Institute. She is proficient in Mandarin, Thai and Spanish.



David Paul Rosen & Associates

David Rosen, Ph.D., Principal, will serve as project manager on this assignment. He will be assisted by Nora Lake-Brown, Principal, Leah Rothstein and Fred Steinmann, Associates, and Stacey Nordwall, Administrator. The experience and qualifications of DRA staff are summarized below.

Mr. David Rosen, Principal

David Paul Rosen, Ph.D., is founder and Principal of David Paul Rosen & Associates, a 30-year old financial and development consulting firm with expertise in capital formation strategies for affordable housing and community economic development. DRA's clients include federal agencies, the United States Congress, state and local agencies and legislative bodies, corporations, non-profit organizations and foundations. Dr. Rosen is nationally recognized in the field of affordable housing finance, policy, land use, analysis, negotiation, lending and investment strategic planning. He has personally advised on more than \$4.0 billion in development finance.

Dr. Rosen is widely acknowledged as one of the nation's leading experts on affordable housing development, land use policy and finance. Dr. Rosen is responsible for some of the more important innovations in affordable housing development policy. He originated the concept of state housing trust funds as permanently dedicated annually renewable source of capital for the production and preservation of affordable housing. He helped lead the efforts in the mid-1980s in California to negotiate with major money center banks to make multi-billion dollar commitments to affordable housing development lending and investment. Dr. Rosen served as the inaugural Chairman of the California Organized Investment Network investment Advisory Board, a first of its kind statewide effort to secure insurance industry capital investments in affordable housing and neighborhood revitalization.

Dr. Rosen served as Chairman of the Advisory Board of the California Organized Investment Network (COIN) and the California Department of Insurance. Dr. Rosen led the development of COIN's investment policy, which seeks to increase capital from insurance companies in housing and economic development investments benefiting low income neighborhoods. Fitting in with the objectives of COIN, Dr. Rosen developed a debt instrument that uniquely met the needs of a redevelopment agency with little current cash flow but a growing redevelopment project area and the need for upfront capital. Dr. Rosen successfully negotiated the financing by a major insurance company of a 40-year pledge of tax increment revenues with no debt service payments for the first five years and a series of stepped increases in debt service payments thereafter.

There were two main challenges to financing the pledge of tax increment revenues. First, the pledge of tax increment revenues was subordinate to other obligations of the Redevelopment Agency. Second, the pledge of tax increment revenues increases over time. Financing based on a flat, amortizing debt service schedule would not take advantage of the increase in tax increment revenues in the later years of the pledge from the Redevelopment Agency.

Dr. Rosen worked with Standard and Poor's to secure an investment grade rating. With this rating, Dr. Rosen was able to secure credit enhancement from MBIA. MBIA's credit enhancement was critical to identifying appropriate private placement investors for financing the pledge of tax increment revenues.

Because of the high transaction costs involved with investment bankers, Dr. Rosen assisted NHDC with directly soliciting private placement investors. The financing totaled \$9.4 million.

Dr. Rosen has advised California jurisdictions on the adoption, economic analysis and design of inclusionary housing land use policies, programs and innovations.



Dr. Rosen was the lead consultant to the City of Oakland creating the Community Alliance for Syndicated Housing, now Merritt Community Capital, and has also served as a lead consultant to the Federal Home Loan Bank of Atlanta (Bank), to FHA, Ginnie Mae and Freddie Mac. He advised the Bank's Chief Executive Officer and the Board of Directors on a wide range of community economic development and affordable housing initiatives throughout the nine state region of the Bank.

Dr. Rosen serves as lead faculty to the California Redevelopment Association (CRA) Housing Institutes. DRA was selected by CRA as the sole faculty for its Basic and Advanced Affordable Housing Institutes statewide for the next three years. Additionally, Dr. Rosen was selected to lead the CRA Institute on RFP/RFQ Developer Negotiations in northern California for 2006 through 2008.

Dr. Rosen serves as financial, economic and development advisor to numerous California redevelopment agencies on long-term assignments. These include San Diego, Los Angeles, Sacramento, Oakland, Oceanside, Poway, Los Angeles County, Vallejo, Pittsburg, Fremont, Rancho Cucamonga, Brea, Tustin and many others. Assignments have included military base reuse, brownfield restoration, industrial park development, mixed use and affordable housing development, tax increment financing, asset management, community development loan securitization, small business lending, and extensive developer selection, negotiation, pricing, terms and conditions analysis for debt and equity investments in excess of \$1 billion. He is an acknowledged national expert in all forms of affordable housing finance for both renter and owner housing.

Dr. Rosen is a widely published author and nationally recognized speaker on affordable housing finance, development, land use and asset management.

David Rosen	
Title and Years with DRA	Principal and Owner, 30 years
Role on Project	Senior Principal-in-Charge
Contact Information	1330 Broadway, Ste 937, Oakland CA 94612 510-451-2552; 510-451-2554 (fax) david@craconsultants.com
Educational Background	Bachelor of Arts, Political Science, Columbia University, 1972 Doctor of Philosophy, Public Policy, Union Institute, 1983



Ms. Nora Lake-Brown, Principal

Ms. Lake-Brown, Principal of DRA's Irvine office, has over 25 years experience in real estate market and economic analysis and finance for local California government agencies and private developers. She has worked for more than 75 government agencies and 25 private developers statewide. She has served as financial consultant on more than \$3.5 billion of affordable and market-rate housing, commercial, industrial and mixed-use real estate transactions and financings.

Ms. Lake-Brown assists local agency and developer clients in the financial structuring and development of affordable housing, mixed-income and mixed-use developments. She advises clients on negotiations with developers, local government agencies, lenders and investors; review and negotiation of documents such as loan agreements, regulatory agreements, partnership agreements, resale agreements; construction loan closings; construction administration and draw requests.

Ms. Lake-Brown served as real estate advisor for Salt River Project regarding development of 500 acres of surplus properties on a ground lease basis. She advised on the creation a wholly-owned, for-profit development subsidiary and long-term master ground lease. She prepared business plan and cash flow projections, marketing strategies and materials, and financing plan for \$29 million in infrastructure improvements.

Ms. Lake-Brown has assisted a number of cities with the preparation and implementation of residential market analyses, affordable housing needs assessments, affordability gap analyses and comprehensive housing strategies. She has analyzed inclusionary housing programs for local government, identifying mitigations that can partially offset the costs of compliance. Ms. Lake-Brown has created computerized financial models to quantify the affordability cost of inclusionary housing requirements and the economic value of potential offsets and non-cash incentive measures.

Ms. Lake-Brown is acknowledged as one of the leading real estate economists in the area of affordable housing development, transactions, finance and public policy working today in California. Ms. Lake-Brown's technical excellence, clear insight, and extensive track record in real estate and affordable housing development finance provides concise and expert analysis in an easily understandable format.

Ms. Lake-Brown is a leading faculty of the California Redevelopment Association Affordable Housing and Developer Negotiation Institutes, and has served in that role over the last three years. She's a frequent speaker at statewide conferences on redevelopment, land use planning, and affordable housing.

Ms. Lake-Brown has helped lead low income neighborhood revitalization efforts of nonprofit development corporations involving affordable housing for renters, owners, child care facilities and community centers alike.

Ms. Lake-Brown provides asset management, portfolio overview and analysis, and strategic, business and financial planning expertise to nonprofit enterprise organizations and public agencies active in the affordable housing development and finance enterprise. Ms. Lake-Brown served as the principal investigator on major California city inclusionary housing analyses, including Los Angeles, San Diego, San Jose and Long Beach. Ms. Lake-Brown directed the largest urban analysis of inclusionary housing analysis conducted to date in the United States for the City of Los Angeles.



Nora Lake-Brown	
Title and Years with DRA	Principal, 19 years
Role on Project	Senior Research Principal
Contact Information	3941 Hendrix St, Irvine, CA 92614 949-559-5650; 949-559-5706 (fax) nora@draconsultants.com
Educational Background	B.A., Economics, With Honors, University of California, Santa Cruz, 1981 B.A., Environmental Studies, University of California, Santa Cruz, 1981 M.A., City and Regional Planning, Kennedy School of Government, Harvard University, 1983



Ms. Leah Rothstein, Associate

Ms. Rothstein, Associate in DRA's Oakland office, has extensive project experience. She has created leveraged financing models for owner and rental housing developments, incorporating funding sources available through the California Tax Credit Allocation Committee, the California Debt Limit Allocation Committee and the California Housing and Community Development Department. She has written affordable housing strategies for DRA's local agency clients, including identifying local and non-local resources for affordable housing. She has conducted inclusionary housing in lieu fee calculations and affordable housing linkage fee calculations, as well as reviewed finances and financial pro formas for project proposals and sponsors. In addition, Ms. Rothstein has conducted affordable housing gap analyses, including estimating prototypical development costs and calculating affordable rents and affordable home purchase prices under California Redevelopment Law, the California Health and Safety Code and TCAC requirements. She also serves as the asset manager for a nonprofit housing developer client of DRA's.

Ms. Rothstein is the principal researcher on DRA's city-wide inclusionary housing analysis for San Jose, underway currently. This analysis is the most extensive economic assessment of inclusionary housing, affordable housing offsets, land residual value analysis undertaken in San Jose, and represents an important undertaking by the City to assess the viability of adopting inclusionary housing on a city-wide basis for the first time in its history.

Ms. Rothstein is the principal researcher on DRA's financial analysis and developer negotiations with the expansion of the Stanford University Medical Center (SUMC). This is the largest expansion of the Stanford Hospital and Research Center undertaken in the history of Palo Alto and the University.

Ms. Rothstein received her Masters in Public Policy from the Goldman School of Public Policy at the University of California, Berkeley. She has examined the City of Oakland's policies and practices for requiring community benefits in private development projects. She also analyzed the prevalence of illegal secondary housing units for the City of San Jose's Department of Housing and recommended policies to address the problem. She worked for the San Francisco Mayor's Office of Community Development, assisting in the planning, development, and implementation of a comprehensive community development initiative in San Francisco's Bayview/Hunter's Point neighborhood.

Ms. Rothstein also worked for UC Berkeley's Center for Labor Research and Education, modeling the use of San Francisco's Health Access Plan and analyzing employer-based health care trends and costs throughout California.

In addition, Ms. Rothstein has six years of professional work experience in community outreach, community development, research, and employment resources.



Leah Rothstein	
Title and Years with DRA	Associate, 2 years
Role on Project	Project Manager
Contact Information	1330 Broadway, Ste 937, Oakland CA 94612 510-451-2552; 510-451-2554 (fax) leah@draconsultants.com
Educational Background	B.A., American Studies, University of California, Santa Cruz, 1998 M.A., Public Policy, Goldman School of Public Policy, University of California, Berkeley, 2007



Mr. Frederick Steinmann, Associate

Frederick Steinmann is an Associate with DRA. Mr. Steinmann received one of the three 2008 William A Carlson Fellowships from the California Redevelopment Association. His project experience with DRA includes preparation of affordability gap and in lieu fee analyses for Contra Costa County and the City of Tempe, Arizona. He prepared detailed project financing plans and market analyses for affordable multifamily rental developments for the City of Banning and the Sacramento Housing and Redevelopment Agency. Additional assignments include a market analysis for rental housing in the City of Oxnard.

At DRA, Mr. Steinmann also conducted numerous market analyses, including a comprehensive assessment of downtown commercial demand in Santa Rosa for hotel, retail, office, market rate rental and market rate owner housing developments. Mr. Steinmann's research was used as the basis for advice to the Santa Rosa Redevelopment Agency for disposition of Agency-owned keystone sites in the downtown Court House Square area.

Mr. Steinmann served as Special Projects Manager for the Reno Redevelopment Agency from 2004 through 2006. Mr. Steinmann worked on the 2004 Amendment to Reno Redevelopment Project Area No. 1, the 2005 establishment of Reno Redevelopment Project Area No. 2, and the 2006 Amendment to Reno Redevelopment Project Area No. 2, effectively doubling the size of the existing district. Mr. Steinmann also conducted a host of financial feasibility analysis related to the restructuring of Agency debt and the issuing of new Agency debt in the form of Tax Increment Financing bonds. Mr. Steinmann was solely responsible for providing all analysis related to the economic impacts of redevelopment in the City of Reno on other local governments including the Washoe County School District and Washoe County. Mr. Steinmann also presented the Agency's findings to nearly 35 different groups including the Reno City Council, different citizen advisory boards, different "merchant" associations and developer groups.

Mr. Steinmann participated with other Agency staff in numerous successful Agency-developer negotiations on a wide range of real estate projects including new hotels, retail-commercial, mixed-use developments, the development of a new municipal events/convention center and nearly 4,000 units in 11 new condominium projects. Mr. Steinmann was involved in negotiating terms related to these new developments, totaling approximately \$1.1 billion of new investment. Mr. Steinmann also participated in the market feasibility analysis of developing a new Cabela's outdoor retailer, including the development of the financial feasibility study required by Nevada state law for the issuance of Sales Tax Anticipated Revenue (STAR) bonds and the issuance of new RDA Tax Increment Financing (TIF) bonds.

With the Reno Redevelopment Agency, Mr. Steinmann also was the lead author of the "Downtown Retail Study", a market feasibility study of new retail development, which included a real estate market and feasibility analysis and a highest and best use analysis.

Mr. Steinmann conducted a market feasibility study for developing and attracting a major national grocery store chain to downtown Reno and a regional "homeless" study for Washoe County.



Frederick Steinmann

Title and Years with
DRA

Associate, 2 years

Role on Project

Market Research Analyst

Contact Information

1330 Broadway, Ste 937, Oakland CA
94612

510-451-2552; 510-451-2554 (fax)

fred@draconsultants.com

Educational
Background

B.S., Economics, University of Nevada,
Reno, 2004

M.S., Economics, University of Nevada,
Reno, 2006

M.S., Land Use Planning, University of
Nevada, Reno, in progress

Ph.D., Public Policy, University of Southern
California, ABD



Ms. Stacey Nordwall, Administrator

Ms. Nordwall, Office Administrator for DRA's Oakland office, received her Bachelor's degree from Stanford University, and provides support to DRA's Oakland and Irvine offices. As Office Administrator, she is responsible for contract monitoring and compliance, maintaining insurance certifications, producing reports and presentations, monitoring accounts receivable and payable, and providing administrative and editorial support.

