# Cusumano Real Estate Group

July 18, 2006

Via hand delivery

Ms. Tracy Steinkruger
Planning Division
City of Burbank
275 East Olive Avenue
Burbank, California 91502

Re: Burbank 2035 Plan

Dear Tracy:

I have made a cursory review of the Burbank 2035 Plan, and have a couple of questions, as follows:

1) I see no reference to any sort of discretionary "Development Opportunity Reserve" that would allow future Councils to exceed the height/density limits for certain projects; is this something that you think could or should be a part of a plan?

2) In trying to understand the FAR limitations outlined in the Plan, I have created a chart to reflect the proposed new limits; can you review and let me know if I have accurately reflected the new constraints that you propose?

3) Do you suggest that the density limitations be on a strict "FAR" basis or an "OEFAR" basis? There seems to be references to both, but it appears that the caps are referenced in a strict FAR basis.

4) The densities proposed for most areas in the City are drastically below the current permitted densities, and are well below the densities proposed by the City in the May 6, 2008 report to the City Council (copy of exhibit B – density summary attached). Why is this? It seems to me that the proposed densities are so low as to make redevelopment of most sites not viable. And I question why certain targeted redevelopment areas, which are near transportation and away from residential neighborhoods, are given such low density limits. For example, the Bormann Steel site is within a redevelopment zone, is adjacent to the transportation hub, and is zoned to allow for up to 18 stories in height in the City Centre Specific Plan, but receives a 0.80 FAR density allocation. Why is that? The whole idea of good planning should be to put density near transportation and away from residential neighborhoods, but in many instances, this plan does the opposite. Look at the Westwind site. Again, part of the South San Fernando Redevelopment project area, right on the freeway off ramp; a great site for denser development, but limited to a 1.0 FAR. Westwind cannot ever redevelop that site if they are limited to a strict 1.0 FAR. We need to consider the long term impacts of development restrictions that make Burbank much less competitive with surrounding communities.



101 South First Street, Suite 400 Burbank, California 91502 telephone (818) 841-5800 telefax (818) 845-8945

5) I raise the same questions regarding residential densities. We recently had a discussion about developing the South San Fernando site at Santa Anita with an affordable housing project. The plan that we developed was for 100 units (in three stories – not overly dense) on 66,700 square feet of land, or a density of 65 units per acre. The plan doesn't recognize that downtown, affordable and senior housing projects are often better fits in the community at higher densities. Our Olive Plaza Senior Apartments is probably the best senior community in the entire county, but has a density of 143 units per acre. Further, this complex has 46 units that are rent and income restricted in perpetuity, and was developed without financial participation from the City or Agency, and was still economically viable because of the density. Does the City want to forgo those opportunities in the future?

6) Many of the photographs in the report are mislabeled as to the current and proposed zone in which they exist, which gives the reader the false impression that the noted projects could be developed in those proposed zones, when in fact, they can't. For example, the photo of the Burbank Collection on page 3-14 identifies the land use as "High Density Residential" when in fact, that particular land use for that project is "Downtown Commercial" and the project as developed could not be built under either designation under the proposed plan as its density exceeds either proposed limits. Further, the photo of Market City Café on page 3-15 identifies the land use as Corridor Commercial when it is in fact "Downtown Commercial", and is silent to the fact that such a project could not be built on virtually any of the proposed Corridor Commercial sites.

The following are other areas of concern within the draft that we would like to have further explanations of:

**Section 3 - Land Use**

- Page 8, Policy 7.6:

  "*Require new development projects to incorporate bicycle parking areas, showers, lockers, and other facilities and amenities that support non-motorized transportation modes and pedestrians.*"

- Page 31 under Zoning Ordinance heading:

  "*Consider creating a public facilities zone.*"

**Section 4 - Mobility**

- Page 3, Goal 2 -Sustainability

  Policy 2.4:

*"Require new development to contribute to the City's transit and/or non-motorized transportation network in proportion to its expected traffic generation to offset congestion impacts."*

- Page 5, Goal 5 Bicycle and Pedestrian Mobility

  Policy 5.2:

  *"Implement the Bicycle Master Plan."*

  Policy 5.4:

  *"Ensure that new commercial and residential developments integrate with Burbank's bicycle and pedestrian networks."*

- Page 6, Goal 7 - Parking

  Policy 7.4:

  *"Revise commercial and residential parking requirements to support the City's objectives of limiting new vehicle trips, incentivizing transit use, promoting non-motorized transportation, fostering adaptive reuse of underperforming commercial development, and improving housing affordability."*

- Page 30, M-3: Transportation Management Districts

  *"This program establishes a new commercial and mixed-use development standard to limit a building's FAR based on its geographical location, trip generating characteristics, and other transportation factors."*

  *"Trip generation of a given building or land use type would be defined by the Institute of Transportation Engineers' "Trip Generation Handbook" or a similar source, but adjusted to account for travel behavior and patterns particular to urban settings in Burbank that exhibit mixed-use development, transit availability, and other factors."*

- Page 31, Bullet Point 3 in First Section:

  *"Develop an administrative system for reviewing applications, exceptions, and adjustments to the OE-FAR for projects that can demonstrate actual impacts on the street network that may be higher or lower than standard rates. Develop systematic adjustments to standard trip generation rates to account for Burbank's unique local conditions."*

- Page 35, Program M-10: Transportation Demand Management

*"Burbank will continue to use TDM strategies to reduce peak-period demand on the street network as an alternative to adding transportation capacity. The city will expand current programs to wider geographic areas and use parking pricing to optimize use of scarce transportation resources."*

*"Expand the City's employer-based TDM Ordinance to include the Golden State and Empire Corridor areas, and other areas with high employment concentration."*

I would ideally like to work with City staff to revise a General Plan that could be universally endorsed by the entire community. Such a plan would need to include provisions that would encourage economic development and the support the long term financial stability of the City and the community.

A sub-committee of the Board of Directors of the Burbank Chamber of Commerce would like meet with City Planning Staff to further discuss these issues so that we can develop revisions to the plan that provide for long term strategic planning that includes consideration for economic development. There is much in the plan that is well thought out and will be beneficial to the community if we are able to also recognize the long term economic goals of the community as well.

Best regards,

Michael Cusumano

Burbank 2035

| | Residential Density | Residential Height Limit | Commercial Density | Commercial Height Limit | 2008 Proposal |
|---|---|---|---|---|---|
| Low Density Residential | 0-14 units per acre | 2 story | not permitted | N/A | N/A |
| Medium Density Residential | 14-29 units per acre | 2 story | not permitted | N/A | N/A |
| High Density Residential | 29-43 units per acre | 2 story | not permitted | N/A | N/A |
| Corridor Commercial - adjacent to residentail | 27 units per acre | 2 story | 0.5 FAR | 2 story | 1.00 FAR |
| Corridor Commercial -not adjacent to residentail | 43 units per acre | 3 story | 0.75 FAR | 3 story | 1.00 FAR |
| Regional Commercial | 58 units per acre | 5 story | 1.25 FAR | 5 story | 1.00 FAR |
| Industrial | | | | | |
| Open Space | | | | | |
| Institutional | | | | | |
| Airport | | | | | |
| Downtown Commercial | 58 units per acre | none | 2.50 FAR | none | 2.00FAR |
| South San Fernando Commercial | 43 units per acre | none | 1.0 FAR | none | 1.00 FAR |
| North Victory Commercial/Industrial | 27 uits per acre | none | 0.80 FAR | none | 1.50 FAR |
| Rancho Neighborhood | 27 units per acre | none | 0.40 FAR | none | .60 FAR |
| Media District Commercial | 58 units per acre | none | 1.10 FAR | none | 1.10 FAR |
| Golden State Commercial/Industrial | none | none | 0.6 FAR | none | .50 FAR |
| Industrial | 27 units per acre | none | 0.75 FAR | none | |

