

AGREEMENT FOR SERVICES

THIS AGREEMENT is made and entered into this ____ day of _____, 2021, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as “City”) and Environmental Science Associates, a California Corporation, whose address of record is 2600 Capitol Avenue, Suite 200, Sacramento, California 95816 (hereinafter referred to as “Consultant”).

WHEREAS, City is undertaking a project to annex approximately 291 acres, generally located at the northwest corner of Bellevue and Lake Roads; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide environmental services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. **SCOPE OF SERVICES.** The Consultant shall furnish the following services: Consultant shall provide the planning environmental services described in Exhibit “A” attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. **TIME OF PERFORMANCE.** All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit “A” attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. **TERM OF AGREEMENT.** The term of this Agreement shall commence upon the day first above written and end when the environmental document is completed to the City’s satisfaction, all required copies of the document have been provided, all required meetings have been attended, and the final documents has been certified by the City.

4. **COMPENSATION.** Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "A" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "A". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Eight Hundred Fifty-Five Thousand Four Hundred Ninety-Three Dollars (\$855,493.00).

5. **METHOD OF PAYMENT.** Compensation to Consultant shall be paid by the City after submission by Consultant of monthly invoices delineating the services performed each month.

6. **RECORDS.** It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. **CONSULTANT'S BOOKS AND RECORDS.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. **INDEPENDENT CONTRACTOR.** It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement; Consultant shall indemnify, protect, defend (with counsel selected by the City) save and hold City, its officers, employees and agents harmless from any and claims or causes of action for any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars

(\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self-insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.

- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.
- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self-insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier authorized to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium.

g. Notwithstanding any language in this Agreement to the contrary, Consultant shall be entitled to be paid pursuant to the terms of this Agreement until Consultant has obtained the insurance required by this Section 10 and provided documentation of said insurance to the City. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. PREVAILING WAGES.

A. Labor Code Compliance. If the work performed under this Agreement falls within Labor Code Section 1720(a)(1) definition of a “public works” the Consultant agrees to comply with all of the applicable provisions of the Labor Code including, those provisions requiring the payment of not less than the general prevailing rate of wages. The Consultant further agrees to the penalties and forfeitures provided in said Code in the event a violation of any of the provisions occurs in the execution of this Agreement.

B. These wage rate determinations are made a specific part of this Agreement by reference pursuant to Labor Code Section 1773.2. General Prevailing Wage Rate Determinations may be obtained from the Department of Industrial Relations Internet site at <http://www.dir.ca.gov/>.

C. After award of the Agreement, and prior to commencing work, all applicable General Prevailing Wage Rate Determinations, if applicable, are to be obtained by the Consultant from the Department of Industrial Relations. These wage rate determinations are to be posted by the Consultant at the job site in accordance with Section 1773.2 of the California Labor Code.

D. Consultant agrees to include prevailing wage requirements, if applicable, in all subcontracts when the work to be performed by the subcontractor under this Agreement is a “public works” as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771.

12. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

13. TERMINATION FOR CONVENIENCE OF CITY. The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

14. CONFORMANCE TO APPLICABLE LAWS. Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

15. WAIVER. In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

16. INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS. In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

17. AMBIGUITIES. This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

18. VENUE. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

19. AMENDMENT. This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

20. INTEGRATION. This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

21. AUTHORITY TO EXECUTE. The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

22. COUNTERPARTS. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEPHANIE R. DIETZ, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Kimberly Clark 11/16/21
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
ENVIRONMENTAL SCIENCE
ASSOCIATES, A California Corporation

BY: Brian Boxer
Brian Boxer

Its: Regional Director II
(Title)

Taxpayer I.D. No. 94-1698350

ADDRESS: 2600 Capitol Ave., Ste. 200
Sacramento, CA 95816

TELEPHONE: (916) 564-4600

FAX: _____

E-MAIL: BBoxer@esassoc.com



2600 Capitol Avenue
Suite 200
Sacramento, CA 95816
916.564.4500 phone
916.564.4501 fax

www.esassoc.com

November 18, 2021

Kim Espinosa
City of Merced, Planning Manager
678 West 18th Street
Merced, CA 95340

Subject: University Vista Project EIR –Scope of Work, Schedule, and Cost Estimate

Dear Kim:

Environmental Science Associates (ESA) is excited to team up with the City of Merced to provide environmental support and documentation for the University Vista project. We have assembled a team of highly qualified in-house specialists to assist in the preparation of documentation that will meet all requirements outlined in the California Environmental Quality Act (CEQA). Our specialists are proficient in analyzing a wide range of topics, including air quality, biological resources, cultural resources, greenhouse gas emissions, and noise. To augment our team, we have partnered with Fehr & Peers, which will prepare the transportation analysis; Black Water Consulting Engineers, Inc., which will prepare the water supply assessment (WSA); and ALH Economics, which will prepare the urban decay analysis. Our approach and scope of work are presented below.

Project Understanding

The proposed project involves the development of a large mixed-use community in the city of Merced. The 291-acre parcel is located on the northwestern corner of Lake and Bellevue roads, directly adjacent to the University of California, Merced (UC Merced) campus. The project proposes 4,176 dwelling units consisting of mixed-use housing, student housing, apartments, townhomes, and single-family homes. Non-residential uses would consist of approximately 778,400 square feet of commercial space and “employment centers,” a central park, walking trails, environmental zones, and a hotel/hospitality zone next to Lake Yosemite. It is expected that the project will be built out in approximately 10 years and in three separate phases. Approvals for the project include annexation to the city of Merced, which would require a general plan amendment. Construction of the first phase is expected to begin in spring 2023.

Based on the size of the proposed project and a review of existing conditions, we agree with the City that the appropriate level of CEQA review would be the preparation of an Environmental Impact Report (EIR).

Approach

The City seeks an environmental consultant that understands the City’s needs and delivers a comprehensive, legally defensible environmental document. The ESA Team understands that environmental compliance should do more than simply meet legal requirements. Rather, an EIR should reflect the City’s aspirations for environmental stewardship and economic prosperity and present information clearly to promote transparency and public engagement. Our team’s experience preparing and analyzing technically complex projects makes us an ideal partner for the City.



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Scope of Work

ESA will prepare an EIR, as well as supporting technical documents, that meet the City's objectives, address current issues, are consistent with the changing regulatory environment, and achieve the City's objectives for the project site.

This scope of work is based on our understanding of the services requested by the City, the ESA Team's familiarity with similar environmental analysis work, and our familiarity with the local and regional context. Throughout the scope we have made assumptions about information that will be available from the City and from the applicant team, and therefore, may help to streamline the EIR data gathering, impact analysis, and budget.

The work scope and cost estimate reflect our expectations of the environmental issues that could arise from the project, and the public involvement and legal scrutiny that this project is expected to receive. The EIR scope of work is designed to produce an objective CEQA document that reflects the City's independent judgment, reflects the proposed project objectives, and creates outstanding legal defensibility. It will be imperative that underlying assumptions, project definition, alternatives, and other factors are consistent from the outset.

Task 1: Project Management

ESA has assembled a project management team and approach that will maximize our ability to meet the deadlines established for this project. ESA's Project Director (Christina Erwin) will be actively involved in developing the analytical approach to individual sections, providing strategic CEQA guidance and internal quality control for the environmental document, and ensuring the commitment of ESA resources to meet the project schedule. ESA's Project Manager (Paul Stephenson) will oversee preparation of each component of the environmental analysis and, as the day-to-day project lead, will coordinate interaction between the City, applicant team and ESA staff.

This scope and budget assumes a high level of involvement by this team to address project management issues, including coordination and meetings with the applicant team, the City team, internal coordination of the technical members of the team, guidance of the technical team, preparation of public presentations, review and revision based on City comments, QA/QC, and other related tasks. We have assumed up to two hours of project management time per week for 52 weeks under this task.

Task 1 Deliverables:

- ✓ Monthly progress reports, invoices, quality assurance, budget management, and project communications.

Task 2: Meetings with City and Applicant Team

This task includes a project kickoff meeting, and ongoing bi-weekly project coordination meetings/conference calls with the City and applicant team. It is anticipated that these meetings will be attended by ESA's Project



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Director supported, as needed, by our Project Manager, and/or Deputy Project Manager as well as other team members as needed to address issues of concern.

2.1: Kickoff Meeting

Key ESA team members will attend a kickoff meeting with the applicant team and City staff prior to commencing work on the environmental document. Subjects for review and discussion at the meeting will include, but not be limited to:

- Confirmation of the project components, phasing, and appropriate baseline;
- Confirmation of the scope of work, level of analysis, budget, schedule, and communication protocols;
- Identification of project data, information sources, and key contacts; and
- Discussion of key issues known to be of concern to agencies, interest groups, and the public.

It is assumed that the City and applicant team will provide any project-specific studies prepared to-date, exhibits, project description details including project and on- and off-site infrastructure plans, and materials for development of the environmental document prior to the kick-off meeting. If additional information is required, we will submit a memorandum identifying outstanding information requirements and the dates when such information is needed in order to maintain schedule compliance.

2.2: Ongoing Project Coordination Meetings

The schedule for the EIR will be facilitated through regular, effective communication between the applicant team, the City, and the ESA management team and technical staff. Therefore, we propose that meetings be scheduled, depending on need, at a standard time and place on a bi-weekly basis. In the event that meetings are determined to be unnecessary, they can be readily cancelled; in our experience it is much easier to cancel a standing meeting than to call an ad-hoc meeting on short notice. We have assumed a total of 26 meetings during the life of the project with each meeting lasting up to two hours.

As is noted above, it is our strong recommendation that these ongoing project coordination meetings include a core group comprised of the applicant team, City planning and environmental staff, and the ESA team. To successfully meet the project schedule commitments, this group will need to work seamlessly as a team, with regular and expeditious issue identification and resolution, regular and clear communication about assumptions that can be consistently applied through the EIR, and similar issues.

