



Agenda Report

Date: June 22, 2010
To: Stephen W. Helvey, City Manager
From: Jeffrey W. Collier, Director of Community Development
Subject: Modification to a Professional Services Agreement for Marine Research Specialists regarding the Whittier Main Mineral Extraction project: Socio-Economic Study

RECOMMENDATION

It is recommended the City Council:

1. Approve the modification to the agreement with Marine Research Specialists for processing the Environmental Impact Report for the proposed Whittier Main Mineral Extraction by Matrix Oil to include a socio-economic study; and
2. Authorize the City Manager to sign the agreement.

BACKGROUND

On July 31, 2009, the City entered into an agreement with Marine Research Specialists (MRS) for the development and processing of the environmental impact report (EIR) for the Whittier Main Mineral Extraction project by Matrix Oil.

Then on April 27, 2010, the agreement was modified to increase the not-to-exceed amount for additional work performed by MRS which was required due to the complex nature of oil drilling, as well as the added intricacies of the project area being located within a nature preserve.

DISCUSSION

The current revision proposes to amend the agreement to include a socio-economic study which will analyze the potential economic and fiscal impacts of the project and be added to the EIR as an appendix.

MRS, the firm preparing the EIR for the Whittier Main Mineral Extraction project, will subcontract with AECOM (formally known as Economic Research Associates) to conduct the socioeconomic analysis as a supplement to the EIR.

The primary objectives of the study are to conduct a thorough and objective socioeconomic analysis of the proposed Project focusing on; (1) how the project might impact local real estate values; (2) and determine the estimated revenue the proposed project might generate for the City of Whittier. A more detailed explanation of the study methodology and scope can be found in the attached proposal.

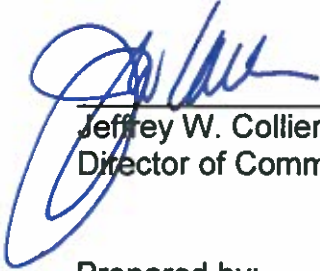
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The cost of the additional services will be covered by a deposit from Matrix.

FISCAL IMPACT

Sufficient funds are available for the socio-economic study in a not-to-exceed amount of \$53,060.00, in account number 510-30-983-935-807145, per the revised agreement which has been funded by Matrix.

Submitted by:



Jeffrey W. Collier
Director of Community Development

Prepared by:



Jeffery S. Adams
Development Services Manager

Attachment: Professional Services Agreement - Amendment No. 2

CITY OF WHITTIER
AGREEMENT FOR PROFESSIONAL SERVICES
AMENDMENT NO. 2

On July 31, 2009 Agreement No. A09-159, was made and entered into between the CITY OF WHITTIER ("CITY"), a municipal corporation located in the County of Los Angeles, State of California, and MARINE RESEARCH SPECIALISTS ("CONTRACTOR") with principal offices located in the City of Ventura, in the State of California. Amendment No. 1, which increased the not to exceed amount of the Agreement from \$525,074.00 to \$592,099.00, was approved on April 27, 2010.

Amendment No. 2 was approved on June 22, 2010, and by mutual consent of both parties, and further amends the Agreement as follows:

- 1) To include the creation of a Socio-Economic Study for the Whittier Main Oilfield Project as identified in the attached proposal for a cost of \$53,060.00 (Attachment A), thereby increasing the not to exceed amount of the agreement to \$645,159.00.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed with all the formalities required by law on the respective dates set forth opposite their signatures.

CITY OF WHITTIER

STEPHEN W. HELVEY, City Manager

DATED

ATTEST:

KATHRYN A. MARSHALL, City Clerk

DATED

APPROVED AS TO FORM:

RICHARD D. JONES, City Attorney

DATED

CONSULTANT:

BY: Douglas A. Coats, Vice President

PRINT NAME: Douglas A. Coats

TITLE: Vice President

May 4, 2010

Mr. Jeff Collier
Community Development Director
City of Whittier
13230 Penn Street
Whittier, California 90602

Re: Socioeconomic Study Whittier Main Oil Field EIR

Dear Mr. Collier:

Based upon the NOP scoping comments and subsequent public meetings, a number of members of the public have requested information on potential socioeconomic impacts related to the Matrix proposed Project to explore and produce oil within the Puente Hills Landfill Native Habitat Preserve. In response, the City has asked MRS to provide an estimate of costs to conduct such a study.

MRS is proposing to use AECOM (formally known as Economic Research Associates) to conduct the socioeconomic analysis as a supplement to the EIR. As part of the EIR scoping process for the project, a number of people raised the issue of potential socioeconomic impacts from the project such as impacts to real estate values, and potential revenue the City and State would get from the proposed Project. While these issues are not required to be part of an EIR, the City is considering whether it would be helpful for the public and the decision makers to have a socioeconomic analysis of the proposed Project. The socioeconomic analysis is proposed as an appendix to the EIR.

The primary objectives of the scope of work would be to conduct a thorough and objective socioeconomic analysis of the proposed Project focusing on; (1) how the project might impact local real estate values; (2) and what is the estimated revenue the proposed project might generate for the City of Whittier. Clearly, the real estate question is very difficult to answer because there are many variables that affect these issues, of which the Project is only one. As such, the socioeconomic analysis will not be able to provide definitive answers to these questions, but rather will be able to provide general information on trends and provide some "what if" scenarios. Each of the major tasks for the socioeconomic analysis is discussed below.