## OE FAR and Other Use Examples

| Geographic Area | Office (OE baseline) | Media Office | Medical Office | Retail | Low Turnover Restaurant | High Turnover Restaurant | Light Industrial | Residential equivalent (for reference only) |
|---|---|---|---|---|---|---|---|---|
| **City Center (Downtown)** | 2.00 | 2.66 | 0.98 | 1.41 | 1.30 | 0.46 | 3.20 | 235 du/ac |
| **City Center Lake** | 1.50 | 2.00 | 0.74 | 1.06 | 0.98 | 0.35 | 2.40 | 176 du/ac |
| **City Center West** | 1.00 | 1.33 | 0.49 | 0.70 | 0.65 | 0.23 | 1.60 | 117 du/ac |
| **South San Fernando** | 1.00 | 1.33 | 0.49 | 0.70 | 0.65 | 0.23 | 1.60 | 117 du/ac |
| **Media District** | 1.10 | 1.46 | 0.54 | 0.77 | 0.72 | 0.25 | 1.76 | 129 du/ac |
| **Rancho** | 0.60 | 0.80 | 0.29 | 0.42 | 0.39 | 0.14 | 0.96 | 70 du/ac |
| **Golden State** | 0.50 | 0.67 | 0.25 | 0.35 | 0.33 | 0.12 | 0.80 | 58 du/ac |
| **Empire** | 1.00 | 1.33 | 0.49 | 0.70 | 0.65 | 0.23 | 1.60 | 117 du/ac |
| **All other areas** | 1.00 | 1.33 | 0.49 | 0.70 | 0.65 | 0.23 | 1.60 | 117 du/ac |

lotes:

- This table is not a comprehensive list of all use categories and shows a sampling of the most common use types
- All other areas includes Magnolia, Burbank, West Victory, South Victory, Hollywood Way, portions of Alameda, Olive, and North San Fernando, Glenoaks, and any other area not included in another geographic category
- Each FAR could be increased by up to 30 percent for projects incorporating Transit Demand Management strategies, pedestrian amenities, transit access, etc.
- 1.10 FAR in the Media District is consistent with current Media District Specific Plan
- 0.60 FAR in the Rancho area and 1.00 in all other areas (i.e. corridors) assumes any new development would generally be of equivalent intensity to existing development, with no increase in intensity (except through use of DOR or TDR when approved)

# EXHIBIT B

# Cusumano Real Estate Group



August 26, 2011

Via Hand Delivery

Ms. Tracy Steinkruger
Planning Division
City of Burbank
275 E. Olive Avenue
Burbank, CA 91502

Re: Burbank 2035 Plan

Dear Tracy:

Thank you for meeting with us to review the Burbank 2035 Plan. To follow up, we have a few observations and suggestions:

Commercial Densities; The densities proposed for most areas in the City are drastically below the current permitted densities, and are well below the densities proposed by the City in the May 6, 2008 report to the City Council. Further, uses are now reviewed for density compatibility under the FAR review part of the land use section and for traffic impact compatibility under an OEFAR analysis under the mobility section. It seems to me that the proposed densities are so low as to make redevelopment of most sites not viable. And I question why certain targeted redevelopment areas, which are near transportation and away from residential neighborhoods are given such low density limits. For example, Bormann Steel site is within a redevelopment zone, is adjacent to the transportation hub, and is zoned to allow up to 18 stories in height in the City Centre Specific Plan, but receives a 0.80 FAR density allocation. The whole idea of good planning should be to put density near transportation and away from residential neighborhoods, but in many instances, this plan does the opposite. Look at the Westwind site, again, part of the South San Fernando Redevelopment project area, right on the freeway off ramp, a great site for denser development, but limited to a 1.0 FAR. Westwind cannot ever redevelop that site if they are limited to a strict 1.0 FAR. We need to consider a long term impacts of development restrictions that make Burbank much less competitive with surrounding communities. Further, all elements incorporated in to the 2035 plan should include an economic impact

101 South First Street, Suite 400 Burbank, California 91502 telephone (818) 841-5800 telefax (818) 845-8945

analysis and its affect on the financial resources potential (or lack of) to the City of Burbank as it relates to the mature level of service delivery and expectations of its community's citizens. Suggestion: First, we propose that the Maximum FAR for the North Victory Commercial Area (with some of the best access in the City to mass transit, freeways, Chandler bike path, etc.) should be increased from 0.8 to 1.1. Secondly, we propose that the plan include provisions whereby the "by rights" benchmark densities provided for in the land use element may be increased by up to 100% through the use of the P.D. process, which would include public hearings and discretionary approval by the Planning Board and Council. This will allow for exceptional projects to go forward with higher densities if they are able to demonstrate their overall value to the community.



Residential Densities: I raise the same questions regarding residential densities. We recently had a discussion about developing the South san Fernando site of Santa Anita with an affordable housing project. The plan we developed was for 100 units (in three stories, not overly dense) on 66,700 square feet of land, or a density of 65 units per acre. The plan doesn't recognize that downtown, affordable and senior housing projects are often better fits in the community at higher densities. Our Olive Plaza Senior Apartments is probably the best senior community in the entire county, but has a density of 143 units per acre. Further, this complex has 46 units that are rent and income restricted in perpetuity, and was developed without financial participation from the City or Agency, and was still economically viable because of density. Does the City want to forgo those opportunities in the future? Since higher densities in downtown area does not negatively impact traffic, why not encourage it? Suggestion: We propose that the plan include provisions whereby the "by rights" benchmark densities provided for in the land use element may be increased by up to 100% through the use of the P.D. process, which would include public hearings and discretionary approval by the Planning Board and Council. This will allow for exceptional projects to go forward with higher densities if they are able to demonstrate their overall value to the community. Also, we wanted to confirm that the FAR caps applied exclusively to the non-residential uses and the per unit density caps apply exclusively to the residential uses, and that they are address independently of each other. For example, a South San Fernando Commercial site would be entitled to develop up to 43,560 sf of commercial space (the 1.0 FAR) and 43 units of residential use on the same site as a mixed use development, with the FAR limit applying only to the commercial use and the units per acre limit applying only to the residential use.

Bike Facilities: Regarding the suggestion that the Plan require most of new development projects to incorporate bicycle parking areas, showers, lockers and other facilities and amenities that support non-motorized transportation modes and pedestrians, we believe this is good as long as it is structured in a such a way as to not adversely impact smaller developments. We suggest smaller projects (less than 50,000 square feet) consider

providing bicycle parking areas, while larger projects consider including shower and lockers as well.

Future Development: In regards to the General Plan Forecast Development Sites (dated April, 2008), we assume this will be the basis for traffic and EIR studies that will take place in conjunction with the adoption of Burbank 2035. Accordingly, we suggest that we revisit that document and update it to take into consideration what can reasonably be expected to be built over the next 24 years, given what we know today that we did not 3 years ago. For example, I don't think that the Menasco campus will be developed with 872,238 square feet of office, and we should check with Jim O'Neil to confirm what their more recent plans are; likewise, it appears to me to be unlikely that Opportunity site 6B will be developed to 362,552 square feet, nor will the B-6 site be developed into more than a million square feet of industrial space.

In closing, we believe that these subtle, but important modifications to the Plan will provide all of the protections that were contemplated under the draft, but will allow the flexibility for economic development in the future for projects that are well conceived and well mitigated. The changes being contemplated in this plan needs to maintain a macro vision that manages the needs of a mature community's quality of life issues as well as the support the financial resources required by the municipality to provide for those needs.

Best regards,

Michael Cusumano

cc: Michael Forbes, David Kriske

Hogan Lovells

PLANNING DIVISION

2011 AUG 31 P 1:35

ALLEN W. HUBSCH
(310) 785-4741
allen.hubsch@hoganlovells.com

Hogan Lovells US LLP
1999 Avenue of the Stars
Suite 1400
Los Angeles, CA 90067
T +1 310 785 4741
F +1 310 785 4601
www.hoganlovells.com

August 30, 2011

VIA E-MAIL AND OVERNIGHT DELIVERY

Tracy Steinkruger, Senior Planner
Community Development Department
City of Burbank
150 North Third Street
Burbank, California 91502
E-mail: tsteinkruger@ci.burbank.ca.us

Re: Burbank General Plan Update

Ladies and Gentlemen:

Thank you for this opportunity to comment on the draft Burbank General Plan.

I am a member of the Land Use Coalition of Public Counsel's Early Care and Education Law Project. Public Counsel is the nation's largest pro bono law firm. One of the missions of the Land Use Coalition is to engage planning agencies in collaborative efforts to improve the child care infrastructure in Los Angeles County.

The Office of Child Care of the Chief Executive Office of Los Angeles County periodically conducts comprehensive child care needs assessments within the County of Los Angeles. The needs assessment for the City of Burbank shows a substantial shortfall of childcare services in all three reported categories: infant childcare, pre-school childcare and school age (i.e., after-school) childcare. See attached spreadsheet and the website of the Office of Childcare, County of Los Angeles, http://gismap.co.la.ca.us/childcare.