Task 2 Deliverables:

- ✓ Project kickoff meeting agendas and meeting notes
- ✓ Weekly project coordination meeting/conference call agendas and meeting notes



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Task 3: Prepare Notice of Preparation

3.1 Prepare Notice of Preparation

ESA will prepare a Notice of Preparation (NOP) for the proposed EIR. The NOP project description will describe the proposed project, land uses, densities and intensities, and anticipated uses. The NOP will also include information regarding the scoping meeting and the process for completing the EIR. It will indicate that an EIR is in preparation, and request guidance from agencies and the public regarding the scope and content of the information to be included in the EIR.

A Draft NOP will be submitted to the City staff for review and comment. Based on one set of consolidated City comments, the ESA team will prepare a Final NOP and Notice of Completion (NOC).

3.2 Scoping Meeting

During the 30-day review period of the NOP, the City will hold a scoping meeting conducted by the City and supported by ESA. The purpose of the scoping meeting will be to provide responsible agencies and the public the opportunity to provide input into the proposed scope of the EIR. ESA will prepare the format and exhibits for this meeting. The City will be responsible for scheduling the date, time, and location for the meeting and securing the meeting room. Following the 30-day review period, ESA will collect and review all comment letters received and summarize the content of the comment letters in the Administrative Draft EIR (ADEIR).

3.3 Staff Support

On behalf of City staff, ESA will submit the NOP and NOC to the Office of Planning and Research (OPR) State Clearinghouse. ESA will also circulate the NOP to the applicable responsible and trustee agencies and interested parties, as directed by the City, post the NOP with the Merced County Clerk, and publish the NOP in a newspaper of general circulation.

Task 3 Deliverables

- ✓ Draft and Final NOP (electronic only)
- ✓ Notice of Completion (NOC) (electronic only)
- ✓ Attendance at one scoping meeting
- ✓ Scoping Report (electronic only)
- ✓ Newspaper notice

Task 4: Peer Review Technical Reports

Three technical reports are being prepared by the applicant team for the proposed project. ESA will peer-review these reports and provide recommendations for improving the analysis in each report if necessary. Details for this task are provided below.



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Biological Resources Assessment

An ESA senior biologist will peer review the biological resources assessment which will include results from protocol-level special-status plant surveys, wet- and dry-season branchiopod surveys, California tiger salamander (*Ambystoma californiense*) larval survey and habitat assessment, California Rapid Assessment Method (CRAM) assessment, burrowing owl (*Athene cunicularia*) surveys and a comprehensive tree inventory. Suggested revisions and/or recommendations for additional analysis will be provided in a memorandum.

Assumptions

- The draft biological resources assessment will be thorough, clearly-written, and prepared by experienced, qualified biologists.
- The biological assessment will cover the entire project site and any applicable species buffers (e.g., 0.5-mile buffer for Swainson's hawk, *Buteo swainsoni*) as part of its study area.
- Madrone Ecological Consulting will provide proposed mitigation measures for all significant impacts to all special-status species.

Air Quality/Energy/Greenhouse Gas Study

ESA understands that the applicant has contracted independent air quality, health risk, GHG emissions and energy technical work for the CEQA analysis. Consistent with standard practice to ensure its independent judgement, ESA's in-house technical experts will peer review the technical work and provide suggested revisions and/or recommendations for additional analysis in a memorandum.

Assumptions

- Up to two one-hour meetings between ESA and the applicant's technical contractor.
- The project application will provide ESA with the required information to complete the emissions review, inclusive of model input and output files and technical appendices.

Population/Employment/Housing Study

The project applicant is preparing a population, employment, and housing report to determine if the proposed project would exceed growth projections for the City and the County. ESA will peer review the report for completeness, accuracy, and adequacy to support the population, employment, and housing analysis in the ADEIR. Suggested revisions and/or recommendations for additional analysis will be provided in a memorandum.

Task 4 Deliverables

- ✓ Memorandums containing suggested revisions and/or recommendations for additional analysis (electronic only)

Task 5: Conduct Tribal Consultation

The proposed project is required to comply with Senate Bill 18 and Assembly Bill 52, two sets of regulations related to tribal consultation. The City is the responsible agency for compliance with these regulations.



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On behalf of the City, ESA will contact the Native American Heritage Commission (NAHC) to request information on any known sacred sites within the project site and a list of Native American tribes and organizations with cultural affiliated to the project site.

Government Code Section 65352.3 (Senate Bill 18) requires that prior to the adoption or amendment of a general plan or specific plan, a local government must notify the appropriate tribes (on the contact list maintained by the NAHC) of the opportunity to conduct consultations for the purpose of preserving, or mitigating impacts to, cultural places located on land within the local government's jurisdiction that is affected by the proposed plan adoption or amendment. Tribes have 90 days from the date on which they receive notification to request consultation.

Public Resources Code Section 21080.3 (Assembly Bill 52) requires that the lead agency begin the consultation process prior to the release of a negative declaration, mitigated negative declaration, or environmental impact report. The lead agency is required to send notification letters to tribes who have requested formal consultation on projects within that agency's jurisdiction; the lead agency may also elect to send letters to all tribes on the NAHC list with cultural affiliation to the project site. Tribes have 30 days from the date on which they receive notification to request consultation.

On behalf of the City, ESA will draft a combined Senate Bill 18/Assembly Bill 52 letter for the City to send to culturally affiliated Native American tribes. Within 5 days of receipt of the draft letter, the City will provide comments, official City letterhead, and a contact person for inclusion on the letter. Once received, ESA will send the letters via certified email to the culturally-affiliated tribes on the NAHC list. ESA will document all correspondence sent and received as part of the consultation process. This scope includes up to two meetings (on-site or virtual) with interested tribes. The results of the consultation will be incorporated into the tribal cultural resources section of the CEQA document.

Assumptions

- This scope does not include any formal recordation or evaluation of potential tribal cultural resources, which can be included under a separate scope and budget, if deemed necessary.
- Additional meetings, if requested by the tribe(s), would be scoped separately.

Task 5 Deliverables

- ✓ A letter notifying culturally affiliated Native American tribes of the proposed project (electronic-only)



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Task 6: Prepare Administrative Draft Environmental Impact Report

The following environmental resource areas will be addressed in the EIR:

- Aesthetics
- Air Quality
- Biological Resources
- Cultural Resources
- Energy
- Geology and Paleontological Resources
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Noise and Vibration
- Population and Housing
- Public Services
- Recreation
- Transportation and Circulation
- Tribal Cultural Resources
- Utilities and Service Systems
- Growth Inducement
- Alternatives

It is assumed that the agricultural resources environmental resource area will be scoped out as the project site is designated grazing land by the California Department of Conservation's Farmland Mapping and Monitoring Program, and thus is not considered Important Farmland by the State. In addition, the project site is not zoned for agricultural use by the County of Merced nor is it under Williamson Act contract. It is also assumed that the mineral resources environmental resources area will be scoped out as there are no mineral resources located on or in the vicinity of the project site. Finally, while the project site is located near a state responsibility area, it is not located within a very high fire hazard severity zone, and thus wildfire is not expected to be an issue.

ESA will prepare an ADEIR that analyzes the potential environmental impacts of the proposed project in the environmental resource areas identified above. To the extent appropriate, the analyses from other relevant documents will be incorporated by reference to maximize the use of the previously prepared analyses and information. As appropriate, the EIR will document City codes, prior adopted measures, or relevant policies of the Merced Vision 2030 General Plan that would avoid or reduce the magnitude of project impacts, and will also identify potential project-specific mitigation measures that could further reduce the impacts of the proposed project.

We assume that City staff will review the ADEIR and provide comments that represent the independent judgment of the City. We will participate in meetings to discuss, clarify, and determine the proper direction for revising the document based on City staff comments. The EIR will use the same significance thresholds as those used in the Draft EIR for the Yosemite Avenue-Gardner Avenue to Hatch Road Annexation Project issued by the City in September 2021.

The preparation of the ADEIR will be undertaken as specified below.



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Introduction

The introduction to the ADEIR will present the project background, including the history of the site. It will describe the organization of the EIR, type and use of the EIR, the environmental review process, the focus of the EIR analysis, other documents used in preparation of the EIR, lead and responsible agencies, and opportunities for public comment.

Summary

The Summary chapter will include a brief description of the proposed project and will summarize the main findings of the ADEIR. We will include a summary table that presents all of the impacts described in the ADEIR, the significance of each impact before and after potentially feasible mitigation measures, and the significance of each impact after implementation of mitigation measures. As required under CEQA, the Summary will also summarize areas of controversy, the comparative effects of alternatives analyzed, and significant and unavoidable impacts, if any.

Project Description

The project description chapter of the ADEIR will describe the key elements of the proposed project based on project description information provided by members of the applicant team. ESA will review the information provided and identify any additional information requirements necessary for the ADEIR. The project description will describe the following:

- Existing conditions on the project site and in the surrounding area;
- Proposed mix of uses and land use designations;
- Circulation and access;
- On- and off-site infrastructure;
- Construction methods and timeframes;
- City approvals; and
- Other agency approvals.

If such information is not going to be made available, we will identify assumptions that can be made regarding the proposed project. We are expecting that the City and applicant team will confirm these assumptions. Special attention will be given to explaining the annexation process in light of AB 3312, which allows properties contiguous with the UC Merced campus to be annexed to the City after the campus is annexed to the City via a road extension.

Environmental Setting, Impacts and Mitigation Measures

The technical analysis will focus on the environmental resource areas identified above. To the extent that the Merced Vision 2030 General Plan identifies policies or programs that could reduce potentially significant



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impacts, such mitigating policies and programs will be identified in the discussion, placed in the proposed project's Mitigation Monitoring and Reporting Program (MMRP), and made a condition of project approval.

For each impact, the following will be provided:

- Environmental setting;
- Regulatory setting;
- Significance thresholds;
- Technical approach and methodology;
- Impact analysis and significance conclusions;
- Mitigation measures that may be required to address impacts of the proposed project; and
- Residual significance conclusions.