Ms. Nordwall provides research assistance to DRA in its sustainable development practice. Her research in sustainable development includes best practices for sustainability in the fields of land use planning, zoning, as well as real estate development finance including use of the Federal Investment Tax Credit, the Modified Accelerated Cost Recovery System, and the California Solar Initiative. Ms. Nordwall's research for DRA in this field has covered best practices in both the United States and internationally.

Ms. Nordwall has seven years of professional experience in this capacity.

Stacey Nordwall	
Title and Years with DRA	Administrator, 2 years
Role on Project	Administration
Contact Information	1330 Broadway, Ste 937, Oakland CA 94612 510-451-2552; 510-451-2554 (fax) stacey@draconsultants.com
Educational Background	B.A., Psychology and Communication, Stanford University, 1999



SECTION 2. CAPABILITY

The ERA/DRA project team has demonstrated experience with all of the scope of services listed in the Request for Qualifications. Responsibilities between firms and between key personnel will be assigned at the beginning of each work task based on the nature of the services required. ERA will serve as the prime contractor, although both firms will be available to the City of Tempe to provide services if the City prefers to contract with one of the firms individually. ERA will predominantly focus on market rate, mixed income, and mixed use projects. DRA will predominantly provide services in affordable housing development and finance. William "Bill" Lee, Executive Vice President, will be the primary contact for ERA. David Rosen, Principal and founder of DRA, will serve as Principal-in-Charge.

The DRA/ERA team can initially respond within one day from initial contact. Our response time for completing a requested assignment will depend on the nature of the assignment. We can usually review completed project proposals and pro forma within one to two weeks, depending upon their complexity. Most of our assignments and studies that require research can be completed within three to four weeks, depending on our workload. Major research assignments may take longer.

ERA Primary Contact

388 Market Street, Suite 1580
San Francisco, CA 94111
Phone: 415-956-8152
Fax: 415-956-5274
e-mail: william.lee@econres.com
www.econres.com

DRA Primary Contact

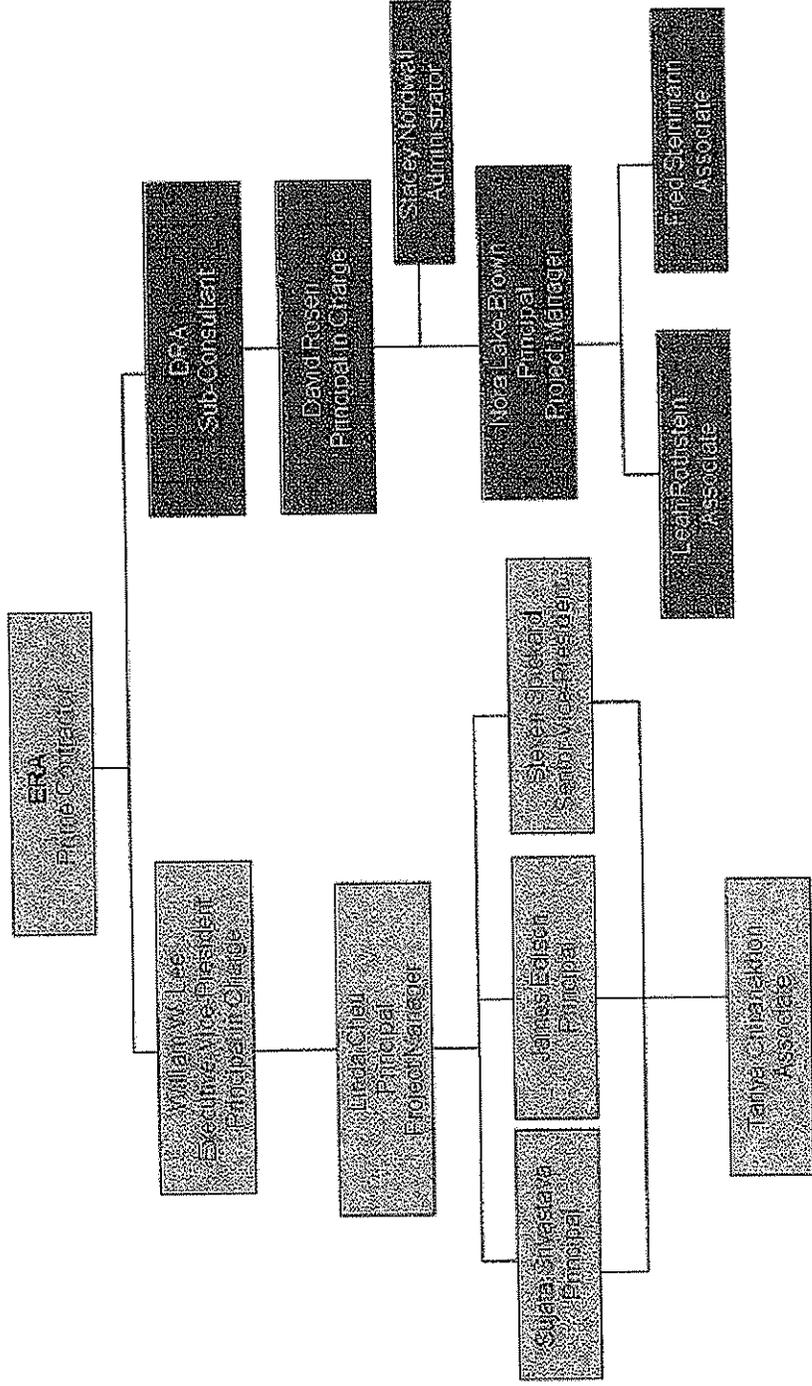
1330 Broadway, Suite 937
Oakland, CA 94612
Phone: 510-451-2552
Fax: 510-451-2554
e-mail: David@DRAConsultants.com
www.draconsultants.com

An organization chart of the DRA/ERA team can be found in Table 1. It names key Principals and support staff for the Tempe assignment. Resumes for each can be found in Section I of the RFQ.

ERA and DRA are proud of a longstanding strategic alliance the two firms have formed to best serve the comprehensive economic consulting needs of cities and redevelopment agencies. The DRA/ERA team currently is engaged by a number of California redevelopment agencies, including San Diego, Vallejo, and Hesperia. In forming our strategic alliance, Principals from both firms have decided to combine the unmatched capacity, track record, professional and academic achievement of our respective personnel to comprehensively respond to public policy, real estate, economics, finance, and development challenges facing municipalities and redevelopment agencies, their development and financial partners. The ERA/DRA team brings this established cooperation to Tempe not only to clearly set ourselves above competitor firms, but more importantly, to assure Tempe that it receives state-of-the-art service on all of its economic consulting needs throughout the term of this engagement.



Table 1: DRA/ERA Organization Chart





SECTION 3. PRICING

Economics Research Associates

The following rates will be honored by ERA through the contract term with the City of Tempe from October 1, 2008 through September 30, 2009.

Executive Vice President	\$280 - \$320 per hour
Principal	\$200 - \$250 per hour
Senior Associate	\$135 - \$170 per hour
Associate	\$115 - \$140 per hour
Senior Analyst	\$100 - \$110 per hour



David Paul Rosen & Associates

DRA's 2008-2009 Fee Schedule (hourly rates)

Title	2008	2009
Principal I	\$265	\$280
Principal II	\$245	\$260
Senior Economist	\$230	\$240
Associate	\$205	\$215
Research Associate I	\$185	\$195
Research Associate II	\$165	\$170
Data Entry, Word Processing, Administrative	\$80	\$85
Assistance and Accounting		

The following costs are reimbursable expenses with supporting receipts:

- mileage at \$0.60 per mile; tolls
- round-trip coach airfare, as mutually agreed by client and consultant
- ground expenses: rental cars, parking, cabs and other
- meals and lodging
- long-distance telephone charges, facsimile charges and expedited courier service
- copying and production charges
- data service charges
- supplies, as required for deliverables.

A 1.75% per month surcharge will be added to any invoice that is unpaid 30 days after the original date of the invoice. DRA will increase its Professional Fees on January 1, and will notify its clients in writing of this change.



SECTION 4. REFERENCES

Economics Research Associates

Tempe Conference Center

Tempe, Arizona
Client: City of Tempe

The City of Tempe is considering the development of a conference center or meetings facility in order to enhance the hospitality and tourism sector of the City's economy. With a thriving commercial district on Mill Avenue and Tempe Town Lake, the city of Tempe has numerous assets on which to build upon to attract meeting attendees. In order to assess the market potential for a conference facility in Tempe, the City of Tempe retained ERA to conduct a study analyzing the demand for additional meeting space in Tempe. The purpose of the study was to provide a recommendation and expert opinion based upon market indicators and limited market research.

Client Contact: Mr. Chris Messer
Principal Planner
City of Tempe
(480) 360-8562
Date: 2007
Consultant: Steve Spiekard – Principal in Charge
Linda Cheu – Project Manager

Transit-Oriented Development at Future Rail and Bus Rapid Transit Stations

Austin, Texas
Client: Capital Metropolitan Transportation Authority

Cap Metro of Austin, Texas retained ERA to conduct its system-wide market analysis initially for six light rail and bus rapid transit stations in the metropolitan area. After completing the draft analysis for all six stations ERA is now refining the economic study based on the concepts and strategies created in cooperation with the station area planning consultant retained by the City of Austin. In addition, ERA is also beginning analysis of three new station areas.

Client Contact: Ms. Lucy Galbraith
Transit Oriented Development Manager
Capital Metro – Austin, Texas
(512) 369-6515
Date: 2002, 2007
Consultant: Bill Lee

San Mateo Downtown Market Analysis and Development Strategy

San Mateo, California
Client: City of San Mateo

ERA has completed a market analysis and strategy for Downtown San Mateo. ERA's analysis includes a detailed retail, housing, and office market study; interviews with community stakeholders and City staff; surveys of households and businesses; and interviews with area developers. The report made recommendations on branding, strategies to strengthen existing retail and recruiting



new tenants, and policies to encourage private development Downtown. ERA also conducted some financial analysis for the redevelopment of key sites within the Downtown.

Client Contact: Ms. Laura Sniderman
Economic Development and Business Assistance Manager
City of San Mateo
(650) 522-7242
Date: 2007
Consultant: Bill Lee- Principal in Charge
Sujata Srivastava – Project Manager

City of San Carlos Retail and Economic Development Strategy

San Carlos, California
Client: City of San Carlos

ERA has been retained by the City of San Carlos on multiple assignments, including a market analysis and retail strategy, and economic development strategies for San Carlos to further its goals of enlivening the downtown area, assessing the potential for biotech/ R&D development to generate new employment, and enhancing the City's sales tax revenues by attracting new retailers and developers.

Client Contact: Ms. Elizabeth Cullinan
Planning Director
City of San Carlos (now with Town of Hillsborough)
(650) 375-7411
Date: 1988 – 2006 (multiple assignments)
Consultant: Bill Lee- Principal in Charge

Downtown Burlingame Market Analysis

Burlingame, California
Client: City of Burlingame

ERA recently prepared an economic strategy for downtown Burlingame's commercial area. The objective of the study was to provide a realistic guide of retail product mix in the real estate market place over the next 20 years to be used in preparation for the upcoming Downtown Burlingame Specific Plan and to evaluate opportunities for mixed use housing over retail. In addition the study was used to educate interested community members about how economics affect land planning and development decisions. The city also used the study to encourage the redevelopment of specific properties in a manner that will serve both property owner and community interests.

Client Contact: Ms. Maureen Brooks
Senior Planner
City of Burlingame
(650) 558-7253
Date: 2006
Consultant: Bill Lee- Principal in Charge



San Jacinto - Ramona Sanderson Corridor Market Study

San Jacinto, California

Client: City of San Jacinto

The City of San Jacinto retained Economics Research Associates (ERA) to provide a market based assessment of the future of the 1,700-acre Ramona-Sanderson Corridor located in the northern portion of the city. With the planned upgrading of Highway 79 to freeway status and the construction of the new Mid County Parkway, this corridor has exceptional strategic value in shaping the future of San Jacinto. ERA provided recommendations on realistic and market-based strategies to accomplish the following five economic development objectives for the City:

- Ensure that the Corridor will be able to provide the retail goods and services needed by San Jacinto Valley residents for at least the next 20 years.
- Provide one or more areas within the Corridor that will serve to accommodate high quality jobs in the future.
- Ensure that development in the Corridor will generate tax revenues to fund municipal services like fire suppression, police protection, road maintenance and park upkeep.
- Taking advantage of the Corridor's history and geography, create a community core that citizens of San Jacinto can take pride in.
- Enhance long-term value appreciation for San Jacinto land, homes and businesses.

Client Contact: Mr. Tim Huits
Assistant City Manager
City of San Jacinto
(951) 487-7330

Date: 2005

Consultant: Bill Lee- Principal in Charge
Sujata Srivastava – Project Manager

Retail Districts and Neighborhood Revitalization in Westminster

Westminster, California

Client: City of Westminster

While Westminster has a strong automobile dealership sector and Little Saigon that attracts Vietnamese shopping from throughout Southern California, its mainstream retail sector is struggling to capture local resident spending and attract consumers from neighboring communities. Many of the older shopping centers built in the 1960s and 1970s are in need of reinvestment, and their tenants do not satisfy contemporary consumer tastes. The challenges facing Westminster's mainstream retail community has been intensified by the complete renovation of Bella Terra in nearby Huntington Beach. Even Little Saigon faces new challenges in the decades ahead as retail facilities follow the dispersal of the growing Vietnamese population into Garden Grove and other nearby communities and as the second and third generation of Vietnamese-American population assimilate into the mainstream.

The City has attempted to encourage owners of local shopping centers to reinvest and secure contemporary retailers. To be more effective, the City retained ERA to provide a market study to quantify future development potential and suggest strategic direction. With emphasis on the retail sector, ERA defined market potential for the city and also suggested strategies to enhance the city's long term economic and fiscal health.