Childcare is not only extremely important to working families, it is important to the communities in which they live and work. In January 2008, the County of Los Angeles partnered with several other agencies to author "The Economic Impact of the Early Care Education Industry in Los Angeles County". http://ceo.lacounty.gov/ccp/pdf/LA%20Economic%20Impact%20Report-Jan08.pdf. I have included a copy of this report about the importance of childcare to our communities, and I urge you to review it.

In December 2007, the County of Los Angeles Child Care Planning Committee adopted a strategic plan entitled "Forging the Future: The Strategic Plan for Child Care and Development for Los Angeles County". http://ceo.lacounty.gov/ccp/pdf/Strategic%20Plan1-%20Web-final.pdf. The Planning Committee serves as the local child care planning council for Los Angeles County as mandated by AB 2141; Chapter 1187, Statutes of 1991. One of the pertinent objectives adopted by the Planning Committee in the Strategic Plan are:

> "Continue working to reduce barriers due to zoning regulations and expensive permit requirements in cities throughout the County";

A word search of the Land Use Plan reveals that the only reference to childcare in the Land Use Plan is in the context of small daycare facilities in residential areas, for which state law exempts local regulation in any event. While small residential daycare is valuable, these facilities are not sufficient to serve the needs of a community as large as Burbank. I would suggest some small, but very important, revisions to the Land Use Element. See the handwritten comments and Insert "A" which are attached to this letter.

I would welcome the opportunity to discuss further with you in person or by telephone.

Yours truly,

Allen W. Hubsch

cc: Karla Howell, Esq., Public Counsel (via e-mail, w/encl.)

INSERT "A"

**Policy 6.8:** Encourage the development of a range of childcare facilities in commercial land use designations, including infant care, pre-school care and after-school care, to promote economic development and serve the needs of working families.

**Policy 6.9:** Reduce barriers to childcare services due to zoning regulations and expensive permit requirements.

Office of Child Care SERVICE INTEGRATION BRANCH

# 2006 Child Care Needs Assessment Reporting Tool

**Step 1: Select a Report Type**

- (•) Option 1: Report by Zipcode
- ( ) Option 2: Report by Census Tract
- ( ) Option 3:Report by SPA

Start Over

**Step 2: Select a Zip Code**

Enter a Zip Code : Submit

Select a Community: Select from List

Clicking on the map will also add a tract.

**Help and Information**

- Explanation and sources of the data
- How to Print the Report
- How to Copy the Report to a Spreadsheet
- Contact us:
- 2004 Data

| | | Infant Estimates | | | | | | | | | Pre-School Estimates | | | | | | | | School Age Estimates | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Use by Type | | | Licensed Capacity | | Surplus or Shortfall | | | | Use by Type | | | Licensed Capacity | | Surplus or Shortfall | | | | Use by Type | | | Licensed Capacity | | Exempt | Surplus or Shortfall | |
| Remove | ZipCode | Number of Children | With Working Parents | Center | Family Child Care | License Exempt | Center | Family Child Care | Center | Family Child Care | Number of Children | With Working Parents | Center | Family Child Care | License Exempt | Center | Family Child Care | Center | Family Child Care | Number of Children | With working Parents | Center | Family Child Care | License Exempt | Lic. Center | Family Child Care | Capacity (some zip codes) | Center | Family Child Care |
| Remove | 91501 | 446 | 242 | 36 | 50 | 156 | 14 | 31 | -21 | -19 | 923 | 478 | 303 | 63 | 112 | 374 | 55 | 71 | -8 | 1676 | 1192 | 236 | 80 | 876 | 46 | 35 | 70 | -120 | -45 |
| Remove | 91502 | 310 | 231 | 34 | 48 | 149 | 0 | 23 | -34 | -25 | 634 | 384 | 243 | 51 | 90 | 161 | 39 | -82 | -11 | 1173 | 757 | 150 | 51 | 557 | 37 | 26 | 0 | -113 | -25 |
| Remove | 91504 | 599 | 403 | 59 | 84 | 260 | 42 | 42 | -18 | -41 | 1208 | 709 | 449 | 94 | 166 | 303 | 79 | -146 | -15 | 2322 | 1614 | 320 | 108 | 1186 | 35 | 45 | 100 | -184 | -63 |
| Remove | 91505 | 745 | 457 | 67 | 95 | 295 | 83 | 66 | 16 | -29 | 1494 | 942 | 597 | 124 | 220 | 681 | 126 | 84 | 2 | 2497 | 1905 | 377 | 128 | 1400 | 91 | 69 | 275 | -12 | -59 |
| Remove | 91506 | 427 | 275 | 40 | 57 | 177 | 37 | 38 | -3 | -20 | 863 | 509 | 322 | 67 | 119 | 396 | 68 | 74 | 1 | 1614 | 1105 | 219 | 74 | 812 | 116 | 41 | 140 | 37 | -33 |
| | **Total:** | 2527 | 1608 | 236 | 334 | 1037 | 176 | 200 | -60 | -134 | 5122 | 3022 | 1914 | 399 | 707 | 1915 | 367 | 1 | -31 | 9282 | 6573 | 1302 | 441 | 4831 | 325 | 216 | 585 | -392 | -225 |

# Forging the Future:

## The Strategic Plan for Child Care and Development for Los Angeles County

**Revised December 2007**

**Prepared by the County of Los Angeles Child Care Planning Committee**

## Outcome Area I: Consistently High Quality

***Goal: Ensure standards of quality in early care and education and supervised school age settings.***

| **Strategy 1.** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
|---|---|---|
| Facilitate the development and implementation of standards of quality that apply to all types of providers and which will help improve the quality of early care and education experiences for children. | 1. Ensure alignment of standards among Los Angeles Universal Preschool (LAUP), California Department of Education, Child Development Division (CDE/CDD) Desired Results for Children and Families, Infant/Toddler Learning and Development Foundations, Preschool Learning Foundations, and national accreditation standards as the standards are further refined for Steps to Excellence Project (STEP). (2010)<br>2. Develop a statement of quality to be promoted with all school-age programs that emphasizes the whole child including social/emotional, physical and academic components. (2008)<br>3. Ensure wider access to supports for quality improvement through a variety of venues and sources, including state and federally funded training. (2008-11)<br>4. Develop recommendations for improving the quality of care provided by license-exempt individual providers. (2008-10) | Enable all types of settings and program types to meet the higher standards. |
| **Strategy 2.** | **Objectives (2008-2011)** | ***Long Term Objectives(2013)*** |
| Develop an evaluation and certification process for centers and family child care homes based on accepted quality standards. | 1. Complete and evaluate the pilot implementation of STEP. (2009)<br>2. Fifteen (15) percent of centers and five (5) percent of family child care homes will meet 4 or 5 star qualifications or have obtained national accreditation. (2011)<br>3. Promote statewide support for a quality rating system. (2008-11)<br>4. Ensure an adequate supply of knowledgeable, appropriately trained, reliable, and objective reviewers using the standard assessment tools for quality rating systems. (2010) | Expand STEP participation to include at least half of centers and homes.<br><br>At least half of all participating centers and homes will rate 3 stars or better. California has approved and funded a quality rating system that includes key components of STEP.<br><br>The public is knowledgeable about the quality rating system for early care and education settings. |
| **Strategy 3.** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
| Create links between government subsidies for early care and education services and evaluation and certification results. | 1. Work with stakeholders to develop a policy for linking funding to quality. (2008-2011) | Enact legislation that implements and funds the recommended policy linking funding to quality which includes an appropriate appeals process. |