Aesthetics

This section of the ADEIR will address the potential effects of the proposed project related to aesthetics and visual conditions. Potential impacts will be evaluated within the context of existing conditions based on analyses of photographs, site reconnaissance, and project data. The analysis will include evaluation of potential impacts associated with scenic resources, views, visual character, and light and glare. The analysis of impacts on visual character and views will incorporate a characterization of the existing visual qualities of the project site and surrounding area; key public views of other area aesthetic resources; a description of relevant regulations, policies, and guidelines governing views and visual considerations; and an evaluation of impacts, including the potential for the project to introduce features that would detract from the visual character of the area, conflict with applicable policies or guidelines, or create substantial sources of light or glare. Applicable policies that will be considered in the evaluation of aesthetic effects will include urban design, urban expansion, open space, and land use policies included in the Merced Vision 2030 General Plan and the Bellevue Community Plan.

This scope of work does not include preparation of visual simulations or light impact study by ESA. Should the City or applicant team wish to include visual simulations or a light impact study to support the EIR analyses, ESA can submit a scope of work and cost estimate for this service.

Air Quality

After peer reviewing the technical study, in-house technical experts will then peer-review the air quality section of the ADEIR to be prepared by the project applicant's technical consultant. The section will be reviewed for adequacy under CEQA, inclusive of methodology description, significance criteria applied, adequacy of identified mitigation measures and post-mitigation significance determinations. Cumulative analysis will also be peer reviewed for internal consistency with other cumulative analysis in other sections of the Draft EIR.



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Biological Resources

The peer-reviewed biological resources assessment will be used to document existing biological resources. To ensure that an up-to-date and timely list of special-status species is included in the analysis, ESA will conduct a database search for a list of special-status species from the California Department of Fish and Wildlife's Natural Diversity Database (CNDDDB), U.S. Fish and Wildlife Service List of federal endangered and threatened species that occur in or may be affected by the proposed project, and the California Native Plant Society Inventory of Rare Plants. ESA will evaluate the potential of the proposed project to result in impacts to sensitive biological resources and develop mitigation measures to minimize or avoid impacts to these resources, where feasible.

Assumptions

- This scope assumes that the biological resources assessment will include at a minimum a biological reconnaissance survey of the site, representative photographs of biological resources referenced in the report, and identification of all wetlands and other aquatic features within the site.
- The biological resources assessment will include all figures necessary to support the biological resources CEQA section, including distribution of landcover types within the project site and location of any known special-status species (e.g., known raptor nests). ESA will not need to prepare any additional figures.
- ESA biologists will not need to conduct any field visits (e.g., including but not limited to an aquatic resources delineation, protocol level species surveys, or biological reconnaissance surveys) to prepare this CEQA section.

Cultural and Tribal Cultural Resources

To determine the cultural resources sensitivity of the project site and to provide background information for the cultural resources and tribal cultural resources sections of the EIR, ESA will complete the following tasks:

- ESA will complete a records search at the Central California Information Center (CCIC) of the California Historical Resources Information Center (CHRIS) for the project site to identify existing records, reports, and maps that have information about the prehistory and history of the project site and vicinity. The purpose of the review will be to: (1) determine whether known cultural resources have been recorded within or adjacent to the project site; (2) assess the likelihood for unrecorded cultural resources to be present based on historical references and the distribution of nearby sites; and (3) develop a context for the identification and preliminary evaluation of cultural resources. Included will be a review of the Built Environment Resources Directory (BERD) and the Archaeological Determinations of Eligibility (ADOE), which contain information on resources listed in the National Register of Historic Places (National Register), the California Register of Historical Resources (California Register), and the California Historic Landmarks. ESA also will review historic maps and aerial imagery.
- ESA cultural resources staff will conduct a pedestrian survey of the 291-acre project site. The purpose of the survey will be to identify cultural resources and to assess the potential for cultural resources in the project site. This scope assumes the survey will take three cultural resources staff, two days to complete



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and up to four cultural resources will be identified, including existing canals. Cultural resources will be recorded on Department of Parks and Recreation (DPR) 523 forms and will be preliminarily evaluated for their potential eligibility for the California and National Registers. Formal evaluation, consultation with the State Historic Preservation Officer, and any subsequent efforts regarding cultural resources, if warranted, would be scoped separately.

- As required by the CHRIS use agreement, the results of the background research and survey will be documented in a Cultural Resources Survey Report. ESA will submit one electronic draft copy of the report for review. ESA will prepare a final version of the report, incorporating one round of comments. ESA will provide a copy of the reports to the CCIC following approval of the document.
- ESA will prepare the cultural and tribal cultural resources sections of the CEQA document based on the results of the above tasks. The sections will include the background research, results of survey and evaluation efforts, and an assessment of impacts to cultural and tribal cultural resources. Mitigation measures to reduce impacts to a less-than-significant level will be applied, as feasible. The tribal cultural resources section will also include the results of the tribal outreach effort described under Task 5.

Assumptions

- This scope does not include a subsurface survey to test for the presence or absence of buried archaeological resources, which can be completed under a separate scope and budget, if deemed necessary.
- This scope assumes that no historic-age buildings are in the project site that would require recordation or evaluation. If such resources are identified, appropriate follow up work would be completed under a separate scope and budget.

Energy

After peer reviewing the technical study, in-house technical experts will then peer-review energy section of the ADEIR to be prepared by the project applicant's technical consultant. The section will be reviewed for adequacy under CEQA, inclusive of methodology description, significance criteria applied, adequacy of identified mitigation measures and post-mitigation significance determinations. Cumulative analysis will also be peer reviewed for internal consistency with other cumulative analysis in other sections of the Draft EIR.

Geology and Paleontological Resources

The key geology issues of concern for the proposed project would be unsuitable soils (undocumented fill), or unstable soils (e.g., expansive soils). It is assumed that a preliminary geotechnical investigation has not yet been conducted. ESA will conduct a desktop study of geotechnical conditions for soil conditions, such as liquefaction potential, and seismic conditions. The presence of liquefaction zones may place limitations and/or geotechnical requirements on development plans. In addition, ESA will check records for the potential presence of paleontological resources. ESA will address the potential geology and paleontological resources related impacts of the proposed project in accordance with CEQA requirements. The evaluation will address whether



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implementation of the proposed project would result in significant impacts to the public or the environment. ESA will:

- Review reports, maps, and data published by the United States Geological Survey (USGS), California Geological Survey (CGS), Natural Resources Conservation Service, and other sources to identify and summarize geologic, seismic, and soil conditions, and paleontological resources within the project area and develop a comprehensive understanding of the potential risks from seismic events, unstable soils, and other CEQA Appendix G criteria.
- Identify the relevant regulations, building codes and standards, and local ordinance codes that would apply to construction and operation of the proposed project, and determine the manner and extent to which compliance would address potential impacts. This will include discussing how the state Construction General Permit and the California Building Code would address seismic, unstable soils, and erosion issues. The degree to which such requirements will reduce potential effects and any additional actions that might be required will receive careful consideration.
- Describe methods to manage storm water to prevent erosion; and determine if, where, and to what extent geologic hazards to structures would remain after compliance with building codes.
- Identify which, if any, impacts are significant, and present mitigation, where applicable and feasible, to reduce the impacts to below applicable significance thresholds.

Greenhouse Gas Emissions

After peer reviewing the technical study, in-house technical experts will then peer-review GHG emissions section of the ADEIR to be prepared by the project applicant's technical consultant. The section will be reviewed for adequacy under CEQA, inclusive of methodology description, significance criteria applied, adequacy of identified mitigation measures and post-mitigation significance determinations.

Hazards and Hazardous Materials

The primary hazards and hazardous materials issue would be previous agricultural use of the property proposed for development, as well as nearby properties, and whether any residual contamination may be present that would affect the construction or operation of the proposed project. The 2016 Phase I Environmental Site Assessment (ESA) did not identify any recognized environmental conditions. The project site is designated as a moderate fire hazard severity zone. ESA will address the potential hazards and hazardous materials related impacts of the proposed project in accordance with CEQA requirements. The evaluation will address whether implementation of the proposed project would result in significant impacts to the public or the environment. ESA will:

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- Develop a site-specific setting of the environmental conditions using published site-specific reports and maps (e.g., the Phase I ESA), along with other relevant reports and information from the state GeoTracker and EnviroStor database websites, with a focus on the housing opportunity sites. The information will be reviewed to prepare the setting to identify the hazards and hazardous material issues that could result from the implementation of the proposed project.
- Identify the relevant regulations and local ordinance codes that would apply to construction and operation of the proposed project, and determine the manner and extent to which compliance would address potential impacts.
- Identify which, if any, impacts are significant, and present mitigation, where applicable and feasible, to reduce the impacts to below applicable significance thresholds.

Hydrology and Water Quality

The key hydrology and water quality issues of concern for the proposed project would be water quality impacts during construction. The project is not located within a 100-year Federal Emergency Management Agency (FEMA) flood hazard zone. ESA will address the potential hydrology and water quality related impacts of the proposed project in accordance with CEQA requirements. The evaluation will address whether implementation of the proposed project would result in significant impacts to the public or the environment. ESA will:

- Review reports, maps, and data published by the state, county, FEMA, and other sources to identify and summarize hydrologic and water quality conditions in the project area, and develop comprehensive understanding of potential issues of concern.
- Identify the relevant regulations, building codes and standards, and local ordinance codes that would apply to construction and operation of the proposed project, and determine the manner and extent to which compliance would address potential impacts. This will include discussing how the state Construction General Permit, local Municipal Separate Storm Sewer System (MS4) permit, and low impact development (LID) requirements would address erosion and runoff issues. The degree to which such requirements will reduce potential effects and any additional actions that might be required will receive careful consideration.
- Describe project design features to manage storm water, and determine if, where, and to what extent impacts would remain after compliance with building codes and geotechnical recommendations.
- Identify which, if any, impacts are significant, and present mitigation, where applicable and feasible, to reduce the impacts to below applicable significance thresholds.



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Land Use and Planning

The analyses of land use in the ADEIR will describe the existing environmental conditions of the project site and surrounding area, analyze the proposed project's compatibility with existing and proposed land uses (including UC Merced), and address the proposed project's consistency with applicable City of Merced land use goals and policies and zoning. As the proposed project would also include annexation into the City, the section will also examine Merced County Local Agency Formation Commission (LAFCO) policies concerning annexation.

