



**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

September 12, 2018

Sandra Moberly  
Community & Economic Development Director  
Town of Mammoth Lakes  
Community Development Department  
P.O. Box 1609  
Mammoth Lakes, California 93546

**ADVISORS IN:**  
Real Estate  
Redevelopment  
Affordable Housing  
Economic Development

**SAN FRANCISCO**  
A. Jerry Keyser  
Timothy C. Kelly  
Debbie M. Kern  
David Doezema

**LOS ANGELES**  
Kathleen H. Head  
James A. Rabe  
Gregory D. Soo-Hoo  
Kevin E. Engstrom  
Julie L. Romey

**SAN DIEGO**  
Paul C. Marra

Dear Ms. Moberly:

Keyser Marston Associates, Inc. (KMA) is pleased to submit the following proposal to provide financial consulting services to the Town of Mammoth Lakes (Town). Specifically, KMA is proposing to assist the Town in the initial stages of the disposition process for approximately 25 acres of land owned by the Town adjacent to the Town's Downtown zoning district (Site). The Site is commonly referred to as the "Shady Rest Parcel."

## **BACKGROUND**

The Town utilized general funds to purchase the Site for \$6.50 million earlier this year. The Site is currently designated as High-Density Residential 1 (HDR-1) in the Town's General Plan and Residential Multi-Family 1 (RMF-1) with an Affordable Housing Overlay Zone in the Town's Zoning Code. Furthermore, the Shady Rest Master Plan limits the Site's density to 172 units plus density bonuses pursuant to California Government Code Sections 65915-65918 (Section 65915) and Town provisions.

The Town is interested in attracting development of the Site with a combination of for-sale and rental residential uses. In addition, the Town's goal is to maximize the number of affordable units that can be constructed on the Site. In particular, the Town would like to develop residential uses that are targeted towards a diverse economic mix of local residents ranging from very-low income households up to households earning up to 200% of the Area Median Income (AMI).

## **PROPOSED SCOPE OF SERVICES**

It is our understanding that the Town is in the process of evaluating development alternatives for the Site. As an initial task, KMA proposes to evaluate the financial feasibility of developing the Site based on the Site's current zoning restrictions. The scope of services for this first task can be described as follows:

### **Task #1: Analysis of Base Zoning Scenario**

KMA proposes to work with Town staff to conceptualize the development parameters of the Base Zoning Scenario for the Site. KMA envisions that the Base Zoning Scenario will include a combination of the following:

1. Product types:
  - a. For-sale residential component(s); and
  - b. Rental residential component(s).
2. Income Mix: A mix of affordability levels up to 200% AMI; and
3. Financing Structures:
  - a. Outside leveraging sources will be identified and applied to the units targeted to households earning less than 80% of AMI.
  - b. Conventional financing will be assumed for the units between 80% and 200% of AMI.

Once the development scope of the Base Zoning Scenario has been agreed upon, KMA will prepare a conceptual pro forma analysis to evaluate the financial feasibility of the Base Zoning Scenario. The results of the KMA analysis will be used to assist the Town in assessing the potential for a zoning compliant project to achieve financial feasibility.

### **Task #1 Information Needs**

To undertake the proposed analysis for Task #1, KMA requests the following information:

1. Any conceptual site planning information the Town has compiled previously for the Site.
2. Bubble diagrams illustrating the component parts of the Base Zoning Scenario;
3. Order-of magnitude cost estimates for the following project components for the Base Zoning Scenario:
  - a. The off-site and on-site infrastructure improvements that will be required by the Town; and
  - b. The public permits and fees costs that will be imposed by the Town and any other applicable public entity such as schools and special districts.
4. The currently applicable utilities allowances for the affordable housing components.

### **Additional Tasks**

It is our understanding that the Town may also wish to request KMA to provide assistance with additional analyses that have not yet been identified. These additional tasks may include the following:

1. Providing feedback on concepts being considered by the Town staff;
2. Identification of potential funding sources for the project components targeted to households earning less than 80% of AMI; and
3. Additional conceptual pro forma analyses of alternate development scenarios.

### **TIMING/BUDGET**

#### **Task #1**

KMA proposes to complete the Task #1 scope of services within four weeks of receiving authorization to the proceed, and the information requested in this proposal letter. The budget for Task #1 is estimated at \$10,000. This budget includes the following scope of services:

1. Participation in the creation of the Base Zoning Scenario;

2. Preparation of a conceptual pro forma analyses for the Base Zoning Scenario;
3. Preparation of a memorandum that summarizes the analysis and conclusions derived from the conceptual pro forma analysis;
4. As needed, participation in teleconferences with the Town staff; and
5. Attendance at one in-person meeting in Mammoth Lakes.

**Additional Tasks**

KMA proposes that the Town allocate a \$15,000 budget for additional tasks that the Town staff may request. KMA will undertake the additional tasks on a time-billed basis in accordance with the following billing rate schedule.

Managing Principals	\$280.00
Senior Principals	\$270.00
Principals	\$250.00
Managers	\$225.00
Senior Associates	\$187.50
Analysts	\$130.00
Administrative Staff	\$80.00

KMA will inform the Town staff once the \$15,000 budget is depleted to less than \$2,500. KMA will not undertake any tasks that will result in a budget overrun without prior approval from the Town staff.

KMA appreciates the opportunity to submit this proposal. Please do not hesitate to contact me if this proposal can be modified to better meet your needs.

Sincerely,

Keyser Marston Associates, Inc.



Kathleen Head