## Outcome Area II: Well Qualified and Well Compensated Workforce

***Goal: Ensure that staff in early care and education, and supervised school-age enrichment programs are well-qualified and well-compensated.***

| Strategy 1 | Objectives (2008-2011) | *Long Term Objectives (2013)* |
|---|---|---|
| Develop policies and initiatives that enable early care and education and school-age care personnel to earn wages comparable to workers in other fields with similar qualifications. | 1. Update and broadly promote the model compensation scale. (2008)<br>2. Using the model compensation scale and true cost of quality sample budgets, develop recommendations for appropriate government funding which recognizes levels of quality in early care and education services. (2008-09)<br>3. Conduct an updated compensation study to measure changes in compensation levels for child development teachers. | Enact legislation that implements and funds the recommended policy linking funding to quality. |
| **Strategy 2** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
| Facilitate standards and practices that enable early care and education and school-age care personnel to meet professional standards and demonstrate core competencies in their work with children. | 1. Continue to encourage alignment and articulation among colleges and between the two and four year college systems so that the number of child development students from community colleges who matriculate to four colleges is increased by twenty-five (25) percent. (2010)<br>2. Promote high quality training and education by working with the community colleges and other appropriate training partners to identify improvements toward greater academic and practical competency for students of child development, including: working with dual language learners; children with disabilities and other special needs; understanding of the Infant/Toddler and Preschool Learning Foundations; and developmentally appropriate practice. (2008-2011)<br>3. Increase access to information on the Child Development Permit standards for providers/teachers and promote continuing education to upgrade permits. (2009)<br>4. Increase opportunities for eligible teachers and providers to become Professional Growth Advisors. (2008-2011)<br>5. Explore the feasibility of enhancing teacher and staff qualifications in Title 22. (2010)<br>6. Explore the feasibility of enhancing teacher and staff qualifications in Title 5. (2010) | Increase the number of early care and education staff with Bachelor or Art degrees working in centers by forty (40) percent.<br><br>Ten (10) percent of Family Child Care providers will hold child development teachers permits<br><br>Ninety (90) percent of all staff in CDE/CDD-contracted programs will have had training or coursework in: working with dual language learners; working with children with disabilities and other special needs; understanding of the Infant/Toddler and Preschool Learning Foundations; and in developmentally appropriate practice. |

## Outcome Area II: Well Qualified and Well Compensated Workforce

***Goal: Ensure that staff in early care and education, and supervised school-age enrichment programs are well-qualified and well-compensated.***

| **Strategy 3** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
|---|---|---|
| Collaborate with other stakeholders to develop and implement workforce initiatives that increase the numbers and qualifications of early childhood professionals. | 1. Disseminate the results of the workforce analysis for Los Angeles County, which includes careers in infant, preschool, and school-age programs. (2008-09)<br>2. Support and collaborate with workforce initiative efforts through First 5 LA, LAUP, Head Start and Early Head Start, and the Child Care Alliance of Los Angeles. (2008-2010)<br>3. Initiate or assist with efforts to recruit appropriate personnel for the expanded school-age programs. (2009) | Any one interested in pursuing work in early care and education or school-age care will have easy access to information about career paths, competencies, and requirements. |
| **Strategy 4.** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
| Increase access to health care coverage for staff of early care and education and supervised school age programs, and for family child care providers. | 1. Support efforts to expand availability of affordable health care coverage for all. (2008-2011)<br>2. Support pilot initiatives that appropriately address health care coverage needs of early education staff and providers in the short term. (2008-2010).<br>3. Conduct and update compensation survey to collect data on health care coverage. (2010). | All early care and education and school-age personnel and providers have access to affordable health care. |

## Outcome Area III: Access to a Sufficient Supply

***Goal: Ensure that all families in the County have access to a sufficient supply of quality early care and education and supervised school-age enrichment options for children from birth to 13.***

| Strategy 1 | Objectives (2008-2013) | *Long Term Objectives (2013)* |
|---|---|---|
| Increase the supply of facilities in Los Angeles County with special consideration for children with disabilities and other special needs, and for the cultural and linguistic diversity of families. | 1. Continue working to reduce barriers due to zoning regulations and expensive permit requirements in cities throughout the County. (2010)<br>2. Facilitate a coordinated system of technical assistance for new or expanding center or home-based child care. (2010)<br>3. Include child care language in the general plan for county unincorporated areas. (2010) | The shortfall in licensed care reported in the 2006 Needs Assessment will be reduced by up to half.<br><br>Half of all Los Angeles County cities will include child care language in their general plans. |

| Strategy 2 | Objectives (2008-2013) | *Long Term Objectives (2013)* |
|---|---|---|
| Increase the availability of and access to appropriate options for children with disabilities and other special needs. | 1. Ensure the integration of Special Needs Advisory Project (SNAP) services into ongoing child care resource and referral (R&R) activities and support necessary funding to maintain SNAP specialists in each R&R. (2008-09)<br>2. Encourage integration among systems which serve children with disabilities and other special needs, including R&Rs, regional centers, and school districts. (2008-11)<br>3. Identify and encourage the development of model programs and family child care homes serving children with disabilities and other special needs. (2008-11)<br>4. Establish more connections between child care providers and early intervention specialists, mental health specialists, and other therapists to enable providers to work effectively with children with special needs in typical early care and education settings. (2010)<br>5. Maintain links from the Office of Child Care Web site to helpful resources and information on programs and services related to working with children with special needs available to early care and education providers and the families they serve. (2009-10) | Half of all early care and education and school-age enrichment options will have the capacity to serve children with disabilities and other special needs.<br><br>Seventy-five (75) percent of Los Angeles County colleges will offer unit bearing training to work with children with disabilities and other special needs, either through specific classes or through embedding special needs curriculum into core courses.<br><br>Half of the specialists in early intervention, mental health, etc., throughout the County will have worked directly with licensed child care providers/programs. |

## Outcome Area III: Access to a Sufficient Supply

***Goal: Ensure that all families in the County have access to a sufficient supply of quality early care and education and supervised school-age enrichment options for children from birth to 13.***

| Strategy 3 | Objectives (2008-2013) | *Long Term Objectives (2013)* |
|---|---|---|
| Increase the availability of before and after school programs on school sites. | 1. Monitor the increases and closures in school-based care. (2008-10)<br>2. Develop a campaign to promote on-site school-age care to school districts that have not made after-school care available. (2008-09)<br>3. Assess the family needs for before school child care in public schools. (2009-10) | Ninety-five (95) percent all public elementary school campuses will offer after-school care and, where there is a need, offer before school care as well. |

| Strategy 4 | Objectives (2008-2013) | *Long Term Objectives (2013)* |
|---|---|---|
| Increase the retention rate of Family Child Care Home providers. | 1. Ensure that potential family child care providers continue to receive technical assistance prior to licensure. (2008-2011)<br>2. Continue to support training and technical assistance through R&Rs, the media, and other sources to improve the quality and viability of family child care. (2007-11)<br>3. Support efforts to expand availability of affordable health care coverage for all. (2008-11) | Seventy-five (75) percent of family child care providers will have an average tenure of five or more years. |

## Outcome Area IV: Access to Affordable, Quality Care

***Goal: Ensure access to quality early care and education and supervised school-age care for all families.***

| **Strategy 1** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
|---|---|---|
| Increase availability of publicly funded subsidies for child care. | 1. Review CDE allocations for all CDE/CDD contract types for Los Angeles County in order to recommend more effective use of CDE resources to the Board of Supervisors. (2008-2010)<br>2. Periodically report on Los Angeles Centralized Eligibility List (LACEL) families. (2008-2010)<br>3. Distribute the results of the Economic Impact Study to promote investment in early care and education services. (2008)<br>4. Review and revise cost estimates for serving all eligible families in Los Angeles County. (2009)<br>5. Using all reports and data, set priorities for growth in public support and develop plan for affecting public policy related to support for early care and education subsidies. (2010)<br>6. Support increasing income eligibility level for families to qualify for federally funded child development programs such as Head Start. | With key stakeholders sponsor and/or promote legislation that would fully fund early care and education and school-age care services for all eligible children and families. |
| **Strategy 2** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
| Increase the role of employers/business in assisting with the cost of child care. | 1. Evaluate and promote the County's model of contributions to the Dependent Care Spending Account for low/moderate income employees. (2008-10)<br>2. Encourage unions, in negotiations with employers, to include child care support as part of the benefit package. (2009-11)<br>3. Encourage employers to include child care supports as part of benefit menus offered to employees. (ongoing) | Twice the current numbers of employers/businesses are contributing to the support of child care costs for their employee/parents. |
| **Strategy 3** | **Objectives (2008-2011)** | ***Long Term Objectives (2013)*** |
| Increase involvement by cities, community organizations, foundations, and others to develop and maintain alternative financial supports and scholarships for families who do not qualify for government child care subsidies. | 1. Identify alternative financial support models (e.g. sliding scale fees) that assist in underwriting the cost of quality child care for families who do not qualify for government child care subsidies. (2008-09)<br>2. Disseminate information on these models of alternative financial support and encourage their use. (2009-11)<br>3. Use appropriate reports/data to encourage cities, community organizations, foundations, and other groups to develop financial supports available to families who do not qualify for government child care subsidies. (2010-2011) | Twice the current numbers of alternative financial support initiatives are available to families who are not eligible for government child care subsidies. |