Noise and Vibration

The project site is located over five miles from the nearest freeway (State Route 99). Predominant noise sources in the area are vehicle traffic on Lake and Bellevue roads. Given the 291-acre size of the project area, ESA will conduct three long-term noise measurements to characterize existing noise conditions at the project site, which are likely to be primarily affected by nearby traffic. The noise analysis will examine effects related to construction noise and vibration, and noise impacts of mechanical equipment and loading docks. Traffic noise on local streets generated by project vehicles will be quantitatively assessed based on turning movement volumes at local intersections provide by the non-CEQA portion of the traffic study. The noise analysis will identify nearby sensitive receptors, primarily residences, and assess project impacts on these receptors, identifying mitigation measures if applicable.

Population and Housing

This section of the ADEIR will describe the characteristics and trends of population, employment, and housing in the City of Merced and Merced County and describe the potential changes to population, employment, and housing, including shifts in the jobs/housing ratio and the displacement of existing housing and residents, that could occur with implementation of the proposed project. The information and analysis in this section will draw from the peer-review technical study prepared by the project applicant.

Public Services

The ADEIR will evaluate the proposed project's demand for fire and police protection from the Merced fire and police departments, respectively. In addition, the ADEIR will evaluate the proposed project's demand for public schools, parks, and other Public facilities such as community centers and libraries. For each issue, the ADEIR will include a discussion of existing service levels, and will calculate demands created by the proposed project.

The purpose of this analysis is to determine if the project would result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services.

Recreation

Existing conditions related to City parks and recreation will be described, along with the proposed project demand for parks and recreation facilities based on housing units and population. The passive open space and



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passive park facilities provided in the proposed project will be described, as will the project's payment of in-lieu or other required fees that support local and regional parks.

Transportation and Circulation

The transportation analysis being prepared by Fehr & Peers will include two phases. Phase 1 will provide the transportation impact analysis and documentation required by CEQA while Phase 2 will provide a traffic analysis to analyze the project's effect on area intersections, for purposes of compliance with the City of Merced's Level of Service D standard. A brief description of each phase is provided below. See the attached scope of work for more detail.

Phase 1: The City of Merced has not adopted guidance on Vehicle Miles Travel (VMT) analysis methodology, VMT-based metrics, and significance thresholds for CEQA impact assessment. It is expected that the significance thresholds from the Yosemite Avenue-Gardner Avenue to Hatch Road Annexation Project Draft EIR will be applied to the project, providing consistency between the documents. Regarding the actual VMT analysis methodology, Fehr & Peers will review options including the Yosemite Annexation Draft EIR methodology (based on StreetLight data) and use of a travel demand model (which may also incorporate StreetLight data to improve model performance), and develop a proposed approach for discussion with the City. Next, Fehr & Peers will estimate and forecast VMT. Finally, Fehr & Peers will prepare the environmental and regulatory setting for the CEQA document and prepare the transportation impact assessment for the project. The impact analysis will address impacts with respect to VMT as well as non-auto travel modes, including transit riders, bicyclists, scooter riders, and pedestrians, and will address safety impacts.

Phase 2: Fehr & Peers will conduct a traffic analysis to determine the project's consistency with the Merced Vision 2030 General Plan Level of Service D policy. The scope of this study and more detailed methodology will be developed in consultation with City staff. The analysis includes up to 25 intersections, including project access intersections on Lake Road, Bellevue Road and Golf Road. The following scenarios will be analyzed:

- Existing Conditions;
- Existing with Project Conditions;
- Cumulative No Project Conditions (cumulative year to be determined); and
- Cumulative With Project Conditions.

Utilities and Service Systems

The proposed project would result in demand for utilities and service systems that could affect water supply and demand for the conveyance and treatment of wastewater from the site. However, we assume that the proposed project would incorporate landscaping and other open space that could reduce the amount of stormwater runoff entering the City's stormwater drainage system. The ADEIR will analyze the proposed project's demand and impacts on water supply, wastewater conveyance and treatment, stormwater drainage conveyance, and solid waste generation. The analyses will rely on a WSA being prepared by Black Water Consulting Engineers, Inc. to consider the potential for the buildout of the proposed project to affect available



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water supplies, and will also consider the capacities of existing wastewater and stormwater drainage conveyance and treatment facilities. See the attached scope of work for more detail on the contents of the WSA.

Growth Inducement and Urban Decay

Consistent with the requirements of State CEQA Guidelines section 15126.2(d), the ADEIR is required to consider the ways in which the project could induce additional growth, either through the removal of obstacles to growth or through the creation of economic stimuli that might spur growth beyond that provided for in the General Plan. In addition, consistent with CEQA case law, the ADEIR must consider the ways that the proposed project might trigger economic blight that would result in physical adverse effects to buildings and/or public spaces.

In the context of the ADEIR, the focus of this analysis will be on how the proposed project would change uses from the Merced Vision 2030 General Plan and how the proposed project would alter the prior conclusions in the Merced Vision 2030 General Plan regarding growth inducement and urban decay.

Growth Inducement. ESA will compare the potential for the proposed project to remove obstacles to growth through construction of infrastructure improvements that would provide such capacity that unplanned growth could occur. The ADEIR will also document the ways that the proposed project would affect growth-inducement in the area. Particular attention will be directed to the additional pressure for growth on unincorporated land between the project site and the City's northern boundary. The analysis will consider whether any utility or transportation improvements would facilitate growth in the City of Merced that is currently constrained or limited.

Urban Decay. The proposed project will increase the amount of commercial retail, office and hotel use within the City of Merced, and the increase could result in the abandonment of established commercial retail, office and hotel businesses in other parts of the City, thus resulting in urban decay as the structures that house these businesses may no longer be properly maintained. The ADEIR will discuss the potential for the commercial retail, office and hotel space included in the proposed project to result in urban decay based on a quantitative urban decay analysis being prepared by ALH Economics. The analysis will focus on the impact of the project's commercial retail, office, and hotel components on the market areas for each sector. The analysis will also consider the cumulative impacts of other retail centers either under construction or planned in the market area. See the attached scope of work for more detail.

Cumulative Impacts

Each issue area section will define cumulative impacts, the cumulative context and scenario, geographic or temporal scope, and methods for characterizing cumulative impacts. The cumulative impacts identified for each issue area will then be summarized in the Cumulative Impacts portion of each topical section contained in the ADEIR. The cumulative analysis will utilize either a cumulative list of projects or growth projections found in planning documents.



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Alternatives

An EIR must include an analysis of a reasonable range of potentially feasible alternatives to the proposed project that would achieve most of the goals of the project but could avoid or substantially lessen the magnitude of one or more of the project's significant impacts (see State CEQA Guidelines Section 15126.6(a)). The Alternatives chapter will reiterate the objectives of the proposed project.

ESA anticipates analyzing up to four (4) alternatives. We will also describe alternatives that were considered but rejected from full analysis. The final selection of alternatives will be coordinated with the City and the applicant team, and will need to meet the requirements of CEQA. As the proposed project is expected to result in a potentially significant impact with respect to air quality emissions during construction and operation of the project due to the size of the project and the number of vehicle trips that are expected to be generated, the alternatives will focus on ways to reduce air quality emissions. Examples of alternatives could include the following:

1. No Project/No Development. This alternative assumes the project site would remain in its current state.
2. No Project/General Plan Buildout. This alternative assumes the project site would be redeveloped consistent with the existing land use designations identified in the County's General Plan. This would result in development under the land use designation of Rural Residential Center (RRC) and zoning designation of Rural Residential (R-R).
3. All Housing. This alternative would evaluate the entire site being developed with housing, which generates less traffic than non-residential uses such as commercial.
4. Reduced Commercial. This alternative would consider the effects of less non-residential space within the Project site area and more residential space within the planning area, which would generate less traffic.

Based on the analysis conducted, ESA will identify the Environmentally Superior Alternative. If the Environmentally Superior Alternative is the No Project Alternative, then among the remaining alternatives the one that is considered environmentally superior will be identified.

Unavoidable Significant Impacts

This section will summarize the significant and unavoidable environmental effects identified in the technical impact analyses of the ADEIR.

Quality Assurance/Quality Control

The Project Director and Project Manager will review every component of the ADEIR for completeness, accuracy, and adequacy to ensure that all CEQA requirements have been met.

Administrative Draft

ESA will submit an electronic version of the complete ADEIR to both the City of Merced and to the applicant team for review and comment.



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Task 6 Deliverables

- ✓ Complete Administrative Draft EIR (electronic word and pdf versions)
- ✓ Cultural Resources Survey Report (electronic word and pdf versions)

Task 7: Prepare Draft Environmental Impact Report

7.1: Screencheck Draft Environmental Impact Report

ESA anticipates that all comments on the ADEIR will be directed through the City of Merced Development Services Department, Planning Division, which will convey their approved comments to ESA. ESA will incorporate City staff comments on the ADEIR and submit one electronic version of the Screencheck Draft EIR. We have assumed that no new technical studies will be prepared and that ADEIR technical studies will not need to be substantially revised based on changes to the proposed project or other pre-approved assumptions.

7.2: Draft Environmental Impact Report

ESA will incorporate City staff comments on the Screencheck DEIR based on a single set of consolidated comments, and submit a final public Draft EIR to the City for distribution for a 45-day public comment period. We expect that the comments will direct revisions to the Screencheck DEIR, and we have assumed that the comments will be primarily editorial in nature.

7.3 Staff Support

On behalf of City staff, ESA will submit an electronic copy of the entire document and a NOC to the State Clearinghouse. We will also prepare a Notice of Availability (NOA) to accompany the Draft EIR. ESA will distribute the NOA to interested stakeholders, post the NOA with the Merced County Clerk, and publish the NOA in a newspaper of general circulation in the area affected by the proposed project.

Task 7 Deliverables

- ✓ Screencheck Draft EIR (electronic)
- ✓ Draft EIR and NOC (10 bound copies of Draft EIR + 1 Appendices + electronic + web-ready electronic for City to distribute) (1 electric copy for submittal to the State Clearinghouse)
- ✓ NOA (electronic only)

Task 8: Prepare Administrative and Final EIR Documents

8.1: Administrative Final EIR

ESA will review the comments received during the public review period on the Draft EIR. We will prepare written responses to comments and make appropriate changes to the Draft EIR to create the Administrative Final EIR (AFEIR) document. The AFEIR will include:

- a brief introduction;



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- revisions to the Draft EIR text;
- enumerated comment letters on the Draft EIR;
- responses to all comments on substantive environmental issues presented in the Draft EIR; and
- a listing of revisions to the Draft EIR; and
- a Draft Mitigation Monitoring and Reporting Program (MMRP).