Client: Mr. Ray Silver
City Manager
City of Westminster
(714) 898-3311
Date: 2006
Consultant: Bill Lee- Principal in Charge

David Paul Rosen & Associates

Mr. Michael Pyatok, FAIA
Pyatok Associates Inc.
Center for Affordable Housing and the Family
Arizona State University
510-465-7010
510-410-0260

Ms. Margery Pierce
Director
City of Oceanside
760-435-3377

Mr. Roy L. Schweyer
Former Housing Director
City of Oakland
510-333-4928

Mr. Brian Swanson
Former Executive Director
Community Services of Arizona
602-708-4889



SECTION 5. ACCEPTANCE OF TERMS AND CONDITIONS

ERA accepts the City of Tempe's terms and conditions as described in the RFQ.



GRIEN GRUEN + ASSOCIATES

www.ggassoc.com

September 24, 2008

Ms. Lisa Goodman
Procurement Office
City of Tempe Procurement Office
20 E. 6th Street
Second Floor
P.O. Box 5002
Tempe, Arizona 85280

Dear Ms. Goodman:

As indicated in the sections below labeled **Firm Profile**, **Firm Experience and Services**, and **Staff Biographies**, the urban economists, market strategists, and financial and fiscal analysts of Gruen Gruen + Associates (GG+A) are available to provide the information base and technical analysis needed for Tempe to make sound land use policy, housing policy, and redevelopment and economic development decisions, as well as the marketing, negotiation, and transaction implementation support needed to turn plans, programs and projects into beneficial reality.

GG+A has been a leader in the use of combinations of survey research, demographic analysis and economic analysis to identify and forecast demands. Improvements we have made in marketing research have been particularly effective in accurately predicting the demand for innovative real estate products and location-enhancing programs. GG+A has also built a portfolio of computer models that aid in the evaluation of the feasibility and returns on complex real estate alternatives under varying market and regulatory conditions. We have substantial experience analyzing the fiscal and economic impacts of policies, plans and development projects.

We are proud of many client success stories that have resulted from market and real estate economic analysis, strategic development and disposition planning, and solicitation and implementation assignments to which we have led and contributed. Examples of "on-the-ground" results include:

- Downtown Waterfront Program, Including Nordstrom's in Scottsdale;
- Western Reserve Building and "The Flats" in downtown Cleveland;
- San Francisco Centre, anchored by Nordstrom's;
- Santa Maria Town Center;
- 16-screen movie theater, Ann Arbor commercial corridor;
- Retention and new corporate headquarters for Crate & Barrel in Northbrook (IL);



GRUEN GRUEN + ASSOCIATES

www.ggassoc.com

Ms. Lisa Goodman

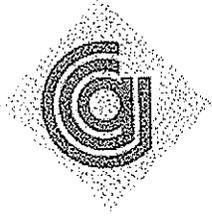
September 24, 2008

Page 2

- New Crate & Barrel retail store in Northbrook Court, a regional mall in Northbrook (IL);
- 32-story office building at One Post Street in San Francisco;
- The White Rock Business Park in Sacramento;
- Award winning, mixed-use redevelopment and disposition for over \$400 million dollars of the former Agnews Developmental Center, a 300-acre State of California Facility;
- Renovation and revenue-generating tenanting of multiple Metra and Chicago Transit Authority transit stations; and
- Development, redevelopment and asset enhancement of many shopping centers, downtowns and commercial districts in Arizona, California, Colorado, Florida, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, Ohio, Oregon, Texas, Washington, and Wisconsin.

We are available to provide market analyses for office, retail, residential, visitor, or other uses as needed to provide a clear understanding of the demands the downtown, commercial corridors or neighborhoods can serve, and therefore create a sound strategic framework for both capital and operational changes and enhancements. Frequently, however, strategic plan identification and implementation cannot be based on market analysis alone, if they are to be most effective. We are also able to provide an understanding of the real estate economics of development, redevelopment or other investment options in order to identify whether the forecast market demands can be served at a price sufficient to induce private investment, or alternatively, how much of an inducement is needed to encourage feasible private investment. The results of alternative development, public investment or regulatory actions must also be estimated in order for plans and projects to be implementable and generate net social, economic, and fiscal benefits, whose impacts we can also quantify. A program of information dissemination is often required, for it does little good to have the right programs and policies unless the existing and potential new space users, owners and developers are made aware of their availability and opportunities, and unless community support is galvanized. Marketing, solicitation, negotiation and transaction execution are also required to proactively encourage the private sector to accomplish civic goals through beneficial economic development and redevelopment.

Please note we expect to open a local office by November 1, 2008 at which principals from our Chicago and San Francisco offices will be available on a regular basis.



GRUEN GRUEN + ASSOCIATES

www.ggassoc.com

Ms. Lisa Goodman

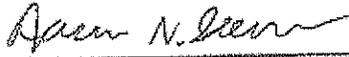
September 24, 2008

Page 3

We hope our submission in response to your Request for Qualifications indicates that GG+A has the necessary capabilities, training, experience and enthusiasm to provide the services needed to help the City of Tempe accomplish its mission. If you have any questions or desire additional information, please do not hesitate to contact me. Additional information on GG+A, including past assignments and clients, client testimonials, and publications can be found at our web site: www.ggassoc.com.

Very truly yours,

GRUEN GRUEN + ASSOCIATES
An Illinois Limited Liability Company

By: 
Aaron N. Gruen
Principal

FIRM PROFILE

GRUEN GRUEN + ASSOCIATES

Applying Knowledge, Creating Results, Adding Value

564 Howard Street
San Francisco, California 94105
Telephone: 415-433-7598 Fax: 415-989-4224
Email: sf@ggassoc.com

1121 Lake Cook Road, Suite A
Deerfield, Illinois 60015
Telephone: 847-317-0634 Fax: 847-317-0643
Email: Midwest@ggassoc.com
Web site: www.ggassoc.com

Date Founded: February 14, 1970

**Primary Areas of
Specialization:**

Demographic and Economic Analysis
Behavioral/Survey Research
Market Research
Financial Feasibility/Investment Analysis
Fiscal and Economic Impact Analysis
Disposition and Development Strategic Planning and Marketing

**Results of Areas of
Specialization:**

Economic Development
Comprehensive and Specific Plans
Downtown Development and Redevelopment
Brownfield Development
Housing Policy and Housing Development
Capital Facilities Financing
Transit-Oriented Development
Waterfront Development
Recreation and Tourism
Business Park Development
Business Attraction and Retention
Hotel Development
Shopping Center Development and Redevelopment

Key Analysts:

Claude Gruen, Ph.D. Principal Economist
Nina J. Gruen, Principal Sociologist
Aaron N. Gruen, Esq., Principal
Debra L. Jeans, Principal

FIRM EXPERIENCE AND SERVICES

The urban economists, sociologists, market, financial and fiscal analysts of Gruen Gruen + Associates (GG+A) have served as consultants to both the public and private sectors for over 38 years. We describe and forecast the market and real estate economic realities that will achieve the redevelopment objectives of cities, neighborhoods, and the communities that adjoin them. We apply the concepts of the social sciences, statistics, and econometrics to produce clear, accurate and objective forecasts and descriptions of the relevant areas, the real estate economics that apply and the demands that can be catered to in the future. We are proud of the role we have played in the revitalization of downtowns, neighborhoods, and specific projects. We have conducted numerous feasibility studies, due diligence analyses, and programmed and contributed to the implementation of many real estate projects both by private developers, or joint public/private partnerships. We have experience in leading and/or working on teams that have taken excess State of California properties through the entitlement process before marketing to developers, in order to significantly enhance the value of the State's land assets.

Market research, financial analysis, and studies of the real estate economic conditions within relevant market areas have frequently been combined to assist cities to make and implement decisions about planning, redevelopment, and policies to enhance and revitalize existing retailing areas and program new retail, residential, visitor, and office developments. Survey research, focus panels, and demographic analysis have been frequently used by GG+A teams identifying retentanting, modernization, and other strategic actions to improve the competitive strength of existing regional, specialty, and community shopping areas. GG+A analysts have extensive experience in providing the information base for joint development and reuse options, and have often served to provide negotiation support for school districts, transportation agencies, cities, and corporations as they make deals to convert surplus property into income-generating assets.

We have learned that each community has its own economic and social culture so that what works well for one community cannot be used as a template for others that differ in their histories and social geographies. We have also learned that success depends upon knowing the right questions to ask and having the expertise to know which tools and techniques are most cost-effective in obtaining answers.

We also believe that our clients obtain the best value from the realistic and implementable action plans and transactions we produce, rather than four-color reports that are not grounded in economic and market realities. Some examples of prior assignments describe GG+A's expertise in conducting *realistic* market demand forecasts and evaluations. The word *realistic* is emphasized because, if a demand analysis is unable to be translated into improved decision-making and implementation actions, including giving developers and their financing sources a leg-up on their due diligence, it will be merely consigned to a dust-covered shelf when the objective should be viable on-the-ground- projects or other actions.

Other examples of past assignments completed by GG+A describe our experience in conducting real estate feasibility and land-value testing financial analysis to identify optimal land use programs. We believe that development plans and redevelopment plans need to be

analyzed from the developer's perspective. Without knowing whether proposed development(s) are feasible from a joint venture, private developer, or user perspective, it is difficult to postulate either an appropriate negotiating stance or to analyze the fiscal and financial ramifications that stem from proposed project(s). In over 38 years of experience working on public and private planning teams, in acquisition and sale financing and leasing negotiations and with litigation concerning the value of property, we have learned that whoever constructs the real estate model used to simulate the investment sets the *rules of the analysis and negotiations*. Therefore, we frequently cast for our clients the financial aspects of development alternatives in one or several of GG+A's real estate models. The following abstracts are representative of our experience in evaluating the proposed options so as to identify the ability of the alternatives to support the necessary development costs given reasonable market and investment assumptions. In performing such evaluations, we simultaneously provide realistic estimates of the land values induced by the components and totality of each set of proposed alternatives. We have learned how to present and reach agreement on the key assumptions of such evaluations in a knowledgeable and non-adversarial manner that credibly communicates the implications to the participants in the process.

GG+A is also highly experienced in working with cities and public agencies in joint development and with securities dealers, bond underwriters, institutional lenders, developers and investors to devise innovative financing mechanisms and structures for development and redevelopment.

EXAMPLES OF PAST ASSIGNMENTS:

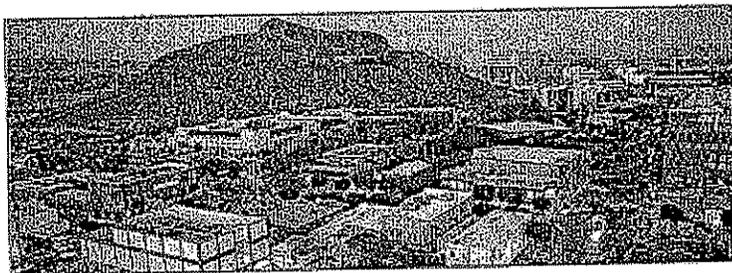
MARKET ANALYSIS, REAL ESTATE ECONOMIC ANALYSIS, ECONOMIC DEVELOPMENT PLANNING, RETAIL STRATEGY, LAND USE POLICY ANALYSIS, DOWNTOWN ENHANCEMENT STRATEGY AND IMPLEMENTATION ASSISTANCE

Client: City of Scottsdale (AZ)

The City of Scottsdale is one of several municipal clients Gruen Gruen + Associates (GG+A) have worked for in excess of 25 years. GG+A has served as economic, marketing and development advisors to the City of Scottsdale since 1981. Beginning in 1981, the Gruens served as adjunct staff to Scottsdale's Planning and Community Development Department providing market feasibility, economic development and revitalization analysis, as well as hands-on negotiations with prospective developers.

GG+A has performed economic development and strategic action plans for all sectors of the City of Scottsdale. In the mid-1980s, the Gruens provided an economic and market analysis for the Department of Planning and Economic Development of the Indian Bend study area, located south of the Downtown. This study served as a major input to the process of updating the general plan for the southern portion of the city.

In the late 1980s, GG+A was employed to develop a shopping center development strategy for North Scottsdale. The impetus for this study was the construction of the Outer Loop in North Scottsdale and the City of Phoenix, which significantly increased access in a fast-growing area of the city.



In the late 1990s, GG+A conducted an economic base analysis to forecast private sector employment and opportunity by major industrial sectors, as well as the likely demand for the built environment for the

Airpark/Sonoran Regional Core area. The purpose of this study was to identify the structure of the local economy and future opportunities and constraints for the core area to permit the City to properly locate, time, size and finance the public infrastructure needed to complement private non-residential and residential development.

In 2007, GG+A conducted a market analysis and identified strategic policy actions for southern Scottsdale. Our longest involvement in Scottsdale, however, is in the planning and implementation of one of the most dynamic and successful downtowns in America. We conducted our first Downtown Scottsdale study in 1981. Successful office, retail, residential, and hotel development has supplanted the plan.

EVALUATION OF NEED AND COST/BENEFITS OF TAX ABATEMENT FOR PROPOSED RETAIL/ENTERTAINMENT DEVELOPMENT IN NORTH SCOTTSDALE

Client: Scottsdale Department of Economic Vitality

The City of Scottsdale was approached by a developer controlling an 84-acre site in a fast growing sector of prosperous north Scottsdale. The developer was prepared to construct a rather standard big box power center without any assistance from the City, but was also receptive to discussing an alternative 855,960 square foot regional entertainment center with specialty stores, food service, a theme center and 13 free-standing pads. Gruen Gruen + Associates (GG+A) and the city staff concluded that this alternative, labeled "The Promenade," would be more competitive in the long run. The alternative development would also provide services not otherwise likely to be available in the City of Scottsdale, although likely to be provided in time on property in adjoining Phoenix. GG+A and the city staff also concluded that the alternative would generate significantly more retail sales tax dollars. However, because the alternative was riskier and more difficult to finance, the developer was not prepared to proceed with the City's preferred option unless they agreed to some abatement of taxes in the first five years after occupation.

After initial negotiations, it was agreed that the developer would submit engineering and financial pro-forma data and possible leases to GG+A on a confidential basis so that the firm could review the projections and estimate whether an abatement or some other form of subsidy was warranted;

- If so, what amount of abatement would be warranted; and
- How any agreement between the City and the development entity should be structured.