## Outcome Area V: Customer-Focused Infrastructure

***Goal: Ensure that the child care and development infrastructure of Los Angeles County will be customer-focused, providing quality services and information leading to appropriate care arrangements based on the needs of families.***

| Strategy 1 | Objectives (2008-2011) | *Long Term Objectives (2013)* |
|---|---|---|
| Implement a comprehensive outreach plan to inform potentially eligible families about the LACEL. | 1. Develop and implement a public outreach plan directed at eligible families to improve access to LACEL. (2008-10)<br>2. Link the LACEL to other County services that families may need/be eligible for through mechanisms such as LACountyHelps! (2008)<br>3. Develop and implement a quality assurance plan to ensure that LACEL data is current and accurate. (2008-2009)<br>4. Work to develop the capacity for parents to self-register on LACEL. (2009-2011) | Los Angeles County parents are familiar with LACEL and able to register themselves. |

| Strategy 2 | Objectives (2008-2011) | *Long Term Objectives (2013)* |
|---|---|---|
| Monitor impact of new policies and regulations governing the subsidized child care system related to administrative and program costs, provider participation, family access to services, and continuity of services for families. | 1. When needed, advocate for changes in rules, regulations, and contracting processes that improve access and continuity for families eligible for subsidized child care. (2008-11). | CDE/CDD contractors have greater flexibility in implementing contracts to meet the specific needs of families and children within their service areas. |

| Strategy 3 | Objectives (2008-2011) | *Long Term Objectives (2013)* |
|---|---|---|
| Improve customer service standards of all agencies that provide information, monitor regulations, administer subsidies, and offer other support to families and child care providers. | 1. Disseminate Los Angeles County customer-service standards as a model. (2008-09)<br>2. Research National Association for the Education of Young Children (NAEYC) accreditation statements and California Association for the Education of Young Children (CAEYC) statements related to center/provider customer service standards. (2008-08) | All early care and education and school-age services agencies have published customer service standards which are fully implemented. |

## Outcome Area V: Customer-Focused Infrastructure

***Goal: Ensure that the child care and development infrastructure of Los Angeles County will be customer-focused, providing quality services and information leading to appropriate care arrangements based on the needs of families.***

| Strategy 4 | Objectives (2008-2013) | *Long Term Objectives(2013)* |
|---|---|---|
| Increase the connections between early care and education and school-age care providers and other health and social services providers to ensure that children's developmental needs are met within the context of the family and the child's child care environment. | 1. Work with countywide groups of service providers such as ICARE to increase linkages between early care and education and school-age care service providers who provide services to children with special needs (see Outcome Area III, Strategy 2). (2008-2011)<br>2. Work to integrate a child screening and referral process into typical early care and education and school-age care settings, including use of screening tools that are valid and reliable. (2010)<br>3. Ensure that the Los Angeles County Plan for Prevention and Early Intervention Services through the Mental Health Services Act includes services for children 0-5 in early care and education settings. (2010) | Half of all specialists in early intervention, mental health, etc., throughout the County will have established working relationships with licensed home and/or center-based child care providers.<br><br>Half of all licensed early care and education settings will have integrated regular child screening and referrals to services into their normal operations. |

***Key to Terms and Acronyms***

| | |
|---|---|
| ***Commission on Teacher Credentialing*** | State board that certifies teachers and grants child development permits. |
| ***Desired Results for Children and Families*** | A system of child and program assessments required of all CDE/CDD-contracted child care and development contractors. |
| ***ICARE*** | The Infant Childhood and Relationship Enrichment is a network of early mental health and child development professionals. |
| ***LACEL*** | The Los Angeles Centralized Eligibility List is a database of low income families seeking child care subsidies. |
| ***National accreditation*** | References the quality assessments and certifications conducted under the auspice of various national professional organizations: National Association for the Education of Young Children (NAEYC), National Association of Family Child Care (NAFCC), National Institute of Out of School Time (NIOST.) |
| ***R&Rs*** | A service funded by the CDE to assist families in finding appropriate child care. There are 10 R&Rs in Los Angeles County. |
| ***SNAP*** | Special Needs Advisory Project administered by the Child Care Resource and Referral Agencies of Los Angeles County to support child care providers who serve children with special needs and to assist families with children with special needs in finding child care. |
| ***Training partners*** | May include: California Preschool Instructional Network (CPIN), West Ed Center for Early Development, Head Start, Program for Infant/Toddler Care, Early Start Comprehensive System of Personnel Development, etc. |

INSIGHT

CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

# The Economic Impact of the Early Care and Education Industry in Los Angeles County

**January 2008**

In partnership with
County of Los Angeles, Child Care Planning Committee
Los Angeles Universal Preschool
City of Los Angeles, Workforce Investment Board

HELPING PEOPLE AND COMMUNITIES BECOME, AND REMAIN, ECONOMICALLY SECURE

# BACKGROUND

THE ECONOMIC IMPACT OF THE EARLY CARE AND EDUCATION INDUSTRY IN LOS ANGELES COUNTY

**The Insight Center for Community Economic Development is a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities.**

We work in collaboration with foundations, nonprofits, educational institutions and businesses to develop, strengthen and promote programs and public policy that:

- Lead to good jobs—jobs that pay enough to support a family, offer benefits and the opportunity to advance
- Strengthen early care and education systems so that children can thrive and parents can work or go to school
- Enable people and communities to build financial and educational assets

The Insight Center was formerly known as the National Economic Development and Law Center.

This report was commissioned by a unique partnership of three agencies in Los Angeles: the County of Los Angeles, Child Care Planning Committee; Los Angeles Universal Preschool; and the City of Los Angeles Workforce Investment Board. Together, these agencies appointed an advisory board consisting of leaders in the fields of business, government, ECE and economic development. It was the hard work of this board that provided the vision, direction and expertise needed for the development of this report.

Los Angeles County Advisory Board Members:

- Bruce Ackerman, Economic Alliance of the San Fernando Valley
- Cristina Alvarado, Child Care Information Services
- Dr. Sandra Burud, Berger Institute for Work, Family, and Children
- Maricela Carlos, Low Income Investment Fund
- Martin Castro, Mexican American Opportunity Foundation
- Richard Cohen, Westside Children's Center
- Sandra Dennis, California Association of Family Child Care
- Elizabeth Diaz, City of Los Angeles, Commission for Children, Youth and Their Families
- Maria Elena Durazo, LA County Federation of Labor, AFL-CIO
- Laura Escobedo, County of Los Angeles, Child Care Planning Committee
- Alexa Frankenberg, Service Employees International Union
- Rafael Gonzalez, Office of the Mayor
- Wendy Greuel, Los Angeles City Council
- Kimberly Hlaing, City of Los Angeles, Workforce Investment Board
- Gregory Irish, City of Los Angeles, Workforce Investment Board
- Allan Kingston, Century Housing
- Lindsay Koshgarian, formerly of City of Los Angeles, Workforce Investment Board
- Rafael López, City of Los Angeles, Commission for Children, Youth and Their Families
- Gary Mangiofico, Ph.D., Los Angeles Universal Preschool
- Evelyn Martinez, First 5 LA
- Renee Martinez, East Los Angeles College
- Florence Nelson, Ph.D., ZERO TO THREE
- Alex Paxton, Community Redevelopment Agency, City of Los Angeles
- John Ragosta, formerly of City of Los Angeles, Workforce Investment Board
- Victor Ramirez, Citibank
- Matt Rezvani, BP
- Catherine Rhee, Vnesto Capital
- Pam Schmidt, Public Counsel, Child Care Law Project
- Ruth Simeon, Crystal Stairs, Inc.
- Judith Spiegel, Foundation Consultant
- Alejandro Stephens, SEIU Local 660
- Bea Stotzer, New Economics for Women
- Hon. Zev Yaroslavsky, Los Angeles County Board of Supervisors
- Marlene Zepeda, California State University, Los Angeles

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We are indebted to our partners: County of Los Angeles, Child Care Planning Committee (represented by Laura Escobedo); Los Angeles Universal Preschool (represented by Lupita Tannatt and Randi Wolfe); and the City of Los Angeles, Workforce Investment Board (represented by Gregory Irish and Kimberly Hlaing).

The mission of County of Los Angeles, Child Care Planning Committee is to engage parents, child care providers, allied organizations, community, and public agencies in collaborative planning efforts to improve the overall child care infrastructure of the County of Los Angeles, including the quality and continuity, affordability, and accessibility of child care and development services for all families.

Los Angeles Universal Preschool's goal is to make voluntary, high-quality preschool available to every 4-year-old in Los Angeles County, regardless of their family's income, by 2014.

The work of the City of Los Angeles Workforce Investment Board (WIB) is to develop, in concert with the Mayor and City Council, policy and strategy to ensure that business has access to a trained workforce and workers have access to quality jobs.