Based on our understanding of the proposed project, we expect that the level of comment received during public review of the Draft EIR will be modest. It is our current expectation that comments on the Draft EIR will be limited to a few letters from local residents, UC Merced campus planning staff, community-based groups, labor unions, and potentially agencies such as the United States Army Corps of Engineers, California Department of Fish and Wildlife (CDFW), and Caltrans.

ESA has provided an estimate of the level of effort required to prepare responses to comments based on our experience with other similar projects in the Merced area, our current understanding of the relative support and opposition to the project, and our understanding of the schedule. More specifically, this assumes that no more than 40 pages of agency and public comment on the Draft EIR is received and that no new substantive issues are raised that were not originally addressed in the Draft EIR. ESA will respond to comments related to the potential physical impacts of the proposed project as they relate to the environmental analyses presented in the Draft EIR within the estimated level of effort. We have assumed that responses will involve explanation, clarification, or amplification of the contents of the Draft EIR. ESA has assumed that no new technical analyses will be required nor that completed technical studies will need to be substantially revised based on changes to the project or pre-approved assumptions as part of the response to comments.

8.2: Final EIR

Following City review of the AFEIR, ESA will make revisions to the responses and prepare the Final EIR.

Task 8 Deliverables

- ✓ Administrative Final EIR (1 electronic copy)
- ✓ Final EIR for publication (4 bound hard copies + electronic + electronic web-ready)

Task 9: Findings of Fact and Statement of Overriding Considerations

In the event that the City determines to approve the proposed project, ESA will prepare written Findings of Fact, pursuant to section 15091 of the State CEQA Guidelines and in the City's format, to support final City actions on the project site. The Findings will include a specific finding for each significant impact of the project, describing the nature and significance of the impact, the status of mitigation, and the rationale for any mitigation that is to be rejected or that lies in the authority of another jurisdiction.



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Assuming that one or more impacts are found to be significant and unavoidable, consistent with the requirements of Section 15093 of the State CEQA Guidelines, ESA will prepare a Statement of Overriding Considerations (SOC) for the proposed project that describes the reasons for project approval despite the occurrence of such impacts. It is anticipated that the SOC will identify a range of economic, employment, and social considerations. Since CEQA requires that the SOC be based on substantial evidence, ESA assumes that the basis for the SOC will be found in financial, fiscal, and other economic studies undertaken by the applicant team, and provided to ESA.

The Findings of Fact and the SOC will be drafted as companions to other “decision” documents developed for the project approval process, such as the City Staff Report, draft resolutions, and the like.

ESA will prepare a draft version of the Findings and SOC for submittal to the City and the applicant team. In the past, project attorneys have taken these draft documents and finalized them internally, and we have assumed that the project attorneys would do the same in this case. However, if the City would like support from ESA in finalizing these documents, we will do so based on the availability of budget or an augment if determined necessary.

Task 9 Deliverables

- ✓ Draft Findings of Fact and Statement of Overriding Considerations (electronic)

Task 10: Environmental Impact Report Hearings

10.1: Planning Commission Hearings

The ESA Project Director and Project Manager will participate in one (1) public hearing before the City Planning Commission related to consideration of certification of the EIR and approval of the proposed project. We will prepare any necessary presentations and answer EIR-related questions during the hearing on the project’s merits.

10.2: City Council Hearings

The ESA Project Director and Project Manager will participate in one (1) public hearing before the City Council for consideration of certification of the EIR and approval of the proposed project. We will prepare any necessary presentations and answer EIR-related questions during the hearing on the project’s merits.

10.3 Staff Support

On behalf of City staff, ESA will prepare and file the Notice of Determination (NOD) with the State Clearinghouse and the Merced County Clerk. The applicant team will be responsible for the fees (County Clerk’s filing fee and CDFW State fee) associated with filing of the NOD.

Task 10 Deliverables

- ✓ Attend one (1) City Planning Commission hearing, including relevant materials



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- ✓ Attend one (1) City Council hearing, including relevant materials

Schedule

The following schedule has been formulated based on ESA’s experience and understanding of the CEQA process, as well as timeframes and review periods for various components of this EIR in order to meet established deadlines. Factors that could lengthen or shorten the schedule include dates of receipt of project information, length of administrative document review, and unanticipated issues arising from internal or public review of the environmental document. A tentative schedule for the EIR is below.

In developing the draft schedule, we have assumed the following:

- Project team and City will be available as necessary for review meetings on the ADEIR, Screencheck, Draft EIR, and Administrative Final EIR; and
- No new issues raised in late comments on NOP or comments on the ADEIR.

University Vista Project EIR – Preliminary Schedule			
Task		Duration	Tentative Completion Date
1	Project Management	12 months	December 2022
2	Kickoff Meeting	TBD	Early December 2021
	Weekly Coordination Meetings	Bi-weekly	Ongoing
3	Prepare Draft NOP	2 weeks	December 2021
	City/Applicant Review of Draft NOP	4 weeks	January 2022
	Prepare and Publish Final NOP	2 week	January 2022
	NOP public review	30 days	March 2022
	Scoping Meeting	TBD	Mid-February 2022
4	Peer Review Technical Reports	4 weeks	March 2022
5	Conduct Tribal Consultation	20 weeks	April 2022
6	Prepare ADEIR	20 weeks	April 2022
	City/Applicant Review of ADEIR	3 weeks	May 2022
7	Prepare Screencheck Draft EIR	4 weeks	June 2022
	City/Applicant Review of Screencheck Draft EIR	2 weeks	June 2022
	Prepare and Publish Draft EIR	2 weeks	July 2022
	DEIR public review	45 days	August 2022
8	Prepare AFEIR	5 weeks	September 2022
	City/Applicant Review of AFEIR	2 weeks	October 2022
	Revise and Publish FEIR	2 weeks	October 2022
9	Prepare Findings of Fact and SOC	Concurrent with Task 7	June 2022
10	Planning Commission Hearing	TBD	Mid-November 2022
	City Council Hearing	TBD	Early December 2022

Budget

As shown in the attached spreadsheet, our cost estimate for the EIR is \$855,493.



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We look forward to discussing our proposal with you and are excited to work on this transformative project. Please feel free to contact us at 916.564.4500 or at our email addresses below.

Sincerely,

A handwritten signature in blue ink, appearing to read "Christina Erwin". The signature is fluid and cursive, with a prominent flourish at the end.

Christina Erwin
Project Director
cerwin@esassoc.com

A handwritten signature in blue ink, appearing to read "Paul Stephenson". The signature is cursive and includes a long horizontal line extending to the right.

Paul Stephenson, AICP
Project Manager
pstephenson@esassoc.com

University Vista EIR
 ESA Labor Detail and Expense Summary

11/8/2021

		Employee Names											
		C. Easter		S. Rosenblum		S. Smith	E. Pimentel	M. Hensel	B. Carroll				
		B. Pittman		M. Fagundes		J. Iyer	J. Feyk-Miney	A. Maudru	B. Sewell				
		M. Newland		C. Sanchez		K. Bayne	S. Patterson	M. Mattes	M. Le	K. Olsen			
		B. Boxer	C. Erwin	M. Burns	P. Stephenson	H. Koenig	J. Teofilo	A. Sims	D. Alexander	J. Songco			
		Labor Category										Total Hours	Labor Price
Task #	Task Name/Description	Senior Director III	Director III	Director II	Managing Associate III	Managing Associate II	Senior Associate II	Associate II	Associate I	Project Technician III	Total Hours	Labor Price	
1.0	Project Management	24	24	245	80	220	205	40	170	135	115	130	
2.0	Meetings with City and Applicant Team										168	\$ 38,440	
2.1	Kick-off Meeting	2	4		8			8			22	\$ 4,810	
2.2	Ongoing Project Coordination Meetings	8	24		52			26			110	\$ 24,700	
3.0	Prepare Notice of Preparation										-	\$ -	
3.1	Prepare Notice				2			12			12	\$ 4,040	
3.2	Scoping Meeting		8		16					4	28	\$ 6,120	
3.3	Staff Support				8			16			24	\$ 4,480	
4.0	Peer Review Technical Reports										-	\$ -	
	Biological Resources Assessment		4				32				36	\$ 7,600	
	Air Quality/Energy/Greenhouse Gas Study		4		8		68	16			96	\$ 19,450	
	Population/Employment/Housing Study										16	\$ 2,250	
5.0	Conduct Tribal Consultation		4				16			8	28	\$ 5,400	
6.0	Prepare Administrative Draft Environmental Impact Report							16			48	\$ 8,960	
	Introduction							8			8	\$ 1,360	
	Summary							32			32	\$ 5,440	
	Project Description							32			32	\$ 5,440	
	Aesthetics						48				48	\$ 9,840	
	Air Quality		2				8	4			14	\$ 2,840	
	Biological Resources		2			24					26	\$ 5,440	
	Cultural and Tribal Cultural Resources						8		88	20	116	\$ 15,620	
	Energy		1		4						5	\$ 1,140	
	Geology and Paleontological Resources			2						40	42	\$ 5,090	
	Greenhouse Gas Emissions		1				6				7	\$ 1,490	
	Hazards and Hazardous Materials			2						32	34	\$ 4,170	
	Hydrology and Water Quality			2	2				32		36	\$ 5,250	
	Land Use and Planning					32					32	\$ 6,560	
	Noise and Vibration				38				10		48	\$ 9,710	
	Population and Housing					32					32	\$ 6,560	
	Public Services							24			24	\$ 4,080	
	Recreation							16			16	\$ 2,720	
	Transportation and Circulation				32						32	\$ 7,040	
	Utilities and Service Systems				16			24			40	\$ 7,600	
	Growth Inducement and Urban Decay							16			16	\$ 2,720	
	Alternatives							32			32	\$ 5,440	
	Other CEQA-mandated Sections							8			8	\$ 1,360	
	Quality Assurance/Quality Control		32			64					96	\$ 22,400	
7.0	Prepare Draft Environmental Impact Report										-	\$ -	
7.1	Screencheck Draft Environmental Impact Report		8		36	2	24				16	\$ 6,570	
7.2	Draft Environmental Impact Report		4		24	2	20				12	\$ 6,250	
7.3	Staff Support				8		16				24	\$ 4,480	
8.0	Prepare Administrative and Final EIR Documents										-	\$ -	
8.1	Administrative Final EIR		6		24	2	40				16	\$ 16,130	
8.2	Final EIR		2		16	2	24				12	\$ 10,090	
9.0	Findings of Fact and Statement of Overriding Considerations				8		32				40	\$ 7,200	
10.0	Environmental Impact Report Hearings										-	\$ -	
10.1	Planning Commission Hearings		8		8						16	\$ 3,840	
10.2	City Council Hearings		8		8						16	\$ 3,840	
10.3	Staff Support				2			4			6	\$ 1,120	
	Total Hours	34	146	6	464	298	490	138	92	120	1,768		
	Total Labor Costs	\$ 11,050	\$ 37,960	\$ 1,470	\$ 102,080	\$ 61,090	\$ 83,300	\$ 18,630	\$ 10,580	\$ 15,600	\$	\$ 341,760	
	Percent of Effort - Labor Hours Only	1.9%	8.2%	0.3%	26.0%	16.7%	27.4%	7.7%	5.1%	6.7%	100.0%		
	Percent of Effort - Total Project Cost	1.3%	4.4%	0.2%	11.9%	7.1%	9.7%	2.2%	1.2%	1.8%		39.9%	