Project Start Up/Field Research/Forecasts

As part of the Project Start Up, AECOM would participate in an orientation meeting with City staff to clarify objectives and refine the scope of the assignment. AECOM will also review any existing studies conducted by the City related to the Project as well as any additional studies directly related to growth, redevelopment, land use, and infrastructure. AECOM will clarify potential impacts caused by the Project and the extent to which they will impact various regions in and around the City and visit the Project Site to understand the Project's context within the Preserve and larger City area.

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Community Development Director
City of Whittier

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In consultation with City Staff, AECOM will define appropriate market or trade areas to examine markets that could be affected by the Project. In the context of these market areas we will analyze a number of socioeconomic characteristics including but not limited to:

- Total population
- Households
- Age distribution of population
- Housing stock and composition
- Household income
- Employment

AECOM will review economic and population forecasts by the Southern California Council of Governments (SCAG) and compare past forecasts to actual growth in the market areas and the City. AECOM will also use data from its in-house software, GIS-based ESRI Business Analyst, for the demographic analysis.

In a second subtask of work, AECOM will document current residential real estate trends in the City. This data will include, but is not limited to, the following data points within the impact area of the Project:

- For-sale residential values by product type
- For-rent lease rates by product type
- Building permit data
- Assessed value of property

The purpose of this analysis is to gather intelligence regarding historic and projected socioeconomic trends as well as residential real estate metrics in the City. This information will be used to benchmark any changes that could occur do to the Project's initiation.

Case Studies

A number of academic studies have been conducted to quantify the impact of various types of nuisances on residential real estate values. In this task, we propose to conduct a literature review to find the most applicable case studies that could inform potential impacts of the Project. After determining the specific Project impacts, AECOM will present findings from 3 applicable research studies per nuisance (we have assumed in this proposal that there will be no more than 3 selected nuisances). All information will be presented in current dollars and organized to highlight key findings for each study (with a focus on finding consistent conclusions that apply to the Project). The goal of this task is to come away with a realistic range of potential impacts that will be applied in our fiscal impact analysis to determine the extent, if any, the Project will adversely affect property values or other quantifiable economic impacts in the City.

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In a second subtask of work, AECOM will conduct research on existing Matrix Oil Corporation's located at Honolulu Terrace Drive and Sycamore Canyon to gather any additional input regarding potential Project impacts. The goal of this research is to better understand how existing operations have impacted residential property values the City and or adjacent community areas. Our findings will be summarized in our report and help refine the range of impact scenarios informed by the aforementioned case study analysis.

Economic and Fiscal Impact Analysis:

In this task, AECOM will analyze the potential economic and fiscal impacts of the Project. Based on findings from Tasks 1 – 3, we will present a low, mid, and high scenario of potential impacts to the City. Our work will focus on determining the extent to which the Project may affect:

- Property Tax Revenue
- Oil and Gas Revenue¹
- Other Taxes (as necessary)
- Employment

As part of this analysis, AECOM will use GIS technology to assess impacts based on current assessed value of real estate as well as market inputs collected in Task 1. From this information AECOM will develop a spreadsheet based model to quantify the range of fiscal impact. AECOM will need to rely on the City for information regarding unique tax policies or special arrangements that will affect the Project.

All estimates regarding employment generation will be based on direct net new employment in the City. New employee spending will also be quantified in terms of sales tax or other fiscal benefit to the City (if necessary).

Administrative Draft Socioeconomic Analysis Report

Using the information collected above, AECOM will begin development of the socioeconomic analysis associated with the Project. Once the analysis is complete, AECOM will prepare an administrative draft of the socioeconomic analysis report that will be submitted to the City for review and comment as part of the Administrative Draft EIR.

Public Draft Socioeconomic Analysis Report

After receipt of comments from the City, AECOM will prepare a public draft report which will be included as an appendix to the Public Draft EIR.

Administrative Draft Final Report and Response to Comments

¹ AECOM has assumed that the Project will provide range of revenue estimates based on production projections.

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It is expected that numerous comments will be received on the socioeconomic analysis, and AECOM will need to respond to each in a reasonable manner with clarity. AECOM will prepare written responses to comments and will modify, as needed, the public draft document. The Response to Comments and Administrative Final documents will be submitted to the City for review and comment.

Final Socioeconomic Analysis Report

After receipt of comments from the City, AECOM will prepare Proposed Final report which will be included as an appendix to the Proposed Final EIR.

Meetings/Hearings

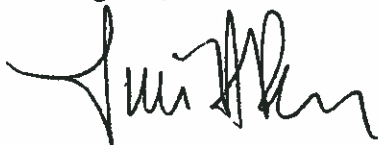
It has been assumed that AECOM staff will need to attend five meetings/hearings as part of the project. These would include public workshops/hearings on the draft EIR as well as hearing at the City of Whittier Planning Commission and City Council.

Cost Estimate

The additional cost associated with the work described above is \$53,060.00. Table 1 provides a breakdown of these costs. MRS assumes that a modification to our existing contract would be needed to conduct these additional studies.

Should you have any questions or need further information please give me a call.

Best Regards,



Luis F. Perez
Senior Project Manager

Attachments