Our partners appointed the Los Angeles County Technical Advisory Committee consisting of stakeholders in the early care and education industry. It was the hard work of this committee that provided data and guidance for the report's methodology.

Los Angeles County Technical Advisory Committee Members:

- Tim Bower, LAUSD/Beyond the Bell
- Patrick Burns, Economic Roundtable
- Grace Cainoy, Child Care Alliance of Los Angeles
- Katie Fallin, First 5 LA
- Leslie Flores Valmonte, Alliance for a Better Community
- Kimberly Hall, Ph.D., Los Angeles Universal Preschool
- Jan Isenberg, LACOE/Training Institute
- Angelo Reyes, Child Care Alliance of Los Angeles
- Marni Roosevelt, Los Angeles Valley College
- Susan Savage, Child Care Resource Center
- Angelica Solis, Alliance for a Better Community
- Lupita Tannatt, Ph.D., Los Angeles Universal Preschool
- Randi Wolfe, Ph.D., Los Angeles Universal Preschool

For a copy of the executive summary of this report, please visit *www.childcare.lacounty.gov*

# THE ECONOMIC IMPACT OF THE EARLY CARE AND EDUCATION INDUSTRY IN LOS ANGELES COUNTY

***Principal Authors***
*Brentt Brown*
*Melissa Ramos*
*Saskia Traill, Ph.D.*



INSIGHT CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT
2201 BROADWAY, SUITE 815, OAKLAND, CA 94612
PH: (510) 251-2600, FAX (510) 251-0600, WWW.INSIGHTCCED.ORG

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# Section One
# Introduction

The formal early care and education (ECE) industry in Los Angeles County encompasses a range of service options designed to nurture, support, enrich and educate children from birth through age 12, outside of traditional K-12 education.

A previous economic impact report in 1999 demonstrated that ECE is a critical component for any comprehensive plan for sustained economic development of Los Angeles County.[1] This new report aims to bridge the gap between current economic development planning and ECE by demonstrating that ECE remains a critical component of Los Angeles County's current and future economy. Policymakers, business leaders, urban planners and a host of other community leaders are already discussing ways to improve the economic vitality and quality of life for families in Los Angeles County. Despite its importance in the county's economy, ECE is often left out of these discussions and plans. To complement the work of existing ECE stakeholders in Los Angeles County (including school districts throughout the county; local workforce investment boards; resource and referral networks; colleges and universities; Los Angeles Universal Preschool; First 5 LA; the County of Los Angeles, Child Care Planning Committee; parents; and members of the ECE workforce), this report shows that nontraditional stakeholders have a vested interest in ensuring that there is a high-quality and affordable ECE system in Los Angeles County.

This report uses the term "early care and education" throughout this report to reflect the variety of education and care service options which parents typically access. These service options include child care and child development programs and licensed home providers for children under age 12, preschool programs, after-school, latchkey, and other out-of-school time programs.

The county's ECE service options can be broken down into three main categories: licensed family child care programs, licensed child care centers and license-exempt service options and providers. Service options include licensed child care centers (e.g., infant/toddler, preschool and school-age service options in private for-profit and non-profit licensed child care centers, including Head Start programs), public Pre-K programs, and license-exempt before- and after-school service options for children ages 6 to 12 (e.g., 21st Century and After School Education and Safety programs).These service options vary widely in content, organization, sponsorship, source of funding, and relationship to public school and government regulations. For a diagram depicting these programs, please see Appendix A.

The definition of high-quality ECE varies. Establishing a single definition for high-quality ECE is not a goal of this report. However, the report does highlight several studies of high-quality service options (as defined by each study's authors) that have yielded positive long-term outcomes and have generated significantly higher economic benefits than their initial costs. Early care and education literature generally focuses on three factors which can help determine program quality. First is the quality of the teacher (e.g., experience, training and educational attainment), second is the quality of the facility and third is the involvement of parents. Local ECE leaders note that the quality of ECE in Los Angeles County varies, but voluntary efforts to assess the quality of ECE are currently underway at the local level (see Section Five).

[1] National Economic Development and Law Center. (1999). *Economic Impact of the Child Care Industry in Los Angeles County.*

## KEY FINDINGS FROM THIS ANALYSIS

This study captures the benefits and functions of the ECE industry in economic terms. The industry has two main functions that link the industry to the economy.

1. High-quality ECE enables parents to maintain employment and/or access education and training that lead to employment advancement. Today, the majority of children in Los Angeles County live in families in which all parents work. **Together, these working families with children ages birth through 12 earn nearly $22.3 billion annually in the county.**[2]
2. High-quality ECE also provides safe, stimulating age-appropriate learning opportunities that support the healthy development of children so that they are ready to succeed in school and life. For children from birth through age five, quality service options help them develop core skills and competencies that prepare them for future success in traditional K-12 classrooms.[3] For children ages 5 through 13, before- and after-school service options ensure children's safety while providing enriching educational activities that support the traditional school curriculum.[4]

As a result of the demand for ECE services, the industry has become a part of the county's "economic infrastructure," and as an economic driver, it provides financial benefits in three main ways:

**The early care and education industry serves two main purposes:**

- Provides stimulating, age-appropriate early learning opportunities that support healthy development so that children are ready to succeed in K-12 classrooms
- Enables parents to maintain employment and/or obtain education and training

1. **Quality ECE service options ensure a strong future workforce.** Recent research on early brain development supports the conclusion that high-quality ECE for children from birth through age five is a vital service, improving children's health, school readiness and eventual economic contribution to society.[5] The quality of early education opportunities is linked to positive outcomes in school for children in all income brackets though most studies have shown particularly striking findings in children from low-income families.[6] Three separate longitudinal studies of targeted, intensive intervention service options for low-income children have indicated significant and positive long-term outcomes in areas such as grade repetition and special education needs, higher educational attainment and home ownership in adulthood. Many of the outcomes reduce future public spending, in such areas as K-12 education, criminal justice and welfare assistance, which results in a 12

[2] This number was developed by the Insight Center using data from the 2005 American Community Survey on children and income.
[3] Shonkoff, J. and Phillips, D. Eds. (2000). *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, D.C., National Academies Press.
[4] National Institute on Out-of-School Time. (2005). *Making the Case: A Fact Sheet on Children and Youth in Out-of-School Time*. Center for Research on Women at Wellesley Centers for Women, Wellesley College, Wellesley, Mass.
[5] Shonkoff, J. and Phillips, D. Eds. (2000).
[6] Coley, R. (2002). *An Uneven Start*. Educational Testing Service, Princeton, N.J. As cited in *Kids Can't Wait to Learn: Achieving Voluntary Preschool for All in California*, Preschool California.

percent rate of public return on investment.[7]

2. **ECE is a critical support for the current workforce.** The ECE industry plays a significant role in enabling employers to attract and retain employees and to increase productivity by reducing employee turnover and absenteeism. Similar to transportation and housing, without accessible and affordable ECE, employees may experience barriers to working, and their employers and the economy as a whole suffer.[8]
3. **ECE is a major industry in the county in its own right.** Research presented in this report demonstrates that ECE service options generate an estimated $1.9 billion in gross receipts. This compares to other significant industries in the county. It is also a job-creating industry, employing over 65,000 full-time equivalent jobs.

**As an "economic driver," the early care and education industry:**

- Supports a strong future economy by preparing children to enter K-12 education ready to learn the skills necessary to succeed in school and become productive workers
- Enables employers to attract and retain employees and increase their productivity
- Provides a significant number of jobs and generates considerable revenue in its own right

## LOS ANGELES COUNTY'S EARLY CARE AND EDUCATION UNIVERSE

The economic analyses in this report (e.g., gross receipts and direct employment) focus on the county's formal ECE industry. The formal ECE industry includes business owners—many of whom are women and/or people of color—who provide an important service to the community. The formal service options that are included in this report include:

- Licensed child care centers
- Licensed family child care homes (large and small)
- License-exempt care providers who provide care with government funding (e.g., relatives)
- License-exempt before- and after-school service options

All of the service options in the county's formal ECE industry are either a) required by law to meet minimum health and safety standards set by the state legislature and regulated by the California Department of Social Services, through the Community Care Licensing Division, or b) legally license-exempt. These formal service options also have data that are tracked and updated regularly (see Appendix A).

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[7] Rolnick, A. and Grunewald, R. (2003). *Early Childhood Development: Economic Development with a High Public Return.* Fedgazette. Minneapolis, Minn., Federal Reserve Bank of Minneapolis. Analysis was based on the High/Scope Perry Preschool Project in Michigan.