GG+A used its Realism™ cash flow program to estimate the likely returns to the developer with no abatement and with alternative levels of abatement. Given the associated risks, it was agreed by the City and the developer that a hurdle rate of 14% was appropriate and provided a criteria for judging the need and size of any appropriate tax abatement. Based on the confidential analysis GG+A, recommended a tax assistance package of \$5,487,000 to be paid over the first six years of the project. GG+A also recommended that an agreement be structured so that the project would be audited after 10 years, or whenever an arm's length sale took place, to determine whether the project had earned more than a 14% return from operating income and residual capital gains.

After vigorous debate, a majority of the Scottsdale City Council accepted the GG+A recommendation and approved the project subject to an agreement with the developer along the lines of the GG+A recommendation. The agreement was signed, the abatement was granted and the Promenade shopping center was built. C983

ESTIMATE OF FINANCING POTENTIAL AND BEST USE OF TUCSON MULTI-PURPOSE FACILITY DISTRICT

Client: Piper Jaffray

Gruen Gruen + Associates was engaged by the firm of Piper Jaffray, who were under contract to provide financial advice to the City of Tucson. GG+A studied the retail environment and, in particular, two new developments proposed for Rio Nuevo South on the edge of the downtown. The GG+A study suggested that the new developments on the Rio Nuevo South site would divert sales from other Tucson retail centers. The study concluded that the damage a new center would have on other stores is likely to be significant. Furthermore, one of the proposals was judged to be infeasible unless it were heavily subsidized with municipal or district funds. GG+A recommended that the multi-purpose facility district could support approximately \$80 million in financing, but that those funds could be best spent on non-diversionary cultural and retail facilities and expansions. It was also recommended that the new facilities not be spread out geographically but concentrated in key downtown Tucson locations. C991

ANALYSIS OF FEASIBILITY AND ESTIMATES OF RETURNS OF RETAIL COMPONENT OF PROPOSED HIGH POINTE ARENA AND ENTERTAINMENT DISTRICT IN OVERLAND PARK, KANSAS

Client: City of Overland Park

The City of Overland Park retained Gruen Gruen + Associates (GG+A) to identify the potential feasibility or the need for a subsidy to bridge a feasibility gap of a planned retail development component as part of a proposed arena and entertainment district. GG+A simulated the real estate investment of the planned retail development. The proposed retail development comprises 250,000 square feet of space with a potential addition of a Professional Bull Riders Hall of Fame and an 8,000 seat arena.

GG+A estimated the investment results of the proposed retail with and without the Hall of Fame based on estimated cash flows produced from cost and revenue inputs and stipulated financial terms provided by a consultant to the project developer. We initially evaluated the project without public subsidy, and then evaluated the projected costs associated with obtaining public subsidies that would otherwise not be present. Based on interviews with leading retail developers and capital market experts, GG+A also modified some of the assumptions provided to us in order to test the sensitivity of the results to such assumptions and to frame policy recommendations.

GG+A analyzed the feasibility of development, or the need for an incentive in order to bridge a feasibility gap, based on a residual land value analysis. This analysis assumed a required internal rate of return, on the equity investment from the cash flow and resale value of the development. GG+A estimated the residual land value that would result from each set of postulated variables to identify whether the developer could afford to pay the land cost specified. GG+A then tested the sensitivity of the amounts that could be paid for the land and still earn the specified rate of return from changes in assumptions and sensitivity of

returns from changes in the land cost and the other assumptions specified by the consultant to the project developer. GG+A provided a memorandum of opinion concerning the financial analysis of the retail component of the proposed project as well as findings and recommendations concerning the arena component. C1151

ANALYSIS OF REAL ESTATE ECONOMICS OF PROPOSED DEVELOPMENTS AND NEGOTIATION SUPPORT

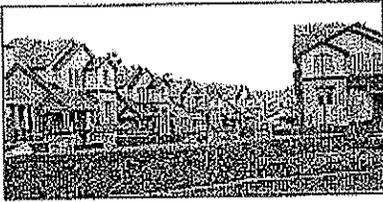
Client: City of Oak Creek, Wisconsin

The City of Oak Creek retained Gruen Gruen + Associates (GG+A) to complete analysis of the real estate economics of proposed developments for the 27th Street corridor and to provide advice on the negotiation of development agreements. The purpose of one analysis was to identify if a Tax Increment Finance (TIF) subsidy is needed to facilitate private feasible development of an office building, industrial building, and retail building in the Liberty Corporate Preserve. The developer Liberty Property Trust ("Liberty") has proposed an approximately \$4.0 million developer-funded TIF to facilitate the feasible development of the Liberty Corporate Preserve.

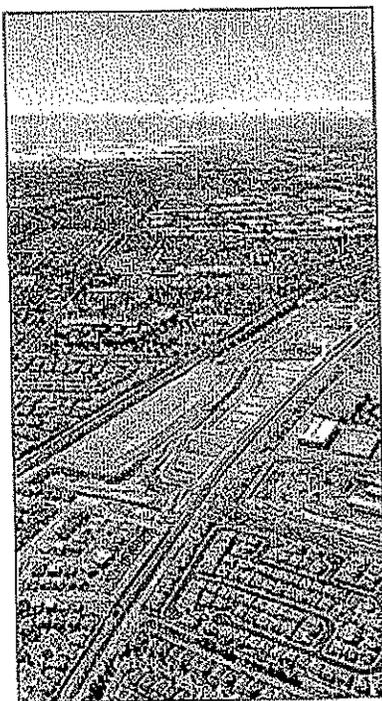
GG+A obtained information and estimates of the spatial dimensions, cost elements, market or revenue inputs, and financial and investment parameters of the proposed office building development and other uses proposed. To make estimates of the financial or investment parameters, we interviewed individuals active in raising debt and equity for development and reviewed secondary data on capital markets. We reviewed secondary data on the relevant warehouse, office, and retail space markets and conducted interviews with local brokers to obtain perspective on rents and absorption. GG+A simulated the real estate investment of each specified building development option. We estimated the investment results of the development options based on the estimated cash flows produced from cost and revenue forecasts and stipulated financial terms from the viewpoint of a prospective developer. We analyzed the likely feasibility of development, or the need for a subsidy (incentive) in order to bridge a feasibility gap, based on a financial measure referred to as a residual land value assuming a required internal rate of return ("IRR") on the equity investment from the cash flow and the resale value of the development.

Based on the results of this analysis, a development agreement was negotiated that provided for a significantly lower amount of TIF subsidy to the developer of the Liberty Corporate Preserve. GG+A prepared a report summarizing the analysis and participated in discussions with the developer and its representatives as well as legal and public finance advisors for the City. GG+A also evaluated a request of an existing business to obtain TIF assistance to expand a plant from 88,000 square feet by 102,000 square feet of additional space. Based on cost and other information contained in the application, GG+A evaluated the potential feasibility of the plant expansion from the perspective of a hypothetical developer. GG+A also forecast and compared the present values of the future annual property taxes for the 17-year TIF period estimated to result from the expansion of the plant to the initial "investment" of the requested amount of TIF assistance and considered the economic impacts of the expansion. GG+A prepared a report summarizing the analysis and findings and a development agreement was completed consistent with the findings. C1213

PSSC SITE
Union City, CA



The California Redevelopment Association awarded the 2008 Award of Excellence to Gruen Gruen + Associates (GG+A) and the two principals of GG+A for the remediation and development the 84-acre Pacific States Steel Corporation (PSSC) site in Union City, California. The League of California Cities had awarded this same project its 2007 Helen Putnam Award for Excellence in Planning and Environmental Quality.



ENHANCEMENT PLANNING AND DEVELOPMENT OF BROWNFIELD SITE

Client: United States District Court, Northern District of California

In 1999, the United States District Court, Northern District of California, appointed Gruen Gruen + Associates and its two San Francisco-based principals as Overseers and then Special Masters in charge of the Pacific States Steel Corporation (PSSC). The Court had taken control of PSSC and its only asset – the site of the now-wrecked steelworks, in a judgment on a lawsuit filed by retired members of the Steelworkers' Union who had been left with an unfunded medical plan when PSSC closed.¹

When GG+A took over responsibility for PSSC and its obligations, 84 housing units had been completed, but all further work stopped on the construction of 204 single family units that had been approved on an approximately 21-acre site that adjoined the steel plant itself and was no longer contaminated. The remaining 62-acre site was contaminated, strewn with the partially demolished wreckage of the steel plant, contained a toxic pond that had been used for heat treatment, over 600,000 cubic yards of slag, and lacked any infrastructure, access roads, drainage, or other utilities. The landlocked site was located between two sets of railroad tracks and the BART track.

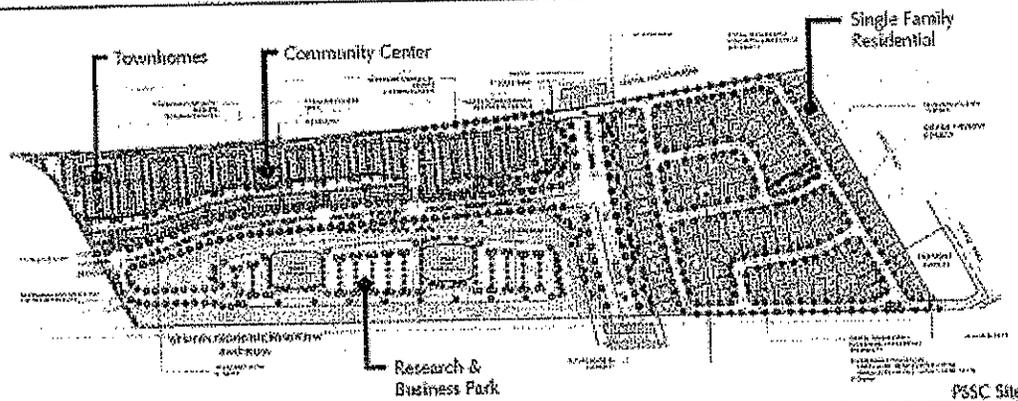
Working with the California Department of Toxic Substances Control (DTSC), five state agencies and three county agencies, the Special Masters led the preparation of a new Remediation Development Implementation Plan (RDIP) to clean the site. The approved RDIP provided the scope of work for an agreement negotiated with Envirocon, the selected remediation contractor. A cost cap insurance policy was purchased to lock in remediation costs at a little over \$20 million. No subsidies were available for the remediation, but PSSC was able to restart construction on the clean portion of the site so as to develop seed money to start the remediation process.

At the same time, negotiations with the City included an Owner's Participation Agreement (OPA) under which the

¹ Cordoza et al v. Pacific States Steel Corporation et al, C-82-4209 MHP

Development Consultants Request for Qualifications to City of Tempe

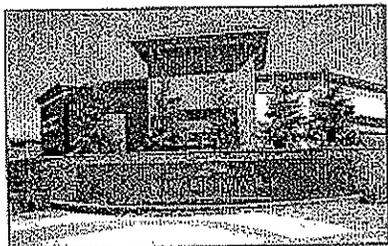
City agreed to buy the adjoining site for subsequent development and the construction of a major road that would link to the existing street system. The Special Masters, representing PSSC, agreed to extend the street through the PSSC property on land that would be dedicated to the City. PSSC agreed in the OPA to pay the City \$6,250,000 for the construction costs for the road through the PSSC property, as well as other backbone infrastructure. As that road would not be built until after remediation was completed, the Special Masters negotiated a lease with one of the adjoining railroads to provide a haul road that was used for several years to allow construction equipment and hauling of material from the site.



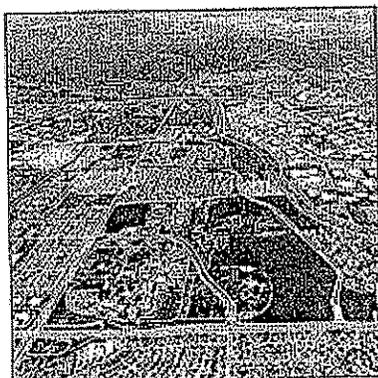
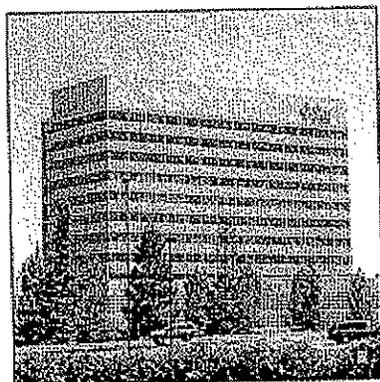
Once the approvals, contracting, and needed access for remediation were completed, the Special Masters began working with Randall Planning & Design to identify the land use plan capable of maximizing land value and meeting the goals of the City of Union City. A builder was selected to work with the Special Masters and their planners to present the recommended plan through the planning process for a new General Plan. Upon approval of the General Plan and associated permits and maps, KB Home began construction as the phased remediation effort provided clean land for the construction of 219 townhomes and 119 single family homes in Union City. Subsequently, approval was also received for the construction of six single family homes on PSSC property in the City of Fremont.

When Gruen Gruen + Associates was appointed Special Masters, none of the retired steelworkers had received any medical payments since 1978, nor had any payments been made on the more than \$14 million owed to other first tier PSSC creditors. In 2007, the League of California Cities awarded the PSSC project its Helen Putnam Award for Excellence in Planning and Environmental Quality. In 2008, the California Redevelopment Association chose the PSSC project to receive its Award of Excellence. By that time, a total of 125 single family units had been completed and sold, and 219 townhome units were in the final phase of construction on the previously contaminated land, with all but 17 units sold. In addition, all 204 single family units on the adjoining non-contaminated land were completed and sold. Retroactive medical plan payments of over \$6 million had been made to the steelworkers, and the medical plan was fully funded. All first tier creditors have been paid, and it is believed that a significant portion of lower tier creditors will be paid. The 62-acre site, which previously had not generated any property tax, is now paying \$3 million per year to the local agency. The Special Masters are currently in negotiations for the development of the 16 acres of non-residential land that still remain unsold.