ESA Labor Cost	\$	341,760
Labor Cost Communication Fee	\$	10,253
ESA Non-Labor Expenses		
Reimbursable Expenses	\$	6,728
ESA Equipment Usage	\$	300
Subtotal ESA Non-Labor Expenses	\$	7,028
Subconsultant Costs	\$	496,453

PROJECT TOTAL	\$ 855,493
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Attachment 1: Scope of Work

Introduction and Approach

The University Vista project is envisioned as a mixed-use community that would bring new homes, office space, retail uses and other amenities to northeast Merced. Located just west of the growing UC Merced campus, the community would serve both the campus as well as the city and neighboring unincorporated areas. Fehr & Peers has extensive experience working in the City and County of Merced, and with UC Merced in particular. We have also been leading the transportation planning and engineering industry in developing analysis methods to respond to the requirements of Senate Bill 743 and related legislation. We are currently developing a new travel demand model for the Merced County Association of Governments (MCAG) and are proposing to assist the agency in developing vehicle miles of travel (VMT) analysis methodology guidance for its member agencies, a task that we have performed for many other agencies in the state.

We have developed the scope of work below to provide two key phases of work. Phase 1 provides the transportation impact analysis and documentation required for the CEQA document on the project (tentatively assumed to be an EIR). Phase 2 provides a traffic analysis to analyze the project's effect on area intersections, for purposes of compliance with the City of Merced's Level of Service D standard.

Scope of Work

Phase 1 – CEQA Transportation Impact Analysis

Task 1 – Selection of VMT Analysis Methodology, Metrics and Significance Thresholds

The City of Merced has not adopted guidance on VMT analysis methodology, VMT-based metrics, and significance thresholds for CEQA impact assessment. Therefore, Fehr & Peers recommends that an early consultation take place with City to discuss options for these items and come to agreement on the approach, prior to preparation of the CEQA document. We note that the recently released EIR for the Yosemite Avenue Gardner to Hatch Annexation provides a methodology, metrics and thresholds which may be considered; however, there may be reasons to use an alternative methodology for the University Vista project, given its size and mix of uses. Based on direction from ESA, Fehr & Peers expects to apply the significance thresholds from the Yosemite Annexation EIR for this project, providing consistency between the documents. Regarding the actual VMT analysis methodology, we will review options including the Yosemite Annexation DEIR methodology (based on StreetLight data) and use of a travel demand model (which may also incorporate StreetLight data to improve model performance), and develop a proposed approach for discussion with the City and ESA. This consultation will also include significance criteria for the other transportation modes and users, including transit riders, bicyclists, scooter riders, and pedestrians, plus safety.

Task 2 – VMT Estimates and Forecasts

The methodology and significance criteria decisions from Task 1 will determine the specific approach to developing VMT estimates for baseline conditions and VMT forecasts for project conditions. For



purposes of initial budget estimate, this scope presumes that a travel demand model will be selected that is capable of producing regional, citywide, and local VMT metrics and traffic volume forecasts. Fehr & Peers has conducted a preliminary review of available travel demand models and sketch planning tools and found none of them 'off the shelf' to fully comply with the CEQA expectations for adequate analysis. Therefore, for budgeting purposes, we have presumed that the currently available San Joaquin-Stanislaus-Merced Three-County Model (TCM) could be selected. This model has been applied for regional planning purposes but has not been calibrated and validated within the local project study area. Local area calibration and validation is important to ensure the model is appropriately sensitive to the specific project land use and network changes and produces reasonable output results as recommended in *NCHRP Report 765, Analytical Travel Forecasting Approaches for Project-Level Planning and Design*, Transportation Research Board, 2014. Typical validation tests should comply with the *2017 Regional Transportation Plan Guidelines for Metropolitan Transportation Planning Organizations*, CTC, 2017 and *Travel Model Validation and Reasonableness Checking Manual, Second Edition*, FHWA, 2010.

For this task, Fehr & Peers will obtain the version of the TCM used by MCAG for its most recent RTP. We will spend up to 100 hours performing static and dynamic model validation tests to help determine potential calibration refinements that would improve the model's performance within the local study area and with respect to VMT outputs for the project specific land uses. Static tests will compare the model's volume estimates to observed daily traffic counts available from MCAG and the City of Merced within the study area. Dynamic tests will include residential land use trip generation sensitivity, employment land use trip generation sensitivity, and transportation network capacity sensitivity. Trip length estimates from the model will also be compared to independent estimates derived from the 2012 California Household Travel Survey (CHTS) and StreetLight estimates. Fehr & Peers has already prepared CHTS estimates and will purchase StreetLight estimates specific to the project land uses within analogous land use context near the project site. This work will be performed with the base year model. If needed, model refinements to the base year model will be incorporated into the future year model.

Task 3 – Setting

Fehr & Peers will prepare an Environmental and Regulatory Setting for the environmental document, using a document template provided by the environmental consultant. The Setting will include the following content:

- Existing roadway, bicycle, and pedestrian networks in the project vicinity
- Current transit routes and service frequencies, as well as pre-COVID information if appropriate
- Current plans for the completion of Campus Parkway to East Yosemite Avenue, and the status of joint UC Merced/City/County planning for the final segment north to the UC Merced campus, including Lake Road and Bellevue Road traffic thresholds governing the timing of Campus Parkway design and construction and Bellevue Road widening
- A summary of relevant planning and policy documents, including the Merced General Plan, Merced Climate Action Plan, Bellevue Community Plan, UC Merced Long Range Development Plan, and adopted MCAG RTP/SCS.
- A discussion of the relevant legislation and guidance describing transportation impact assessment under SB 743, including the current state of guidance for the City of Merced
- Estimates of selected VMT metrics from the modified base year TCM



Task 4 – Impacts and Mitigation Measures/Draft EIR

Fehr & Peers will prepare the transportation impact assessment of the project. The impact analysis will address impacts with respect to VMT as well as non-auto travel modes, including transit riders, bicyclists, scooter riders, and pedestrians, and will address safety impacts. Significance criteria will be selected as part of Task 1. Note that the safety impact analysis will take into account current Caltrans guidance regarding impact assessments for the roadway network; this scope presumes at a minimum a review of the project's effect on the mix, volume, and speed of traffic on off-site roadways directly serving the site, to verify that conditions would remain consistent with applicable city design standards for the affected facilities. More detailed collision history or collision risk analysis is not included at this time but will be discussed during Task 1, which could result in a modification of this scope.

Our project budget includes two rounds of comments on the administrative draft EIR chapter and preparation of editorial revisions if requested.

Task 5 – Final EIR

This task includes 40 professional hours to provide support to the team in preparing responses to public comments on the Draft EIR and preparation of the Final EIR. Depending on the number and complexity of the public comments, a scope and budget adjustment may be needed.

Task 6 – Calls and Meetings

Fehr & Peers will participate in conference calls and meetings as part of this scope of work. For budgeting purposes, up to 10 calls and two on-site meetings are assumed.

Phase 2 – External Traffic Analysis

Task 7 – External Traffic Analysis

Fehr & Peers will conduct a traffic analysis to determine the project's consistency with the City of Merced General Plan Level of Service D policy. The scope of this study and more detailed methodology will be developed in consultation with City staff; the following describes the basic steps and assumed study locations for purposes of the budget estimation.

Study Intersections

Our estimated budget includes up to 25 intersections, including project access intersections on Lake Road, Bellevue Road and Golf Road, and external intersections along Bellevue Road, Lake Road, Golf Street, Farmland Road, State Route 59, and other roadways connecting the project site to downtown, State Route 99 and other regional connector roadways. Key intersections along the planned extension of Campus Parkway between East Yosemite Avenue and Bellevue Road will be included in the study intersection list. We will propose a study intersection list for City staff review and adjust the list as directed prior to beginning the analysis.

Scenarios

The following analysis scenarios will be included:



- Existing Conditions
- Existing with Project Conditions
- Cumulative No Project Conditions (cumulative year to be determined)
- Cumulative With Project Conditions

Methodology

Volume Development

Existing conditions will be based on new traffic counts (7-9 AM and 4-6 PM), supplemented with information derived from a “Big Data” vendor such as StreetLight to provide context on how current traffic volumes have changed since the pre-COVID timeframe (late 2019/early 2020). If the City so directs, we can adjust the count volumes to represent pre-COVID conditions, but there are CEQA considerations to discuss prior to making that decision. Counts should not be taken during the holiday period (Thanksgiving week through the New Year).

Existing With Project conditions will be developed using the TCM along with a project trip generation assessment using Fehr & Peers’ mixed use development trip generation analysis tool, MXD+. The MXD+ analysis will be used to refine and improve the model’s representation of the project site trips.