[8] Chase, R. and Shelton, E. (2001). *Child Care Use in Minnesota: Report of the 1999 Statewide Household Child Care Survey.* Wilder Research Center; Minneapolis. Almost 25 percent of parents with children from birth to age five responded that problems with child care in the last 12 months prevented them from keeping or accepting the kind of job they wanted.

*Licensed Child Care Centers*

A variety of center-based ECE service options are licensed by the California Department of Social Services, through the Community Care Licensing Division including:

- Private for-profit and non-profit licensed child care centers
- Head Start and Early Head Start programs
- Before- and after-school service options run by private providers in public school facilities
- Faith-based programs
- Employer-sponsored centers and back-up care
- On-campus college early care and education centers
- California Department of Education, Child Development Division-funded child development programs. such as State Preschool
- Service options located and/or funded by school districts
- Los Angeles Universal Preschool (LAUP) programs

*Licensed Family Child Care Homes*

Small family child care homes are independent small businesses that provide care for no more than eight children at one time, while large family child care homes are those that can care for no more than 14 children at one time. Family child care homes are licensed by the California Department of Social Services, through the Community Care Licensing Division. Some family child care service options operate Los Angeles Universal Preschool (LAUP) programs.

*Subsidized Relative and In-Home Care Providers Receiving Vouchers*

Relative and in-home care providers are those providers who are not required to be licensed, but have been authorized to receive government payments through parent voucher payments.

*License-Exempt Programs*

While many license-exempt before- and after-school service options do not collect accurate funding and usage data, three options for serving school-age children outside of the regular school day are publicly-funded, and therefore their funding information can be captured. They are included in this report:

- 21st Century programs
- After School Education and Safety service options (ASES)
- Beyond the Bell[9]

[9] Beyond the Bell is a program of the Los Angeles Unified School District.

*ECE Providers and Service Options NOT INCLUDED in this Report*

Care provided by friends, neighbors and relatives who do not receive vouchers is not regulated in Los Angeles County and therefore there is very little data on how many of these providers there are, how much they charge and how many children they serve. Although these ECE arrangements are widely used and also add much to the economy, it is difficult to ascertain their impact because of a lack of collected data.

Unregulated care providers (e.g., care provided by friends, neighbors and relatives who do not receive vouchers) are not included in this analysis because very little data is available.

Park and Recreation license-exempt before- and after-school programs, and some license-exempt before- and after-school service options in public schools (not 21st Century, ASES and Beyond the Bell) have been excluded because data aren't available about their comprehensive economic impacts. By excluding these types of ECE programs, this report's findings are conservative estimates of the total impact that ECE has on the economy.

## OUTLINE OF THE REPORT

Following this introduction, Section Two explores the economic effects that ECE has on the current economy by enabling parents to work and update their skills. Section Three analyzes the long-term economic benefits that high-quality ECE service options create. Section Four highlights the direct economic effects of the ECE industry, including revenue, direct employment and government investment. Section Five analyzes barriers to maximizing the benefits of the ECE industry. Lastly, Section Six considers future implications for Los Angeles County's economy.

# Section Two
# Linking Early Care and Education, Business and the Current Economy

This section describes the role that early care and education (ECE) plays in supporting the current workforce and driving labor force productivity.

By creating opportunities for labor force participation and promoting career development, the ECE industry plays a vital role in supporting Los Angeles County's overall economy. Through its support of the workforce, the ECE industry contributes to increased profitability among local businesses. The availability of ECE promotes a healthy bottom line by driving productivity, by decreasing turnover and absenteeism, and increasing the pool of potential new employees. This section presents a variety of cost-effective ECE strategies for employers.

## ECE SUPPORTS THE CURRENT WORKFORCE

The ECE industry plays an important role in supporting Los Angeles County's existing labor force. It:

- Sustains labor force participation of parents
- Promotes career development and educational advancement

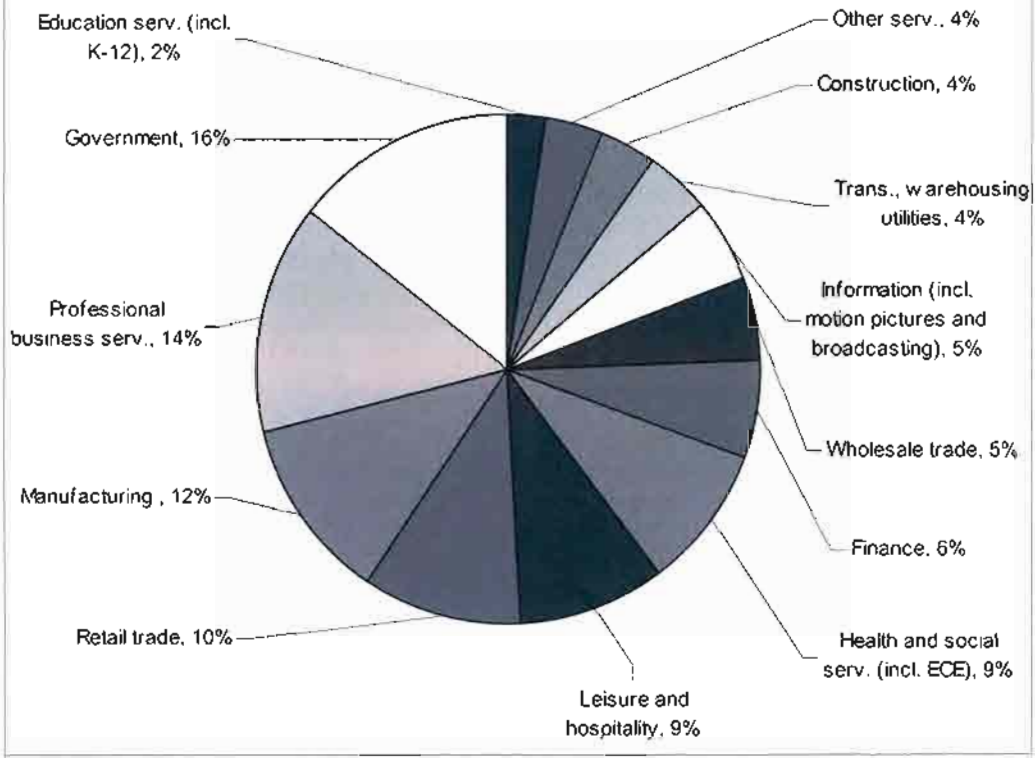
Before exploring the ways in which the ECE industry is linked to the current workforce, understanding the characteristics of the county's workforce is key.[10] Currently, the public sector employs 16 percent of the county's workforce, followed by professional and business services (14 percent); manufacturing (12 percent); and retail trade (10 percent; see Figure 1).[11] The health and social services industry, which includes data about ECE, employs 9 percent of the county's workforce (see Figure 1).[12]

[10] Industry employment data is based upon information from the California Employment Development Department. A brief summary of each industry is summarized here. For more detailed definitions, please visit the California Employment Development Department (http://www.labormarketinfo.edd.ca.gov/) or the North American Industry Classification System website (http://www.census.gov/epcd/www/naics.html). Construction includes industries such as residential and nonresidential building construction and specialty contracting. Manufacturing includes creation of durable goods such as computers and furniture, as well as nondurable goods such as food and apparel. Trade, Transportation and Utilities includes air and ground transportation. Information includes publishing, motion picture and sound recording, radio and television broadcasting, and internet service provision. Professional and Business services includes legal services, accounting, and scientific research. Education and health services includes elementary and secondary schools as well as colleges and universities. Health and Social Services includes hospitals, residential care facilities, and child day care services. Leisure and Hospitality includes performing arts, and accommodation and food services. Finance includes credit intermediation and insurance carriers. Other services includes repair and maintenance and religious organizations. Government includes federal, state and local agencies.

[11] California Employment Development Department. (2006a). *Industry Employment and Labor Force—By Annual Average, March 2005 Benchmark*. Retrieved February 2, 2007 from http://www.labormarketinfo.edd.ca.gov/

[12] California Employment Development Department. (2006a).