AGNEWS SITE
Santa Clara, CA



"We wanted to thank you for all your help, excellent advice and very hard work on the recent sale and close of escrow for the former Agnews Developmental Center property in Santa Clara...the largest surplus sale in State history." - *Paula P. Gutierrez, Asset Manager, State of California Dept. of Asset Encumbrance and Management*



LAND DEVELOPMENT AND SALE OF 300-ACRE STATE OF CALIFORNIA PROPERTY, FORMERLY THE WEST AGNEWS DEVELOPMENTAL CENTER IN SANTA CLARA, CALIFORNIA

Client: The State of California Department of General Services

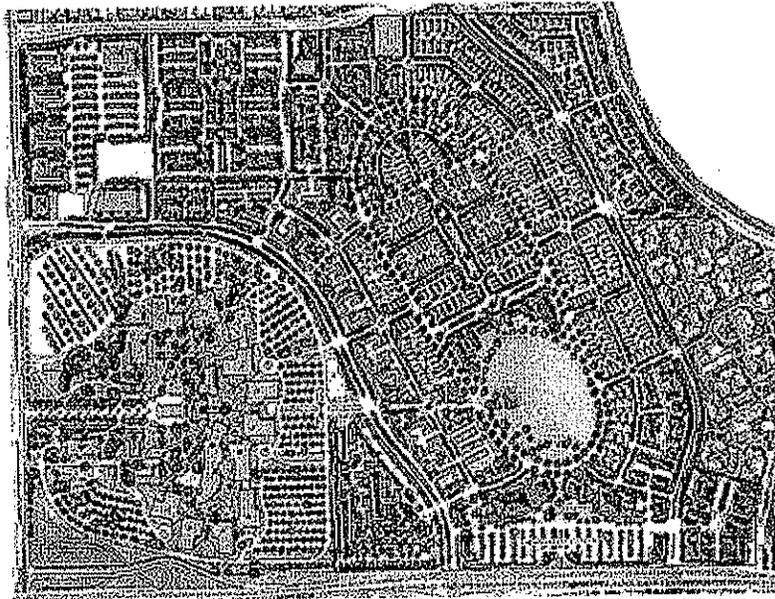
In 1996, the 300-acre site of what had been California's first "insane asylum," was declared surplus by the State and turned over for disposition to the California General Services Administration (GSA). The site contained more than 50 old, obsolete buildings, some of which the local community thought should be declared historic, and was contaminated with arsenic. GSA engaged Gruen Gruen + Associates (GG+A) to first conduct the market and economic research required to identify a value-maximizing re-use disposition strategy, and then to act as the prime contractor for a team of planners, engineers, environmental specialists and others to implement that strategy.

At the time the site was declared surplus, the appraisal had estimated that the property could be sold for approximately \$77 million. The GG+A strategy identified a specific plan for the re-use and an entitlement strategy to obtain a General Plan amendment that would break the site into three major developments plus a series of smaller parcels, the need for infrastructure, community amenities, schools and the like.

The last development on the site was completed in 2007. By then, the property had been redeveloped in over 1 million square feet of R&D space on 82.5 acres purchased by Sun Microsystems; approximately 16 acres of housing on one corner of the site built by Citation Homes; 18 acres of multi-family housing developed by E. F. Evans, and three acres of transitional housing being maintained and provided by a county agency. One hundred fifty-two acres were sold to a consortium of Centex, Shea and Lennar, who built the award-winning Rivermark residential project, Rivermark Village Shopping Center, and a hotel. In all, the project contained over 3,000 houses, 165,000 square feet of highly successful retail space, in addition to the Sun Microsystems headquarters and hotels. The State's receipts for the land sold exceeded \$300 million, which

included \$22 million of participation paid on an agreement suggested by GG+A, under which the Rivermark (CSL) group agreed to share profits over a predetermined hurdle rate with the State at the conclusion of the project.

Following the build-out of the project, the City of Santa Clara was one of only ten communities in the country to be given the All American City Award from the National Civic Legion, 2001. The mayor and council wrote to GSA, thanking the State for helping them obtain this award, and praising both the quantity and quality of the multi-award-winning mixed use community that has been built and successfully marketed on the site.



RE-USE EVALUATION OF SAN QUENTIN STATE PRISON SITE

Client: Asset Enhancement Branch of the Real Estate Services Division for the Department of General Services, State of California

Gruen Gruen + Associates (GG+A) provided the economic and financial feasibility inputs to address the potential sale and reuse of the approximately 275-acre San Quentin Prison property. This study was commissioned by the California Legislature and focused on the physical constraints and associated costs of reusing the San Quentin property, as well as presenting an analysis of the economic opportunities of redeveloping the site after taking these costs into account.

GG+A evaluated the economic and financial feasibility of three land use alternatives. The first is a 506-unit residential community. This alternative represents the fewest residential units, no ferry terminal, minimal retail space and the most historic reuse.

Alternative 2 includes 2,097 units in a transit village. This alternative increases the amount of retail space and housing, reduces the number of historic buildings that would be reused, but includes a ferry terminal and intermodal transportation center. Alternative 2 also includes approximately 300 units of affordable housing.

Alternative 3 is a new town with approximately 3,585 units, 500+ of which are affordable. This alternative is aimed at maximizing the new housing supply. It also includes the maximum amount of retail and office uses to take advantage of the intermodal transportation center.

A low and high range of net residual land values was estimated for each of the three alternatives. The low estimates range from about \$129 million for Alternative 1 to approximately \$421 million for Alternative 3. The high estimates range from approximately \$205 million for Alternative 1 to \$664 million for Alternative 3.

One of the State's reuse objectives is to obtain sufficient dollars to pay for the cost of rehousing the death row and other San Quentin prisoners into new facilities located somewhere within the Bay Region. GG+A's market forecasts and financial conclusions were reviewed by the State of California Department of General Services and the Marin County task force assigned to make recommendations concerning the possible re-use of the prison site. All parties agreed that the forecasts and valuations were reasonable given the alternatives postulated in the study. The County commissioned a process of citizen participation and planning to refine the initial alternatives and identify new ones. GG+A has been asked by the State to utilize the financial model that GG+A built for the San Quentin property to help monitor the County's process and, in the spirit of collaboration, feed back to all parties the likely market value of the planning options being considered in the County planning process.

MARKET ANALYSIS AND REAL ESTATE ECONOMIC ANALYSIS AND NEGOTIATION SUPPORT FOR REUSE AND DISPOSITION OF SURPLUS YOUTH CORRECTIONAL CENTER

Client: State of California Department of General Services, Real Estate
Services Division, Asset Planning and Enhancement Branch

Gruen Gruen + Associates (GG+A) served as the market and real estate economic analyst on a multi-disciplinary team engaged by the State of California Department of General Services, Real Estate Services Division, Asset Planning and Enhancement Branch to prepare a plan for the reuse and disposition of the former Fred C. Nelles Youth Correctional Center site in Whittier, California and to establish a base value for the property. The plan prepared was based on community input and market studies GG+A conducted of the demand for office, retail, and residential uses.

To estimate the office space demand potential for the 75-acre site, GG+A conducted site and property inspections and interviews with real estate developers and office space brokers. GG+A studied data on the office space inventory, analyzed employment data and prepared a forecast of office space demand based on the employment forecast and research on the amount of office space used by differing types of office workers. GG+A synthesized the research to reach judgments on the amount of office space supportable at the site and the rents such space would obtain.

To estimate the retail space demand potential for the site, GG+A identified the relevant market from which most shoppers would be attracted, and identified and assessed the inventory of potentially competitive retail space. GG+A estimated the expenditure potential or retail demand based on analysis of demographic and income data of the households in the primary market area and consumer shopping expenditure patterns. GG+A converted the

estimates of purchasing power into estimates of the supportable amount of space based on research on the sales thresholds required for viable development and operation of retail space in the market area. GG+A synthesized the results of the supply-demand analysis, property inspections and interviews with merchants, retail developers and retail brokers to reach judgments about the type and scale of retail development market responsive at the site and obtainable rents.

To estimate the housing demand potential for the site, GG+A completed an analysis that identified the imbalance between housing demand and housing production and supply in the City of Whittier and Los Angeles County and the resulting trend in housing price appreciation. Based on inspections and interviews with representatives of competing supply and residential real estate brokers, GG+A identified the primary geographic areas from households would be likely to be attracted and the kinds of households to which the location would most appeal. GG+A analyzed the product, pricing and absorption characteristics of competing supply and completed an analysis of the price premium new product realizes over existing housing in the same locations. GG+A analyzed demographic and income data to estimate the depth of the primary consumer market for the types of housing most market responsive. GG+A synthesized the research and analysis to recommend the scale, and mix of housing products for the site and to estimate obtainable prices and absorption.

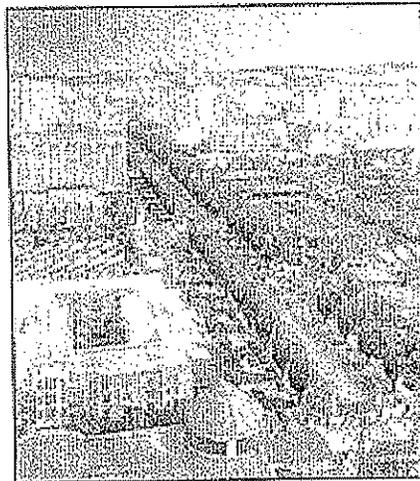
GG+A then worked with the architects and planners, engineers, cost estimators and other team members to identify the physical parameters of a market- and community-influenced plan for the reuse and disposition of the site. GG+A completed capital markets research and obtained cost inputs from the other appropriate team members. GG+A prepared a series of cash flow forecasts and estimates of the obtainable land value based on iterations of the plan and refined cost estimates. GG+A provided the financial analysis and results of the market research to the State's appraiser whose estimate of value for the property was consistent with the results of GG+A's analysis.

GG+A prepared both the legal and cash flow methodology and written exhibit of a profit participation agreement to be used as part of the sales contract for the disposition of the property to insure the State participates in any future appreciation of the property due to changes in entitlement or market conditions. The solicitation process resulted in a bonafide offer of \$107 million for the property consistent with GG+A's valuation of the citizen-influenced plan. C1161

MARKET ANALYSIS AND REAL ESTATE ECONOMIC ANALYSIS OF OFFICE, RETAIL, AND RESIDENTIAL DEVELOPMENT IN DOWNTOWN RENO AND THE RETRAC CORRIDOR

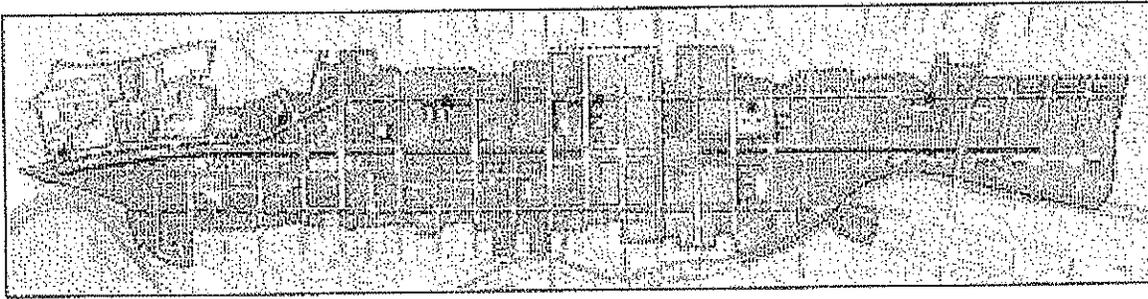
Client: The City of Reno (NV) Redevelopment Agency

Gruen Gruen + Associates (GG+A), as part of a multi-disciplinary consulting team led by the planners and urban designers of Freedman Tung & Bottomley, was commissioned by the City of Reno to prepare a master plan for the redevelopment of the ReTRAC rail corridor which runs through Downtown Reno. GG+A conducted research and analysis and prepared forecasts of the potential demand for office, retail, and residential space in Downtown Reno and the ReTrac corridor in order to provide both market and policy inputs for the preparation of the master plan. In light of the conclusions and land use recommendations drawn from the initial market assessments and forecasts, GG+A also worked with team planners and architects to analyze the financial feasibility of several redevelopment alternatives within the ReTRAC Corridor.



For the office space analysis, GG+A conducted interviews to gain information and perspective to define the relevant market area and to identify the origins and types of potential office space users, the competing locations these users consider and the advantages and disadvantages of the Downtown as an office location. GG+A studied office space supply conditions and forecast the demand for office space based on an analysis of historic employment trends by economic sector, forecasting employment growth by economic sector, converting the forecast of employment growth into building space demand, and estimating the share of forecast demand the Downtown could potentially serve. GG+A also considered the demand for office space needed to replace obsolete facilities. GG+A identified a strategy for enhancing Downtown's competitive position and identified an office space product option opportunity not currently available in the Downtown.

For the retail space analysis, GG+A conducted interviews with a variety of businesses, developers, brokers, economic development professionals and analysts with the University of Nevada, Reno. GG+A analyzed taxable sales trends, reviewed supply data, assessed the competitive position of the Downtown's retail base, estimated retail expenditure potential from household, employment and visitor markets and converted the purchasing power estimates into estimates of the demand for retail space based on research-based sales per square foot thresholds. GG+A identified a strategy to improve the Downtown's retail base and recommended specific commercial use and customer market targets.



For the residential market analysis, GG+A conducted property inspections, and interviews with developers and marketing agents of residential developments and reviewed Assessor records to identify the primary geographic markets from which Downtown housing attracts households, the types of households attracted, the advantages and disadvantages and image of the Downtown as a housing location, and characteristics of new and proposed Downtown housing developments. GG+A estimated the scale of demand based on estimates of the size of the households with characteristics associated with households which have selected Downtown as a housing location and estimates of annual rates of turnover of such households and the growth or formation of new households. GG+A recommended a strategy for encouraging market rate housing development as well as the provision of affordable housing for artists.

GG+A participated in City staff workshops and stakeholder meetings and provided real estate economic analysis to help program and implement the master plan.

THE SAN FRANCISCO CENTRE PROJECT, 5TH AND MARKET STREETS, SAN FRANCISCO

Client: The San Francisco Unified School District

GG+A was asked to evaluate a ground lease of School District property. The analysis suggested that the \$200,000 per year maximum ground lease could be significantly increased if the existing lease was allowed to expire and an RFP prepared for a new building on the site. The School Board agreed and GG+A conducted a series of financial studies to identify the potential value of the site to a developer. The results of the analysis were used in an RFP that offered an option to lease the ground at a minimum of \$1,000,000 per year. GG+A assisted in the selection of a bidder and in subsequent negotiations.