Cumulative No Project volumes will be developed with the TCM. This includes obtaining land use assumptions for the University Community area south of UC Merced and other notable growth areas such as the Yosemite Avenue Gardner to Hatch Annexation, and adjusting the TCM model land use accordingly. The Cumulative No Project model will include the extension of Campus Parkway from East Yosemite Avenue to Bellevue Road. We will discuss whether Bellevue Road should be assumed to be widened to four lanes in the Cumulative No Project model with City staff.

Cumulative With Project volumes will be developed with the TCM, along with the Project trip generation information developed for the Existing With Project scenario.

Intersection Analysis

Fehr & Peers will use the Highway Capacity Manual 6 methodology within the Synchro software platform to assess AM and PM peak hour service levels for all scenarios. We will incorporate planned improvements for the cumulative scenarios. We will assess the project’s impact on level of service for both the Existing With Project and Cumulative With Project scenarios, and develop improvement recommendations to address any deficiencies. For intersections already below LOS D without the project, we will discuss the appropriate threshold for project contribution to improvements with City staff prior to identifying a conflict with the General Plan LOS D policy.

Documentation

We will document the Phase 2/Task 7 work in a stand-alone report and will respond to one round of review with consolidated comments, preparing editorial revisions if requested. Additional analysis would require a scope and budget adjustment.



**UNIVERSITY VISTA PROJECT
URBAN DECAY ANALYSIS
NOVEMBER 1, 2021**

SCOPE OF WORK

ALH Economics plans to conduct several tasks relevant to urban decay of the proposed University Vista project, which is anticipated to be annexed into the City of Merced (the “Project”). The Project incorporates a range of commercial land uses, including retail, office, and hospitality, in addition to a broad range of residential products. These residential products are anticipated to include student housing, apartments, townhomes, and single-family homes. The overall Project is anticipated to be built out in 3 phases, over an approximate 10-year time period.

The urban decay tasks and analysis will focus on the commercial components of the Project. The tasks are presented in phases, with Phase 1 associated with production of the urban decay analysis for environmental review purposes, Phase 2 associated with progress calls and updates, and Phase 3 associated with any subsequent public process.

Phase 1: Urban Decay Analysis

Task 1. Baseline Tasks

Task 1.1 Project Initiation and EIR Coordination. ALH Economics will initiate the urban decay analysis through reviewing existing Project materials and coordinating with ESA (the Project EIR Consultant), and other associated parties regarding key data points, such as prospective development timing, trip distribution assumptions, employment density by land use, relevant Merced, Merced County, or other regional employment estimates and projections, Project retail sales, and cumulative projects detail. The purpose of this will be to achieve consistency between other Project documents and the urban decay analysis and study. Data required to support the analysis not included in existing materials will be specially requested of ESA.

Task 1.2. Project Definition. ALH Economics will review the development program with ESA and other relevant parties and formulate a working definition of the Project. This will include identifying the amounts of built space by type of use by phase over the development horizon. ALH Economics anticipates the land uses will primarily include retail space (including neighborhood-serving retail), office or other employment-generator space, and hospitality. For study purposes, some assumptions regarding the size and type of commercial retail tenants will need to be developed, to help drive the analysis and enable coordination with other Project team members about assumptions.

Task 1.3. Definition of Competitive Market Area(s). ALH Economics will define competitive market area(s) appropriate for analysis of the Project. Given that the Project includes three relatively disparate land uses, there may be more than one competitive market area.

For the retail component, the market area will be defined as the area from which the majority of retail demand for the Project is anticipated to originate. This will be defined through several approaches,

including visual observation and data analysis, and analysis of the distribution pattern of existing and planned competitive retailers and retail centers, especially centers comparable to the Project's proposed retail component. Examination of the area's geography and regional highway system will also contribute to the definition of this area. ALH Economics will additionally estimate the level of Project demand likely to be generated from within the market area versus other sources of demand.

To accomplish this task for the office component, ALH Economics will talk to commercial office real estate brokers and other parties active in the office market to learn about the nature and location of office nodes in and around Merced. This will include gaining an understanding of the nature of the office market, including occupier trends and product size and orientation. This research will be paired with analysis of the local transportation network to ascertain the geographical strengths and weaknesses of the Project location relative to other area office nodes. From this research, ALH Economics will identify the geographic markets anticipated to comprise the competitive market area for the Project's office component.

For the hotel component, ALH Economics will research the distribution and location of area hotels, identify the market draw for area hotel stays, and determine the geographic area within which a Project hotel would be most competitive.

Task 1.4. Conduct Site and Competitive Area Reconnaissance. ALH Economics will visit the Project location and competitive market areas. The purpose of these visits will be to understand the Project location vis-à-vis the competitive market areas, to visit and inventory competitive properties, and to assess prospective impacts on existing commercial retail space nodes, competitive office space nodes, and area hotels.

Task 2. Retail Analysis Tasks

Task 2.1. Demographic Estimates and Projections Compilation. Population and household demographic estimates and projections comprise a fundamental benchmark for purposes of ALH Economics' urban decay analyses for retail projects. Accordingly, effort will be required to compile population and household estimates and projections for the market area. These will likely be prepared using data from generally accepted government resources to the extent possible, but may also involve the acquisition of data from fee-based resources, such as Esri or Claritas, which are national vendors of economic and demographic data. This task will provide an opportunity to ensure that any future households generated by planned residential projects in the market area are included in the household projections. This will include planned residential units within the Project itself.

Task 2.2. Retail Demand Analysis. ALH Economics maintains a retail demand model that estimates market area retail spending potential based upon household counts, income, and consumer spending patterns. ALH Economics will prepare this analysis for the market area, and then estimate the level of demand for market area retail as a whole, including capture rate sensitivity analysis. The Project's implied retail capture rate will then be estimated by comparing the Project's estimated sales to the market area demand estimate, for the current population base and projected household growth.

Task 2.3. Existing Comparable Impacts. This task will examine the Project's sales absorption relative to the existing retail base, and assess the potential for existing retailers to experience negative sales impacts as a result of the Project. This analysis will be dependent upon qualitative findings from

fieldwork visits to the relevant market area shopping centers, including Downtown Merced. The purpose of the visits will be to identify relative retail niches, to generally assess the nature and strength of their operations, and to qualitatively assess the degree to which the Project's retail space may compete with existing stores and the associated level of sales losses that may be experienced by these types of stores.

Task 2.4. Existing Retail Base Impacts. ALH Economics has developed a quantitative approach to estimate the extent of existing area sales that might be diverted by new or expanded retailers. The approach takes into consideration the extent to which existing area retailers share in local or regional demand, the extent to which area retailers experience net regional attraction or leakage in key retail categories, and the anticipated distribution of the prospective retailer project's sales. The data points most critical to this analysis include estimated area sales data, a retail demand and sales leakage analysis, and the projected retail project sales.

This quantitative analysis will be paired with tours of competitive market area shopping centers, including Downtown Merced retailers. These competitive facilities will be identified through review of existing documents, internet research, and field research. The purpose of the tours will be to identify relative retail niches, to generally assess the nature and strength of their operations, and to qualitatively assess the degree to which the Project may compete with existing competitive stores or centers and the associated level of sales losses that may be experienced by these types of stores or centers.

Task 2.5. Cumulative Retail Impacts Analysis. In addition to examining the impact of the Project's retail component, the analysis will also consider the cumulative impacts of other retail centers either under construction or planned in the market area. This analysis will include projects known to the City of Merced or Merced County, as well as other relevant competitive market area locations, if any, for which entitlement applications have been submitted. Thus, retail projects with a reasonable expectation of being developed during or shortly after the timeframe of the Project will be incorporated into the analysis. ALH Economics will additionally coordinate with ESA to identify these cumulative retail projects, and to ensure the use of common assumptions regarding planned retail projects. The preceding store impact findings will be augmented through sensitivity analysis to include these projects.

Task 3. Office Analysis Tasks

Task 3.1. Research Office Market Statistics. ALH Economics will compile office market statistics for the competitive market area(s). To the extent possible, historical market data will be obtained, demonstrating the historical pattern of office real estate product development. If such data are not available, which may be the case for Merced in particular, this task will focus more exclusively on current market statistics, including amount of inventory, vacancy, absorption, and lease rates. These data will be obtained from real estate brokerage firms to the extent possible.

Task 3.2. Employment Estimates and Projections Compilation. Employment estimates and projections will comprise a fundamental benchmark for the office component of the urban decay analysis. Accordingly, employment estimates and projections will be compiled for Merced County (as projections for smaller geographic areas are not readily available). These will be prepared using generally accepted government resources to the extent possible, as well as other economic resources.

Task 3.3. Prepare Office Space Demand Projections. Pursuant to the Task 3.2 employment projections, coupled with qualitative research on the anticipated future office market potential, ALH Economics will

prepare long-term demand projections for office space in Merced County. The purpose of these demand projections will be to examine the impact of the Project in the context of the future anticipated growth in regional demand for office space, moderated to consider the local Merced market.

Task 3.4. Existing Office Impacts. ALH Economics will prepare estimates of the Project's impact on office space in the competitive market area. This will take into consideration the potential for the Project to compete with or divert demand away from existing office nodes serving Merced and other competitive areas. As the Project development horizon is phased, this task will seek to take into consideration the phased development program and the age of existing office space.

Task 3.5. Cumulative Office Impacts Analysis. In addition to examining the impact of the Project's office component, the analysis will also consider the cumulative impacts of other new office development projects under construction or planned in the competitive market areas. This analysis will include office projects known to the City of Merced and Merced County as well as other relevant competitive market area locations, if any, for which entitlement applications have been submitted. Thus, office projects with a reasonable expectation of being developed during or shortly after the timeframe of the Project will be incorporated into the analysis. ALH Economics will additionally coordinate with ESA to identify these cumulative office projects, and to ensure the use of common assumptions regarding planned projects.

Task 4. Hotel Analysis Tasks

Task 4.1: Overview of Local Market Conditions. ALH Economics will conduct a market overview of the lodging market in and around the City of Merced. The overview will focus on identifying Merced's market niche within the region (e.g., Merced County) and review recent and historic trends, such as occupancy rates, average daily room rates, and historic increase in supply. The performance trends will be compared to industry standards to gain an understanding of the relative performance of the hotel sector in Merced.

