

# *City of Brisbane*

## *Agenda Report*

**TO:** Honorable Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Brisbane Baylands Planning Applications (Concept Plans, Specific Plan Case SP-01-06, General Plan Amendment Cases GP-01-06/GP-01-10) and related Final Environmental Impact Report (SCH #2006022136)

**DATE:** Meeting on March 22, 2018

### **Introduction:**

At the January 16, 2018 City Council meeting, the City Council directed staff to study the financial implications to the City that would result from potential development scenarios for the Baylands assuming varying amounts of residential and commercial development. The Council directed that the study consider between 1,000 – 2,200 housing units and 2.0 – 6.0 million sq. ft. of commercial space. This report summarizes the analysis prepared by the City's fiscal consultant, Keyser Marston Associates (KMA), in response to the Council's January 16 direction.

### **Discussion:**

The City Council requested analysis from KMA is attached as Exhibit 1. As directed by the City Council, the study looked at a range of residential and commercial foot prints. These were 1,000 – 2,200 housing units and 2.0 – 6.0 million sq. ft. of commercial space.

KMA developed revenue and cost information for residential in the following increments 1,000, 1,400, 1800, and 2,200. The commercial was broken down to 2.0, 3.5, 5.0, and 6.0 million sq. ft.

KMA's analysis estimates a \$1.266 million fixed revenue loss to the City associated with any development of the Baylands. This revenue loss is based on current City revenues from business operations on the Baylands being lost to development of the site. KMA also assumes the development would be predominantly rental over owner-occupied, with a higher marginal services cost to the City for rental properties than for owner-occupied properties.

KMA's four base alternatives are:

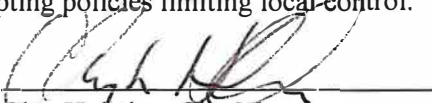
- Alternative 1: 1,000 housing units, 2.0 million sq. ft. commercial – estimates a net deficit of \$400,000, which includes a loss of \$755,000 from the housing portion and a gain of \$1.6 million from the commercial portion.
- Alternative 2: 1,400 housing units, 3.5 million sq. ft. commercial – estimates a net surplus of \$218,000, which includes a loss of \$1,026,000 from housing and a gain of \$2.51 million from commercial.
- Alternative 3: 1,800 housing units, 5.0 million sq. ft. commercial – estimates a net surplus of \$745,000, which includes a loss of \$1,145,000 from housing and a gain of \$3.15 million from commercial.
- Alternative 4: 2,200 housing units, 6.0 million sq. ft. commercial – estimates a net surplus of \$1,416,000, which includes a loss of \$1,358,000 from housing and gain of \$4.04 million from commercial.

Since the study provides financial information for the housing portion and the commercial portion separately, the City Council can use the information provided to “mix and match” different combinations of residential and commercial development. For instance, if the City Council wanted to know the impact of 1,800 housing units and 3.5 million sq. ft., KMA estimates the City would secure a net surplus of \$99,000. The fiscal implications of all 16 potential combinations of residential and commercial development studied in the report are summarized in the table below.

		Million Sq. Ft. of Commercial Space			
		2	3.5	5	6
Number of Housing Units	1,000	\$ (400,000)	\$ 89,000	\$ 1,135,000	\$ 2,019,000
	1,400	\$ (670,000)	\$ 218,000	\$ 864,000	\$ 1,748,000
	1,800	\$ (789,000)	\$ 99,000	\$ 745,000	\$ 1,629,000
	2,200	\$ (1,002,000)	\$ (114,000)	\$ 532,000	\$ 1,416,000

**Recommendations:**

Staff recommends that any development of the Baylands provide net revenues to the City sufficient to produce a reasonable financial surplus annually against unanticipated costs or risks that may arise in connection with a development and that the City Council adopt this as City policy. Staff further recommends the City Council deliberate on the implications of the fiscal analysis balanced against the concerns identified at previous City Council meetings on the Baylands as being at issue with the proposed development, including the need for extensive environmental remediation of the site and the desire to preserve local control over development decisions in the face of the State Legislature adopting policies limiting local control.

  
 Clay Holstine, City Manager

Attachment

Keyser Marston Associates Report (2.22.2018)