The bidder who was awarded the option intended to build a 700,000-square-foot office building plus 276,000 square feet of retail space. The City refused to allow this project. The developer maintained his option payment and, as recommended by GG+A, who continued to advise the School Board as the situation changed, the existing structure was demolished at the developer's expense. The developer elicited the interest of The Nordstrom Company who wanted to build their largest store as a part of the project. The School Board's option arrangement and anticipated lease were altered to permit a condominium arrangement for the portion of the project to be built by Nordstrom. The financial complications of a retail project were considered by GG+A and, in 1986, a final ground lease was signed. The entire project opened in 1988, operating on a ground lease that pays \$1,000,000 per year plus

"overages" to the School Board.

MARKETABILITY AND PRELIMINARY DESIGN STUDY OF HIGH-DENSITY HOUSING IN NORTH SAN JOSE

Client: City of San Jose

Gruen Gruen + Associates (GG+A), assisted by K+CZL, conducted a market analysis and preliminary design study of high-density residential development in north San Jose. The primary purpose of this study was to test whether high-density housing can be feasibly developed on large-sized flood plain parcels in north San Jose in order to improve, or slow the worsening of, traffic conditions in that area. The research was directed to ascertaining the acceptability of north San Jose as a residential location, the market feasibility of high-density residential development in north San Jose and the amount of acreage that should be considered for a land use change from industrial to residential uses.

In order to obtain this information, the following study tasks were undertaken. A market survey was conducted with 225 respondents presently employed in the Golden Triangle area. In addition, two focus panels were conducted with a subsample of the 225-employee sample in order to test responses to specific land use, amenity, building and unit design preferences. An analysis of comparable rental and for-sale projects provided insights as to the type of rental and sale units that were doing well in the marketplace. This supply information was then used to confirm the inferences that were drawn from the market survey and focus panels. The market information drawn from the employee survey, the focus panels and an analysis of the competing supply were then synthesized into a forecast of the demand for housing in San Jose.

The end product was a conceptual project plan for a prototypical 80-acre parcel that incorporated the market forces and physical constraints introduced by density and flood plain considerations. Hard and soft costs and revenues from the sale and lease of residential and commercial space were estimated in order to test the feasibility of this prototypical development with a set of cash flow simulations. The study's recommendations with regard to a zoning change were implemented by the San Jose City Council. The City's action, in turn, encouraged some developers to step forward and build several successful housing projects in line with the GG+A recommendation. C602

THE ECONOMIC EFFECTS OF PROPOSED GROWTH, LAND USE AND PARKING STRATEGIES ON RETAIL SALES, RENTS AND THE BONDING CAPACITY OF DOWNTOWN PALO ALTO

Client: City of Palo Alto (CA)

The City of Palo Alto commissioned Gruen Gruen + Associates (GG+A) to evaluate proposed growth and parking strategies in the City's downtown study. These strategies included a parking requirement which would force developers of new commercial space to provide 4 parking spaces for every 1,000 square feet of new space, a growth reducing

element that would limit the size of individual commercial projects as well as the total amount of building space that could be added to the downtown and a proposal to limit ground-floor space to retail and service activities such as eating and drinking establishments, theaters, hotels and travel agencies.

The purpose of GG+A's study was to identify the likely effects of these proposed strategies on rents and retail sales in the downtown, the tenant mix of downtown retail establishments, the future supply of office and retail space in the downtown and the bonding capacity of the Downtown Parking Assessment District.

GG+A's real estate investment simulation model, REALISM™, was used in concert with information on current rents and operating, construction and financing costs to evaluate the financial feasibility of new development under current conditions and under the assumption that the proposed parking requirement was in force. While the simulation of current conditions accurately depicted the returns investors were experiencing at the time, the analysis incorporating the proposed parking requirement indicated that its effect would be to make investment in new commercial buildings in downtown Palo Alto financially infeasible. The study also concluded that office and retail rents would have to increase dramatically in order to make such investments sufficiently attractive to induce additions to the supply of commercial space.C546

MARKET AND REAL ESTATE ECONOMIC ANALYSIS OF THE PROPOSED REDEVELOPMENT OF THE BROOKFIELD SQUARE MALL/EXECUTIVE DRIVE REDEVELOPMENT AREA

Client: City of Brookfield (WI)

The City of Brookfield (WI) engaged Gruen Gruen + Associates (GG+A) to conduct market research and real estate economic analysis to determine if the Brookfield Square Mall/ Executive Drive Redevelopment Area could support the amount of land use products specified in the Brookfield Square Mall/ Executive Drive Redevelopment Plan prepared by RTKL Associates. GG+A was also asked to determine if the RTKL plan is likely to be financially feasible to implement.

GG+A conducted property inspections and interviews with developers and marketing agents for market area multi-family, office, and retail developments in order to identify the following:

- The physical characteristics of potentially competitive developments and the type of product, unit, service and amenity features most preferred by residents/tenants;
- The rents or sales prices obtained and absorption rates and the relationship between (1) locational and physical characteristics and (2) rents or sales prices and (3) absorption and occupancy rates; and
- The demographic and geographic origins of renters, buyers, or customers at

these potential competitive supply options.

GG+A also prepared a survey questionnaire to test for the potential demand from workers officing in Executive Drive and other buildings for a variety of residential product types. This survey yielded information and insights on (a) the demographic characteristics of area workers, (b) the housing patterns of the workers; (c) the factors most influential to their housing purchase or rental decisions; (d) the level of interest in renting or purchasing apartment, loft, or townhouse products at the redevelopment area; and (e) the reasons for not wanting to rent or purchase.

We analyzed relevant demographic, employment and real estate data, as well as the results of the survey and broker and developer interviews. GG+A simulated the real estate investment results of postulated development alternatives for the Brookfield Square Mall/ Executive Drive Redevelopment Area. The real estate economic analysis of the proposed RTKL plan drew on GG+A's forecasts of rents and absorption for each land use, capital market research GG+A conducted, and development cost estimates formed by the City and by The Jansen Group, a general contractor and construction manager GG+A retained as an advisor. GG+A's real estate economic analysis resulted in estimates of the size of the subsidy needed to bridge the feasibility gap of each postulated redevelopment alternative under the RTKL plan. Based on the investment simulations, market research and surveys and an "advisory panel" GG+A organized, GG+A identified reprogramming options that would be feasible with no or substantially reduced subsidy requirements. GG+A also recommended an alternative implementation strategy that would significantly reduce municipal risk and increase the potential for value-enhancing private development.

GG+A gave presentations to the Community Development Authority and the public following the completion of the market analysis and real estate economic analysis. The Community Development Authority accepted the findings and recommendations. C1090

THE DEMAND FOR CONFERENCE, HOTEL ROOM AND RACQUETBALL/SPORT COMPLEX

Client: Eastman & Associates

This study estimated the demand for a 200-room hotel connected to a conference facility with a maximum banquet seating capacity of 1,000, to be located in Concord (CA), adjacent to The Willows Shopping Center. The demand for a new high-quality hotel was forecast under two assumptions: that it would be part of an integrated hotel/conference complex; and that it would be freestanding, without a separate conference facility. Finally, GG+A investigated the key interrelationships between the number of racquetball courts and the characteristics of households in two Peninsula market areas and the east Contra Costa County trade area. A survey of racquetball players was conducted at two Peninsula courts to ascertain the demographic characteristics, motivations and patterns of play of present racquetball enthusiasts.

**MARKET RECONNAISSANCE, REAL ESTATE
ECONOMIC ANALYSIS, AND STRATEGIES FOR
THE ENHANCEMENT OF THE MAIN STREET CORRIDOR**

Client: The Village of Menomonee Falls (WI)

The Village of Menomonee Falls retained Gruen Gruen + Associates ("GG+A") to conduct an overview of the market for retail and office space in the Main Street corridor and to evaluate the potential demand for a new hotel. This research was part of a program to formulate a neighborhood plan for the enhancement of Main Street.

GG+A inspected the area, interviewed real estate brokers, property managers, developers, and retailers, and prepared a quantitative model of present and likely future demand and supply based on the present and forecast future demographic make-up of the relevant market area and retail inventory identification. Based on the analysis of demand and supply and an assessment of the comparative advantages and disadvantages that apply, GG+A identified a destination niche strategy, including building on the well-established existing destination businesses by attracting complementary and unique sporting goods, outdoor recreational and showroom home improvement uses that would benefit from the same comparative advantages enjoyed by the existing successful businesses. A destination-oriented restaurant row was also identified as a market niche to cultivate, given the highway accessibility and visibility, shortage of restaurants for employees in the immediate area, favorable demographic characteristics, and indications of user interest.

For the office market reconnaissance, GG+A conducted interviews with brokers and developers, analyzed office supply data, reviewed the relevant literature on what makes successful suburban office locations and compared these attributes with the comparative advantages and disadvantages of the Main Street corridor. Based on the assessment of market conditions and the competitive position of the corridor, we reached a judgement on the potential for feasible office space development in the corridor.

One of the key tasks was to ascertain if sufficient demand exists or is likely to develop to support a new hotel at the site of an existing hotel that is no longer market responsive. To identify the relevant supply competition, GG+A interviewed managers of hotels and reviewed secondary data on room rate and occupancy rate trends by type of product and location. To estimate the potential demand for hotel rooms, in addition to drawing on the interviews with managers of competing hotels, GG+A conducted a survey of large businesses in the area. Based on the synthesis of the secondary data analysis, supply interviews and demand survey, GG+A prepared a model to forecast hotel room demand attributable to employment growth, household growth, and an improving economy. GG+A identified the relationship between current and forecast supply and demand for hotel rooms. Based on the assessment of comparative advantages and constraints and forecast market conditions, GG+A estimated the likely obtainable occupancy and average daily room rates and described the characteristics or programmatic elements to which the limited service hotel would need to conform to be market responsive.

To test for financial feasibility, GG+A simulated the real estate investment results of a

prototypical hotel and a prototypical restaurant development. Based on the real estate economic analysis, GG+A identified the likely investment behavior of owners and would-be developers. GG+A synthesized the results of the market and investment analysis to identify a strategic action plan, including marketing initiatives, physical and way-faring enhancements, and the judicious use of incentives to encourage the evolution of Main Street to newer destination retail, hotel, restaurant, and entertainment functions. GG+A recommended criteria for when and how to use incentives and transaction structures for when incentives are provided. C1114

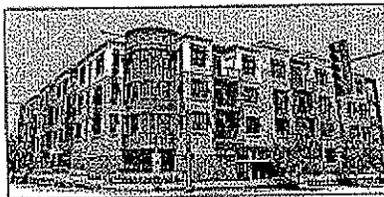
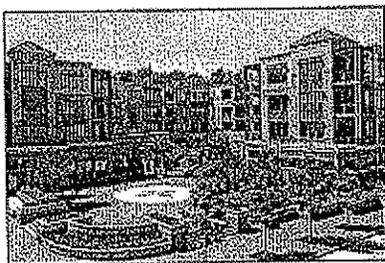
MARKET RECONNAISSANCE AND REAL ESTATE ECONOMIC ANALYSIS AND DEVELOPMENT STRATEGY FOR DOWNTOWN SITE

Client: Village of Algonquin (IL)

The Village of Algonquin retained Gruen Gruen + Associates (GG+A) to complete a market reconnaissance of a site located in Downtown Algonquin at the intersection of Route 31 and Route 62, just west of Port Edward's restaurant. In addition to studying the market potential for retail, office, and multi-family residential space, GG+A analyzed the real estate economics of prototypical development options for serving the forecast demands. GG+A synthesized the results of the market research and real estate economics to identify a development strategy for the site.

GG+A identified the characteristics of potential target households and primary market area from which households would be attracted. GG+A also identified the primary advantages and primary disadvantages of the site for serving residential demands. GG+A analyzed the product, pricing, unit absorption, and buyer make-up characteristics of a sample of new condominium and townhouse projects in Algonquin, Carpentersville, Elgin, Geneva, and Batavia.

RIVERSIDE SQUARE Algonquin, IL



Based on this demographic and supply research, analysis and assessment of advantages and disadvantages, GG+A estimated the size of the potential target consumer groups in the primary market area within which multi-family development at the site would compete for households and estimated the annual demand from households within the primary market area.

GG+A also identified the primary advantages of the site for retail uses and the primary factors that constrain serving demand. GG+A made a quantitative assessment of a core source of potential demand, both in terms of available dollars and supportable space. GG+A estimated the supply of retail space in the downtown and identified the relationship between estimated demand and supply of retail space. Based on this research, GG+A identified the market niche development of the site could exploit to capture obtainable retail demand.

GG+A reviewed office market conditions and downtown's competitive position in the marketplace. GG+A analyzed the spatial relationships found in two small-scale downtown "Village Green" developments and in light of these relationships and an assessment of the market conditions and comparative advantages and disadvantages, identified the type and scale of office space demand likely to pertain to the site.

GG+A assessed the spatial needs for retail, service and office uses and residential uses at the site and retained an architect/planner to prepare prototypical retail, townhome and condominium development alternative, which were used to structure the real estate economic analysis. GG+A synthesized the market reconnaissance and real estate economic analysis to identify a development strategy for the site and the policy actions needed to facilitate the implementation of that strategy.

Drawing upon GG+A's analysis and recommended development strategy for the site, Village Staff moved forward with the redevelopment process. A mixed-use development was proposed by a private developer and subsequently approved by the Village Board. The mid-rise project, including ground floor retail space, three stories of condominium units, and a parking garage, is currently under construction.

"The downtown block is going through the development review process. It is a four story mixed-use development. It is very beautiful and we are very pleased that this project is finally moving forward. This is a feather in your cap because your feasibility analysis said it could be done." — *Jeffrey Mabelich, Assistant Village Administrator, Village of Algonquin*

DEVELOPMENT PROGRAM AND MARKET STRATEGY FOR A POTENTIAL BUSINESS PARK IN ALGONQUIN

Client: Village of Algonquin (IL)

Gruen Gruen + Associates (GG+A) was retained by the Village of Algonquin to prepare a strategic plan for the development of an approximately 1,000-acre business park within the Randall Road Corridor in the Village of Algonquin. As part of the strategic plan, GG+A conducted market analysis of industrial, office and supportive retail uses to identify the amount of land that would be demanded and the appropriate mix of businesses that would find potential comparative advantages associated with an Algonquin location. GG+A also identified and evaluated the use of incentives by communities to attract and retain businesses as well as led a tour of area business parks with representatives of the Village of Algonquin.