Task 4.2: Supply Analysis. ALH Economics will document the supply of hotels competitive with the Project's planned hotel component. This documentation will focus on hotels in and around Merced and will include property-specific information obtained from Smith Travel Research, including property name, type of hotel, date opened, number of rooms, average daily room rate, and amenities. This task will also include a review of competitive planned and proposed hotel products to the extent possible.

Task 4.3: Demand Analysis. A demand analysis for hotel rooms in Merced will be prepared to assess the degree to which demand will exist for net new hotel rooms in Merced. This demand analysis will take into consideration a range of factors, including historic changes in room supply, average daily room rate and occupancy trends, historic and projected trends in visitor spending on accommodations, and a derived room count or lodging expenditures capture for Merced.

Task 4.4. Prepare Operational Assumptions. ALH Economics will prepare estimated operational assumptions for the Project hotel. This will especially include an assumed occupancy rate and hotel classification (e.g., budget, midscale, upper midscale, upscale, and luxury). These assumptions will be critical to the impact analysis, for the hotel alone as well as cumulatively.

The hotel classifications range from the highest priced hotels, considered Luxury hotels, to the more budget-oriented Economy hotels. The additional classifications present in this market include Upscale, Upper Midscale, and Midscale.

Task 4.5: Hotel Market Impact Assessment. This task will assess the extent to which development of the Project hotel may or may not affect demand for hotel rooms at existing Merced hotels. The analysis will consider whether there is potential for new hotel rooms to satisfy pent up or otherwise unmet demand for hotel rooms in Merced. If these levels of demand exist then the analysis will conclude the Project hotel will not have a negative impact on existing hotels. If, however, sufficient demand does not exist to absorb the Project hotel rooms at an industry-acceptable occupancy rate, then the analysis will conclude that some existing hotels may experience lower occupancy rates as a result of the Project hotel development. The analysis will conclude if this lower occupancy rate will negatively affect existing hotels, especially to the extent of prompting the potential for existing hotel closure. The analysis will forecast impacts for the Project's first five years of operation.

Task 4.6. Cumulative Hotel Impacts Analysis. In addition to examining the impact of the Project's hotel, the analysis will also consider the cumulative impacts of other new hotel development projects under construction or planned in the competitive market areas. This analysis will include hotel projects known to the City of Merced and Merced County as well as other relevant competitive market area locations, if any, for which entitlement applications have been submitted. Thus, hotel projects with a reasonable expectation of being developed during or shortly after the timeframe of the Project will be incorporated into the analysis. ALH Economics will additionally coordinate with ESA to identify these cumulative hotel projects, and to ensure the use of common assumptions regarding planned projects.

Task 5. Conclusions and Report Preparation

Task 5.1. Urban Decay Determination. Based upon the preceding task findings, ALH Economics will develop an estimate of the extent to which development of the Project may or may not contribute to urban decay. These findings will be presented for both proposed land uses. In order to establish baseline conditions for this analysis, a general visual assessment of existing warehouse and retail space occupancies/vacancies and building conditions will be conducted, and any general areas of existing or potential physical deterioration will be noted. This will be part of the earlier Reconnaissance task.

A determination that the Project could result in potential urban decay would need to be predicated upon a finding of negative economic impact so severe that large-scale warehouse properties used for fulfillment center purposes or retail properties might become vacated as a result and that it would be expected that, those buildings and/or property, rather than being reused within a reasonable time, would remain vacant, deteriorate, and lead to the decline of the associated or nearby real estate. If ALH Economics finds no or minimal negative impact, then urban decay would not be a logical result. However, building vacancy alone is not sufficient to cause urban decay, as such vacancy could provide an opportunity for properties to be redeveloped for other purposes, or for property owners to engage in economic development efforts to improve properties. Therefore, ALH Economics will reach out to industrial and retail brokers active in and around the competitive market areas or local government officials to obtain their perception of the potential for alternative land use development scenarios for vacated industrial and retail properties. If relevant, local planning documents will be examined to determine long-term planning goals for impacted areas.

Task 5.2. Report Preparation. ALH Economics will prepare a succinct report documenting the urban decay study tasks, approach, and findings. Quantitative findings relevant to the report will be fully documented and attached as exhibits. An Administrative Draft of the report will be submitted to ESA for review. The report will then be finalized upon receipt of a consolidated set of review comments from ESA as well as the City of Merced.

Phase II: Progress Conference Calls

ALH Economics will participate in progress conference calls on the Project, either on the phone or via Zoom or other electronic meeting platform. The number of meetings will be mutually determined as the work progresses, but will be limited in number. ALH Economics will be available to obtain Project information, coordinate assumptions, share findings, or participate in any other manner appropriate for the scheduled calls.

Phase III: Public Process

Task 1. Response to Public Comments

ALH Economics will review any relevant public comments submitted following distribution of the urban decay report. We will provide written responses if warranted for public distribution. Our Project fee estimate assumes no more than 8 hours of staff time required for this task. Any time commitment above this level will require additional fees. This will especially be the case if any expert reports or memorandums are submitted, including during the public process after completion of the FEIR.

Task 2. Public Hearing Attendance

ALH Economics' Project management can be available to attend public hearings relevant to the Project. This assumes no prior conflicts associated with the meeting dates. Other provisions may need to be made if such conflicts occur, such as the submission of additional written documents for the public record. The cited budget includes participation in up to two public hearings.

ANTICIPATED BUDGET

ALH Economics estimates a budget for this assignment totaling \$72,000, including expenses for data, travel, and lodging.

October 29, 2021

(SENT VIA EMAIL)

Christina Erwin
Environmental Planning Program Manager
Environmental Science Associates
2600 Capitol Avenue, Suite 200
Sacramento, CA 95816
cerwin@esassoc.com

Subject: Proposal for Engineering Services – University Vista Project Water Supply Assessment

Dear Ms. Erwin,

Black Water Consulting Engineers (Black Water/Consultant) sincerely appreciates the opportunity to submit this scope of work to Environmental Science Associates (Client/ESA) for engineering services to complete Water Supply Assessment (WSA) for the University Vista Project (Project) in Merced, CA. We have reviewed the project description and have prepared the attached scope and fee to complete for the requested services. We understand the WSA will support the Project Environmental Impact Report and will include review and coordination with the City of Merced.

Our staff has experience working with agencies such as the City of Merced to evaluate water supply to serve existing and future development projects who see us as a top water and wastewater consulting firm. We have a specialized and highly trained team, as well as a comprehensive network of subconsultants and disciplines whose expertise is available to all of our clients.

Again, we appreciate the invitation to submit to you this proposal and express our interest in working with you. We consider this a terrific opportunity for Black Water. Should you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,



Aja Verburg, P.E. 73020
Vice President

**ENGINEERING SERVICES FOR
UNIVERSITY VISTA PROJECT
WATER SUPPLY ASSESSMENT**

MERCED, CA

October 29, 2021

Black Water Consulting Engineers, Inc. (Black Water) is pleased to submit this Scope of Work (SOW) and fee estimate to Environmental Science Associates (Client) to prepare a Water Supply Analysis (WSA) for the City of Merced's University Vista Project (Project). The Project includes the development of a large mixed-use community in the City of Merced (City). The 291-acre parcel is located on the northwestern corner of Lake and Bellevue roads, directly adjacent to the University of California, Merced campus. The Project proposes 4,176 dwelling units consisting of mixed-use housing, student housing, apartments, townhomes, and single-family homes. Non-residential uses would consist of approximately 778,400 sf of commercial space and "employment centers," a central park, walking trails, environmental zones, and a hotel/hospitality zone next to Lake Yosemite. It is expected that the project will be built out in approximately 10 years and in three separate phases. Approvals for the project include annexation to the City, which would require a general plan amendment. Construction of the first phase is expected to begin in spring 2023.

Task 1 – Project Meetings and Administration

This task includes Project correspondence and meetings with the Client, City, other consultants and stakeholders via telephone or virtual meetings.

Administration includes general office and overhead activities directly attributed to tracking and managing the progress of the project. Typical tasks included phone calls, copying and production, budget and schedule tracking, resource allocation, and invoicing.

Deliverables: Detailed monthly invoices

Task 1 Fee: \$4,090

Task 2 – Resource Documents, Information, and Data Review

Black Water staff review the City's 2020 Urban Water Management Plan (UWMP) to determine available water supply and current projected demand. Black Water will also review Project materials available that will assist in projecting the Project's water supply requirements.

Deliverables: Requests for Information

Task 2 Fee: \$2,652

Task 3 – Water Supply Assessment

Black Water will prepare a WSA for the Project to determine if the City has adequate water supply to meet projected water demands for its current users and projected future users for the new development. The WSA will include, at a minimum:

- Water System Background Information
- Summary of the Project
- Description of the water supply that includes:
 - Existing water supply
 - Future supply
- Supply impacts consistent with the Merced Groundwater Subbasin Groundwater Sustainability Plan
- Current and future water demand projections from the City of Merced 2020 UWMP
- Project water demand analysis
- 20-year supply and demand projections with water demand for the Project for:
 - Average year
 - Single Dry Year
 - Five Consecutive Dry-Years
- Entitlements or regulatory approvals
- Description of project impacts
- Determination of supply availability for the Project water demands
- Identification of potential supply sources, as applicable

A Draft WSA will be submitted for Client and City review and comment. The Final WSA will incorporate revisions and comments received.

Deliverable(s): Draft and Final WSA

Task 3: \$25,916

TOTAL FIXED FEE (Tasks 1-3): \$32,658

Schedule:

1. Project Kick-Off: December 6, 2021
2. Draft WSA: January 12, 2022
3. Final WSA: February 11, 2022

Tasks will be invoiced on a percent complete basis. Additional services may be provided as requested by the Client per Black Water's current rate schedule.

Exclusions:

1. Design
2. Construction drawings and specifications
3. Survey and right-of-way research
4. Agency/Permitting fees
5. Additional documents not specifically listed as Deliverables

Attachments: Black Water 2021 Fee Schedule