GG+A then met with the property owners that comprise the area planned for the business park to obtain their input and to begin to lay the foundation for implementation options likely to encourage ownership participation or cooperation for the development of the Algonquin Business Park. Alternative development scenarios or the physical parameters for development of the business park were identified by the Village's planner, Teska Associates, based on the results of the market analysis and interviews with property owners.

Based on the specification of development options provided Teska Associates, GG+A evaluated the real estate economics of the options to test for development feasibility.

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GG+A identified a development program by use and product likely to be market responsive and feasible for which Teska prepared design and development guidelines and zoning classifications. GG+A also estimated the fiscal benefits associated with implementation of the plan.

GG+A drew on the insights provided by the market and investment analyses, interviews with property owners and workshops and presentations to identify the elements of a strategic action plan for the implementation of the development of the Algonquin Business Park. To kick-off the marketing and implementation program while concurrently obtaining input on the concept plan and other recommendations, GG+A led a workshop with leading business park developers, real estate brokers and other knowledgeable real estate professionals. Development of the Park has occurred.

REFERENCES

Mr. David B. Roderique

Former General Manager
City of Scottsdale
Economic Vitality
Now President & CEO
Downtown Phoenix Partnership
541 E. Van Buren, Suite B-1
Phoenix, AZ 85004
(602)254-8696

Past assignments include: Downtown Scottsdale Study, Economic and Market Analysis for South Scottsdale General Planning Revision, A Retail Strategy for North Scottsdale, Scottsdale Downtown Waterfront Program, Economic and Financial Analytical and Marketing Support for Downtown Planning, Analysis and Forecast of the Economic Base of Scottsdale, an Assessment of the Strategic Investment Opportunities Presented by the Scottsdale Manor Property, Evaluation of Need and Cost/Benefits of Tax Abatement for Proposed Promenade Retail/Entertainment Development in North Scottsdale
Dates of assignments: 1981 to Current

Mr. Harold Stewart

City of Scottsdale
Economic Vitality
4021 North 75th St.
Suite 102
Scottsdale, AZ 85251
(480)312-2311

Past assignments include: Economic and Market Analysis for South Scottsdale General Planning Revision, Analysis and Forecast of the Economic Base of Scottsdale
Dates of assignments: 1981 to Current

Mr. Frank Davidson

Retired – formerly Assistant Chief of State of California
Department of General Services Asset Planning and Enhancement Branch
707 Third Street
West Sacramento, CA 95605
(916) 716-7505

Past assignments include: Re-use Evaluation of San Quentin State Prison Site and Land Development and Sale of 300-Acre State of California Property, Formerly the West Agnews Developmental Center in Santa Clara, California, and market analysis and real estate economic analysis and negotiation support for reuse and disposition of surplus youth correctional center
Dates of assignments: 1996 to Current

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Mr. John Nachbar

City Manager
City of Overland Park
8500 Santa Fe Drive
Overland Park, KS 66212
(913) 895-6101

Past assignments include: Estimate of Financing Potential and Best Use of Tucson Multi-purpose Facility District and Financial Analysis and Negotiation Support for the Development of an Arena, Museum, and Entertainment Complex in Overland Park, Kansas

Dates of assignments: 1999 and 2004

Mr. Jeffrey Mihelich

Former Assistant Village Administrator
Village of Algonquin
Now Community Development Director
City of Surprise
12425 W. Bell Rd.
D-100
Surprise, AZ 85374
(623)222-3020

Past assignments include: Development Program and Market Strategy for a Potential Business Park in Algonquin and Market Reconnaissance and Real Estate Economic Analysis and Development Strategy for Downtown Site

Dates of assignments: 2000 and 2004

STAFF BIOGRAPHIES

Introduction and Staff Responsibility

GG+A has the experience and the portfolio of analytical concepts and tools to provide planners and public and private participants with the information base, strategy, and feedback that enables decision-makers to make economically relevant, beneficial decisions. We will custom design appropriate scopes of work to respond to specific service requests.

In the pre-planning programming part of work scopes, GG+A will consider the functional economies of the broader area of which the study area is a part and then zero in on the complementary demands that can be captured in the study area. Our approach to demand analysis is to combine an understanding of the underlying economic and demographic forces with behavioral research of space users and consumers. We evaluate the implications of the potential demands for alternatives types of space or activities through the use of real estate models that identify the returns that will flow to investors in prototypical projects that are consistent with the options suggested to planners and policy makers by the demand analysis in light of consensus objectives. We also evaluate the prototypical projects in terms of the fiscal implications and economic benefits, including spill-over potential so that trade-offs can be made in a knowledgeable manner.

Aaron N. Gruen, Esq., Principal, will be in charge of this project for Gruen Gruen + Associates. Working closely with Aaron Gruen will be Debra L. Jeans, Principal along with other staff with appropriate training and experience. Available as resources as the work proceeds will be Dr. Claude Gruen, Principal Economist and Nina J. Gruen, Principal Sociologist. We will look to whomever the City designates for general direction and policy decisions on behalf of the City. We will maintain close liaison with that individual(s) as the work proceeds.

AARON N. GRUEN, Esq., PRINCIPAL



Aaron N. Gruen applies the analytical concepts and techniques of sociology and economics in conducting market research to estimate demands for a broad variety of land uses and real estate products and transportation modes. He combines market and economic research with financial analysis to identify and evaluate land use and economic development policies and development, redevelopment alternatives. Mr. Gruen has led or played a key role in the completion of more than 300 assignments for public entities, universities, corporations, financial institutions, retailers, law firms, and publicly-traded and privately-held real estate investors and developers. Many of these assignments have involved pre-development market, financial, and impact evaluation, land use programming, marketing and development implementation strategy, negotiation or implementation support, and the formulation of economic development strategy.

Mr. Gruen's market research and investment analysis has contributed to the programming and implementation of the development and redevelopment of office, retail, industrial, and

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residential properties in Arizona, California, Colorado, Illinois, Kentucky, Michigan, Missouri, Texas, and Wisconsin.

Mr. Gruen has assisted Metra and the Chicago Transit Authority with programming and implementing revenue-generating asset enhancement and joint development programs for their transit stations. He has contributed to the formulation of successful reuse and disposition strategies for surplus real estate owned by the State of California and the San Francisco School District. He led the market research and financial analysis to program and value a plan to reuse the now closed 75-acre Fred. C. Nelles' Youth Correctional Facility in Whittier, California. He also conducted the financial analysis to estimate the values and returns from alternative reuse options for San Quentin prison and contributed market research and financial analysis for the planning and disposition of the Agnews Developmental Center in Silicon Valley.

For private entities such as the Alter Group, AMB Properties, John Knox Village, Regency Centers, Red Seal Development, Strong Capital Management, and Valenti Builders, Mr. Gruen has directed market research, financial analysis, and impact analysis to identify development, tenanting, and marketing strategies for the development or enhancement of business parks, shopping centers, hotels, office buildings, and housing uses.

Market, investment, and fiscal and economic impact analysis provided by Mr. Gruen has served as the inputs and framework for the preparation and adoption of comprehensive and specific land use plans, and making decisions about economic development and infrastructure programs and land use policies for many Illinois communities including Algonquin, Aurora, Buffalo Grove, Downers Grove, East Dundee, Flossmoor, Harvard, Hanover Park, Hinsdale, Montgomery, Morton Grove, Northbrook, Northfield, Oak Park, Ottawa, Schiller Park, South Elgin, West Chicago, Zion, and Kane County (IL); Scottsdale (AZ); the California cities of Brentwood, Carlsbad, Corte Madera, Daly City, El Cerrito, Elk Grove, Milpitas, Santa Rosa, San Diego, San Francisco, Salinas, and Tracy; Greeley (CO); Logansport (IN), Overland Park and Wichita (KS); Haverhill (MA), City of Crystal (MN), Liberty (MS); Hobbs and Lea County (NM); Reno (NV), and Bristol, Brookfield, Kenosha, La Crosse, Menomonee Falls, and Oak Creek (WI). For the City of San Diego, he led a GG+A team that identified an asset management strategy for providing office space for 3,000 municipal workers in the downtown. He led GG+A teams that provided the financial forecasts and analyses of alternatives for meeting the County of San Bernardino's long-term office space needs and for meeting Orange County's space needs as well as opportunities to reduce occupancy costs and generate revenues from its real estate portfolio.

Mr. Gruen has led many fiscal impact assessments of proposed housing, industrial, office, retail, hotel, and auto center uses. He has led economic impact studies on a variety of activities, including the expansion and operation of the DuPage County (IL) Airport, the closing of a major Motorola plant in Harvard (IL), the development of a major shopping center in Greeley (CO), the opening of a museum in Peoria (IL) and the construction and ongoing impacts of colleges in New Mexico. He has also contributed to the evaluation and forecasting of municipal revenues and expenditures for rapidly growing cities that need to adjust their budgets to reflect their more built-out conditions. He has led municipal tax policy studies to identify measures for raising revenues.

Mr. Gruen has performed market and economic research for antitrust, rent control and condemnation and zoning-related litigation. He led a nationally recognized hedonic price study conducted for the Regional Transportation Authority (RTA) on the effects of transit station proximity on residential property values. He conducted focus panels for the University of Chicago to help the University plan housing developments and neighborhood retail enhancements.

Prior to joining Gruen Gruen + Associates, Mr. Gruen was employed by Winston Management and Investment, Inc. He participated in an award-winning restoration of a 650,000-square-foot national landmark office building designed by Daniel Burnham. He was responsible for the marketing and leasing of the property's retail and office space and brought the building from 50 percent leased to 99 percent leased. He performed market research and analyzed a broad variety of acquisition and disposition, leasing, and financing transaction for the firm's real estate portfolio.

Mr. Gruen earned a B.A. with honors from the University of Chicago and a J.D. from DePaul University College of Law. He is licensed as an attorney at law in the State of Illinois. He is a member of the Illinois Bar Association and American Bar Association. He holds a State of Illinois Real Estate Brokers License. He is a full member of the Urban Land Institute (ULI). He currently serves on ULI's Program Committee and on the Office and Industrial Park Council. He is a member of the Lambda Alpha Honorary Land Economics Society. He serves as a Bell Real Estate Chair Advisor at the College of Business of Marquette University. He is a member of the Editorial Advisory Group of the Real Estate Capital Institute.

DEBRA L. JEANS, PRINCIPAL

Debra Jeans, Principal, an economist, conducts market and economic research, investment analysis and economic and fiscal impact analysis to evaluate and program a broad variety of land use and economic development plans and policies and land development, redevelopment, and adaptive reuse projects. She has frequently constructed complex investment and statistical models for evaluating and identifying strategic action plans for public real estate asset management and occupancy of space and multi-use, time-phased development projects. She has also built models to forecast future municipal revenues and expenditures under varying land use and economic development policies and real estate market conditions.

She provided the financial analysis to support the identification of asset management strategies for the joint development and revenue-generating, enhanced use of public real estate assets for the City of San Diego, County of San Bernardino, Orange County, and transit agencies Metra and the CTA. She played a major role in estimating the demand for office, retail and residential uses and evaluating the real estate economics of alternative plans for the disposition and reuse of the 75-acre State of California closed Fred C. Nelles' site in Whittier, California.

Ms. Jeans has led or served major roles in market and survey research and economic analysis

Development Consultants Request for Qualifications to City of Tempe

to support the planning and marketing of office and industrial parks and mixed-use business parks by Alleghany Properties, The Alter Group, Par Development, Strong Capital Management, and other private entities as well as local governments including the Illinois communities of Algonquin, Flossmoor, and South Elgin.

Ms. Jeans has completed numerous housing and retail market demand studies for private developers including Alleghany Properties, Calomas Investments, Crown Community Development, John Clare, Ltd., John Knox Village, a large continuing care community in Lee's Summit (MO), Regency Centers, U.S. Advisor LLC, and The Verde Group. She has led housing needs assessments for the Lea County Housing Commission and for many comprehensive plans.

She has played a key role in the research for and preparation of economic development plans and strategies and conducted market studies and financial analyses to evaluate development or property-related alternatives for many Illinois communities, including Algonquin, Aurora, Buffalo Grove, Downers Grove, East Dundee, Flossmoor, Harvard, Hanover Park, Hinsdale, Montgomery, Morton Grove, Northbrook, Oak Park, Schiller Park, South Elgin and Kane County, as well as Elk Grove and Oakley (CA), Liberty (MO), and Lea County (NM).

Ms. Jeans has provided the market, economic, and real estate analysis and foundation for the revitalization of downtowns and commercial corridors and land use planning and zoning decisions in many Illinois communities, including Downers Grove, East Dundee, Flossmoor, Hanover Park, Hinsdale, Morton Grove, Northbrook, Northfield, Oak Park, Ottawa, South Elgin, West Chicago, and Zion, and California communities including Corte Madera, Daly City, Santa Rosa (CA), Scottsdale (AZ), Greeley (CO), Hobbs (NM), Reno (NV) and Brookfield, Menomonee Falls, and Oak Creek (WI).

Ms. Jeans has also completed fiscal impact studies to estimate the effect of a variety of development projects on the operating budgets of local and county governments. She has also estimated the economic impacts of proposed shopping centers, hospital and child care facilities as well as the operation and expansion of educational institutions. She led the econometric analysis for a nationally-recognized hedonic price modeling and survey research study to assess the effects of transit station proximity on residential property values for the Regional Transportation Authority. She has directed economic impact analyses of New Mexico Junior College and the College of the Southwest, Del Webb active adult developments, and the development and opening of Home Depot stores.

Prior to joining GG+A in 1992, Ms. Jeans was employed by The Travelers Realty Investment Company where she was responsible for the management of over \$200,000,000 in troubled debt secured by 26 commercial, industrial, hotel and residential properties located in Chicago, Oak Brook, Cincinnati, Columbus, Miami, New York City, Omaha and St. Louis. Prior to her employment with Travelers Realty Investment Company in 1989, she was employed as an associate analyst for Real Estate Research Corporation.

Ms. Jeans earned a M.B.A. (with a specialization in Finance) from the University of Chicago and a B.A. in Economics from Scripps College. Ms. Jeans is a member of the American

Economic Association.

DR. CLAUDE GRUEN, PRINCIPAL ECONOMIST



Dr. Claude Gruen is an urban economist who specializes in the evaluation and implementation of real estate opportunities and trade offs.

Since the early 1970's, Dr. Gruen's work has provided the economic foundation and real estate development programs for successful shopping, entertainment, housing, industrial and mixed-use projects sponsored by public and private entities. Projects completed by Dr. Gruen's clients include major office buildings, industrial parks, housing projects, shopping centers and mixed-use projects in California, Ohio, Illinois, Washington, Oregon, Arizona, Colorado, New Mexico and Nevada. Examples of projects include Settlers' Landing in Cleveland, OH, the San Francisco Centre, Santa Maria Town Center in Santa Maria, CA, the McCarthy Ranch Marketplace in Milpitas, CA, Hacienda Business Park in Pleasanton, CA, student housing at the University of California in Santa Cruz, faculty housing for the University of California at Berkeley, and the Fifth Street project in Chula Vista, CA, the Rivermark and Sun Microsystems 300-acre development in Santa Clara, the multi-award winning PSSC project in Union City, as well as several major projects now under development.

Fiscal policies, policy assessments and strategic development programs formulated by Dr. Gruen have been implemented by local governments, including Scottsdale, AZ, Lawrence, KS, and the California communities of Hawthorne, Mountain View, Palo Alto, Tracy, Stockton, Daly City, Oakland, Brentwood, Antioch, Lodi, and many school districts and other institutions. Many revitalized downtown projects were developed based on land use marketability and implementation assessment prepared by GG+A teams working under Dr. Gruen's direction.

Since the mid-1990s, Dr. Gruen has specialized in the development of large land parcels for clients with properties that are no longer in their highest and best use.

Working as Special Master for the United States District Court since 1999, Dr. Gruen and Nina J. Gruen remediated the 84.5-acre former Pacific States Steel Corporation property in Union City, California, redeveloping the land for 545 residences, a business park and public infrastructure. Remediation costing \$20 million was accomplished with no public subsidies. Real estate developed on the now cleaned land is on the tax roles for in excess of \$245 million, and all first tier creditors have been paid to date.

Dr. Gruen has conducted a wide variety of real estate valuation, highest and best use, and feasibility studies on matters that were under litigation, and then testified in support of his findings in California, Arizona, Nevada, and Illinois courts. He holds a Ph.D. in Economics from the University of Cincinnati and has served on the faculties of Xavier University in Cincinnati and the University of California at Berkeley. He is a member of the Western Regional Science Association, Lambda Alpha Honorary Land Economics Society, the American Economic Association, and the Urban Land Institute. Since 1990, he has written a column for the *Institutional Real Estate Letter*, a publication that serves the country's pension

fund real estate investors.

He was a Founding Director of RREEF America I, a private non-leveraged real estate investment trust (REIT) that owns and manages industrial, retail, residential, and office properties. The REIT was organized in 1995 with \$262 million in funds drawn previously from pension fund investors. The REIT's assets have grown to over \$800 million, earning its investors annual returns of 12.6 percent per year. In 2005, Dr. Gruen and his fellow directors voted to liquidate the trust in order to capture for the stockholders the returns available in the low cap market at that time. In 2003, Dr. Gruen became a founding director of RREEF America III, a private real estate investment trust (REIT) that seeks to provide shareholders with leveraged value added investment returns. As of January 2008, the trust held 97 properties, valued at \$3,862,000,000.

NINA J. GRUEN, PRINCIPAL SOCIOLOGIST



Nina J. Gruen has been the Principal Sociologist in charge of market research and analysis at Gruen Gruen + Associates (GG+A) since co-founding the firm in 1970. Ms. Gruen applies the analytical techniques of the social sciences to estimating the demand for real estate and to understanding the behavior of the groups who determine the success of development, planning, and public policy decisions. She is a pioneer in synthesizing the results of behavioral research with quantitative time-series data to forecast market reactions. Market evaluations and programming studies led by Nina Gruen have resulted in the development and redevelopment of many retail, office, industrial, visitor, and residential projects, varying in scale from a single building to large single- and mixed-use projects.

Her work has led municipal clients to adopt public policies and infrastructure programs that revitalized areas of California, Arizona, Oregon, Washington, Colorado, New Mexico, Florida, Illinois, and Ohio. She has worked with private groups to successfully develop home-grown projects like The Flats — transforming a once-abandoned industrial area into a crowded arts, entertainment, and retail district on Cleveland's waterfront. Large development entities like The Irvine Company, Catellus, Upland Industries, PG&E, and The Prudential Insurance Company of America, as well as many public entities have often used her market studies to decide between alternative product, scale, and timing options for the development of large land holdings. Since the early 1990's, Ms. Gruen has worked with the Asset Planning and Enhancement Branch of the State of California Department of General Services to provide marketing and strategic action planning that has resulted in the disposal of major State properties in Silicon Valley. Since the fall of 1999, she has served as Special Master with her husband, Dr. Claude Gruen, for the United States District Court, Northern District of California, for the remediation, enhancement and redevelopment of a major 84-acre contaminated site in Union City. The site is the location of the closed Pacific States Steel Corporation plant. As Special Masters, the Gruens have served as land developers on behalf of the first tier creditors. Their efforts have resulted in these creditors being paid in full, including the health plans of the retired steel workers and their spouses.

Ms. Gruen has lectured at major universities and has published over 60 articles. A partial list

of her seminal works includes "Sociological and Cultural Variables in Housing Theory," published in the July 1984 issue of *The Annals of Regional Science*. Her publications on real estate market conditions and the use of demographic analysis to make profitable development and location decisions include: "Store Location and Customer Behavior (co-author); "Demographic Changes and Their Effects on Real Estate Markets in the 1980s" (co-author); "What is Special About Specialty Shopping Centers?", and "Public/Private Projects: A Better Way For Downtowns," all published by the Urban Land Institute. Among Ms. Gruen's additional publications are: "America, Circa 2001," *Journal of Property Management*, January/February 1992; and "Affordable Housing and the California Economy," *Urban Land*, October 1992. She is the co-author with Dr. Claude Gruen, of a highly-respected book, *Low- and Moderate-Income Housing in the Suburbs*. In 1998, Ms. Gruen published two major articles, "Turning Silver into Gold", *Journal of Property Management*, May/June, 1998, and "The Gospel of Entertainment", *Urban Land*, July, 1998. In March of 2001, "Urban Divide" was published in *Urban Land*. This article discusses how the U.S. will be divided into gateway and non-gateway communities based on America's changing demographic paradigm. In 2005, she published "Wal-Mart Effect: Déjà vu All Over Again" in the

Institutional Real Estate Letter. In 2006, she co-authored an article in *Urban Land* on "The Next Market." Also published in the October 2007 *Urban Land* was an article discussing how "Consumer Preferences" are being given less weight than neighbor concerns.

In 1982, Ms. Gruen became the first woman elected to the Urban Land Institute's Board of Trustees. She served on the Board of Trustees until 1997. In 1997, Ms. Gruen was designated an honorary member of ULI. For five years, she was co-chairman of the ULI's Low- and Moderate-Income Housing Task Force. In addition to influencing national and local policy, the Task Force sponsored research on the impact of growth management and organized community panels to help resolve local housing, economic development, and neighborhood revitalization issues.

Ms. Gruen was Chair of the State of California Transportation Commission Airspace Advisory Committee from January, 2002 through May, 2005. The AAC made recommendations to the California Transportation Commission (CTC) concerning the use of Caltrans property not required for transportation or other departmental needs. During her 15-year tenure on this Committee, she was instrumental in encouraging the Division of Right-of-Way to prepare a 5-year Airspace Business Plan with built-in criteria to measure success. This was a first for the State of California Department of Transportation. In September, 2005 she was appointed to the CTC Real Estate Advisory Panel for a four-year term.

Ms. Gruen served on the Policy Advisory Board of the Roy P. Drachman Institute for Land and Regional Development Studies at the University of Arizona, Tucson. Ms. Gruen has served on the faculties of the University of Cincinnati and the University of Kentucky at Covington. She has lectured on retail demand analysis, the use of survey research for real estate market analysis, and the development entitlement process at the University of California at Berkeley Graduate School of Business and School of Architecture. Ms. Gruen is a member of and past president (1984) of the Western Regional Science Association.

Development Consultants Request for Qualifications to City of Tempe

Ms. Gruen is past president (1995-1996) of Womens' Forum West, the Bay Region affiliate of the International Womens' Forum. The forum fosters association among preeminent women leaders throughout the world. She is also a member of Lambda Alpha, an honorary land economics society, and Commercial Real Estate Women (CREW). Ms. Gruen is a frequent speaker at real estate groups and is cited in the January 1993 cover story of the national real estate publication *Forum* as one of the country's 30 leading women in commercial real estate.

Ms. Gruen received her B.A. with high honors at the University of Cincinnati, where she was elected to Phi Beta Kappa. She also earned an M.A. degree, awarded jointly by the Departments of Psychology and Sociology at the University of Cincinnati, and has attended the University of California at Berkeley for post-graduate studies

FEE SCHEDULE AND ACCEPTANCE OF CITY'S TERMS AND CONDITIONS

Our charges for professional services are based on the actual time devoted to your project by our personnel billed at standard rates. Expenses such as for travel, communication and report reproduction will be invoiced to you at their cost to us. Standard Billing Rates for GG+A Staff and consultants are as follows:

**GRUEN GRUEN + ASSOCIATES 2008 BILLING RATES
(through December 31, 2008)**

<u>Staff</u>	Standard <u>Hourly</u> \$
Dr. Claude Gruen, Principal Economist	300.00*
Nina Gruen, Principal Sociologist	300.00*
Aaron N. Gruen, Esq., Principal	190.00
Debra L. Jeans, Principal	190.00
Research Associates	95.00 – 125.00
Research Assistants	45.00 - 90.00
 <u>Support</u>	
Administrative Assistants	45.00 -90.00
 <u>Partial Consultant List</u>	
Dr. Mark Eppli, Economist and Real Estate Finance	225
Dr. Geoffrey Hewings, Economist and Regional Scientist	225
 <u>Interviewers and Coders</u>	
	Twice hourly rates.
 <u>Testimony and Deposition Rate</u>	
	25% over standard rate for deposition or court testimony with no split days.

* Dr. Claude Gruen , Principal Economist and Nina J. Gruen, Principal Sociologist, discount their standard private sector rates of \$350 to \$300 for public sector and nonprofit clients.

This confirms our acceptance of the City of Tempe standard form contract included with the request for qualifications.

Vendor's RFQ Offer

It is REQUIRED that Request for Qualifications Offeror COMPLETE, SIGN and SUBMIT the original of this form to the City Procurement Office with the RFQ response offer. An unsigned "Vendor's RFQ Offer", late response and/or a materially incomplete response will be considered non-responsive and rejected.

RFQ offeror is to type or legibly write in ink all information required below.

RFQ Offeror's Company Name	<u>Gruen Gruen + Associates LLC</u>
Company Mailing Address	<u>1121 Lake Cook Rd., Suite A, Deerfield, IL 60015</u>
Company Street Address	<u>1121 Lake Cook Rd., Suite A, Deerfield, IL 60015</u>
RFQ Offeror Contact	<u>Aaron Gruen</u> Title <u>Principal</u>
Contact's Phone No.	<u>847-3170634</u> E-mail Address <u>agruen@ggassoc.com</u>
RFQ Offeror's Company Tax Information:	
Arizona Transaction Privilege (Sales) Tax No.	_____ or
Arizona Use Tax No.	_____
Federal I.D. No.	<u>36-4341694</u>
City & State Where Sales Tax is Paid	_____

THIS REQUEST FOR QUALIFICATIONS IS OFFERED BY

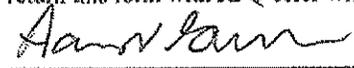
Authorized RFQ Offeror (Type or Print in ink) Aaron Gruen

RFQ Offeror's Title (Type of Print in ink) Principal

Date September 19, 2008

REQUIRED SIGNATURE OF AUTHORIZED RFQ OFFEROR (Must Sign in Ink)

By signing this RFQ Offer, Offeror acknowledges acceptance of all terms and conditions contained herein and that prices offered were independently developed without consultation with any other offeror or potential offeror. Failure to sign and return this form with RFQ offer will result in a non-responsive RFQ.


Signature of Authorized RFQ Offeror

9/19/08
Date

Form 201-B (RFQ)

Addendum to Solicitation



City Procurement Office/City of Tempe • PO Box 5002 • 20 East 6th Street • Tempe, AZ 85280 • (480) 350-8324 • www.tempe.gov/purchasing

This addendum will modify and/or clarify:

Solicitation No.: | 09-036

and is

Addendum No. | 1

Procurement Description: | Development Consultants

Changes should be made as follows:

The following questions were received and answers given as part of this RFP.

1. Is the RFP requesting urban design services as well as real estate economics?

The City is looking for assistance reviewing requests for incentives. Having knowledge of construction costs would be valuable. It is not our intent to use this RFP to obtain Planning help.

2. Are urban designers expected to submit separately or as a team with a real estate economist?

We are looking for a team approach.

3. Is this RFQ limited to Arizona consultants or may non-local firms also be considered?

Any firm will be considered.

4. If so, are there relevant licensure requirements for this RFP?

None that we're aware of.

5. What will be the typical fee range for the urban design services you expect through this contract?

There are no preconceived expectations.

6. Is there a maximum fee amount per task or over the life of the contract?

Not that I'm aware of. The contract value is dependent upon the City's available funds.

The balance of the specifications and bid solicitation instructions to remain the same. Bidders/Proposal Offerors are to acknowledge receipt and acceptance of this addendum by returning of signed addendum with bid/proposal response. Failure to sign and return an addendum prior to bid/proposal opening time and date may make the bid/proposal response non-responsive to that portion of the solicitation as materially affected by the respective addendum.

Gruen Gruen + Associates LLC

NAME OF COMPANY

1121 Lake Cook Rd., Suite A

ADDRESS (or PO Box)

Deerfield, IL 60015

CITY

STATE ZIP

Aaron Gruen, Principal

BY NAME (please print) TITLE

847-31790634

TELEPHONE

AUTHORIZED SIGNATURE