**Figure 1**
**Los Angeles County, Employment by Industry, 2005**




Source: California Employment Development Department, 2005

An estimated 4.7 million Los Angeles County residents participate in the labor force.[13] In fact, Los Angeles County workers account for more than one in four of California's workers.[14] Between 1990 and 2005, Los Angeles County's labor force grew by nearly 7 percent, adding more than 297,000 people.[15] By the year 2020, the number of Los Angeles County residents between the ages of 20 and 64 (the age group that makes up the majority of the labor force) is expected to be more than 6.4 million strong, an increase of 13 percent since 2000.[16] In 2005, the county's average annual seasonally adjusted unemployment rate was 5.3 percent, similar to the statewide average of 5.4 percent.[17] Although the manufacturing industry employs more than 470,000 people, it is clear that Los Angeles County is still in the midst of an economic shift from a manufacturing economy to a knowledge-based economy.[18] Jobs in the manufacturing industry have decreased more than 23

[13] U.S. Census Bureau. (2006). *2005 American Community Survey*. Retrieved January 25, 2007 from http://factfinder.census.gov. The labor force includes those who are employed and those seeking employment.
[14] California Budget Project. (2006). *Left Behind: Workers and Their Families in a Changing Los Angeles*. Retrieved April 23, 2007 from http://www.cbp.org/pdfs/2006/0609_lareport.pdf
[15] California Employment Development Department. (2006a).
[16] State of California, Department of Finance. (2004). *Population Projections by Race/Ethnicity, Gender and Age for California and Its Counties 2000-2050*. Retrieved February 2, 2007 from http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/Projections/P3/P3.asp
[17] California Employment Development Department. (2006d). *Unemployment Rates (Labor Force)*. Retrieved February 2, 2007 from http://www.labormarketinfo.edd.ca.gov
[18] California Employment Development Department. (2006a).

percent since 2000, representing a loss of more than 140,000 manufacturing jobs.[19] Education services (98,000 employees), health and social services (371,700 employees), and construction (148,200 employees), have been among the county's fastest growing industries, increasing more than 10 percent per industry between 2000 and 2005.[20]

A 2006 study by the California Budget Project (CBP) found that "workers tend to have lower wages, families tend to have lower incomes, and residents have a higher rate of poverty in Los Angeles than in the rest of the state."[21] According to CBP, job growth in the county has lagged behind the rest of the state, and the gap between the wages earned by Los Angeles County workers and workers in the rest of the state has widened.[22] In addition to shifting away from the county's traditional manufacturing base, the composition of the labor force has changed dramatically.[23] A 2007 report by United Way of Greater Los Angeles found similar conclusions. Additionally, the United Way of Greater Los Angeles found that Los Angeles County has the most undereducated workforce in the country.[24]

*The Underground Economy*

The fastest-growing segment of the Los Angeles economy is its underground economy.[25] According to the Economic Roundtable, informal jobs in 2004 accounted for 15 percent of all jobs in Los Angeles County and 16 percent in the City of Los Angeles, or approximately 679,000 informal workers in the county and 303,800 informal workers in the city.[26] Employees in the underground economy are clustered in the following industries: domestic labor, restaurants, construction, independent artists, landscaping and apparel manufacturing.[27]

Implications for Early Care and Education

Many industries in the underground economy require workers during nontraditional hours; therefore, these workers need ECE service options during nontraditional hours.

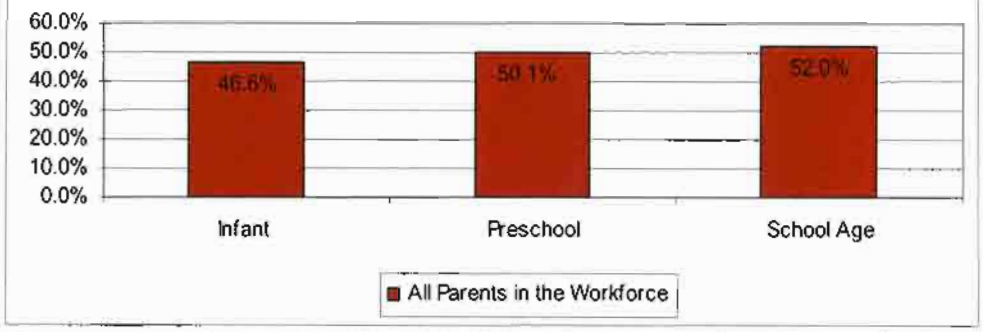
*ECE Sustains Labor Force Participation*

Many children in Los Angeles County live in families where all parents work. In particular, an overall average of nearly 51 percent of children (i.e., nearly 47 percent of infants, 50 percent of toddlers, and 52 percent of school-age children) live in households where all parents participate in the workforce (see Figure 2).[28] This data accounts for single parents who work, as well as dual parent families where both parents participate in the labor force. However, this data does not account for parents who are in school. A shortage of affordable and high-quality ECE arrangements may inhibit labor force participation. Female labor force participation, an indicator of

[19] California Employment Development Department. (2006a).
[20] California Employment Development Department. (2006a).
[21] California Budget Project. (2006).
[22] California Budget Project. (2006).
[23] California Budget Project. (2006).
[24] United Way of Greater Los Angeles. (2007). *Quality of Life in Los Angeles: 2007 State of the County Report.* Retrieved April 26, 2007 from http://www.unitedwayla.org
[25] Flaming, D. et al. (2005). *Hopeful Workers, Marginal Jobs: LA;s Off-The-Books Labor Force.* Retrieved March 19, 2007 from http://www.economicrt.org/pub/hopeful_workers_marginal_jobs/hopeful_workers_marginal_jobs.pdf
[26] Flaming, D. et al. (2005).
[27] Flaming, D. et al. (2005).
[28] County of Los Angeles, Office of Child Care, within the Service Integration Branch of the Chief Administrative Office. (2006). *2006 Child Care Needs Assessment Reporting Tool.* Retrieved March 19, 2007 from http://gismap.co.la.ca.us/childcare/

ECE need and accessibility, is on par with the statewide average. Approximately 56 percent of women in Los Angeles County and the state of California participate in the labor force.[29]

**Figure 2**
**Percentage of Children with All Parents in the Workforce, Los Angeles County, 2006**




Source: County of Los Angeles, Office of Child Care, Service Integration Branch, 2006

Working families make up a noticeable share of the total labor force at any one time. Approximately 15 percent of the labor force (or approximately 729,000 workers) live in households with children under the age of thirteen and where all parents work.[30] In total, these families earn nearly $22.3 billion annually in Los Angeles County.[31]

Not all families use formal ECE. Some may arrange work schedules so that one parent is home with children. Others may place children in informal care arrangements. For example, nearly 300,000 grandparents in Los Angeles County live in the same households as their grandchildren, and many help take care of their grandchildren.[32] Furthermore, technology advances have enabled more people to work from home, expanding ECE options for families, and approximately 4 percent (over 168,000 individuals) of the labor force work from home in Los Angeles County.[33] For parents who must use ECE services, investing in the county's ECE infrastructure gives these parents affordable, high-quality options.

*ECE and the Family Budget*

ECE is a significant expense for families in most income brackets. In Los Angeles County, the average annual cost for full-time, licensed, center-based ECE is $10,327 for an infant; $7,226 for a preschooler; and $5,781 for a school age child (for a complete breakdown of ECE costs, see Table

[29] U.S. Census Bureau. (2006).
[30] This number was developed by the Insight Center using data from the 2005 American Community Survey on children, income.
[31] This number was developed by the Insight Center using data from the 2005 American Community Survey on children, income.
[32] U.S. Census Bureau. (2006).
[33] U.S. Census Bureau. (2005).

1).[34] Full-time, unsubsidized ECE costs significantly more than undergraduate tuition at California State University, Los Angeles ($3,773 for the 2007-2008 academic year).[35] For a family earning the county's median income of $48,248 in 2005, ECE for one infant in a licensed child care center accounts for more than 21 percent of the household expenses.[36]

**Table 1**
**Average Annual Unsubsidized Cost for Early Care and Education**
**Based on 2005 Market Rate Survey, Los Angeles County**

| Type of ECE Service Option | Infants and Toddlers (0-2) | Preschool Age (2-5) | School Age (5-12) |
|---|---|---|---|
| Licensed Child Care Center | $10,327 | $7,226 | $5,781 |
| Licensed Family Child Care Home | $7,292 | $6,776 | $5,934 |

Source: California Department of Education, Child Development Division, 2005

While ECE is a considerable expense for all families, it is particularly difficult for low-income families. In a study of long-term employment after welfare, researchers found that two factors determined a working mother's ability to sustain employment after leaving welfare: job quality and the availability of ECE.[37] Women with access to safe and affordable center-based ECE and with access to quality jobs (positions with higher wages and affordable health insurance) were more likely to be stably employed two years after leaving welfare.[38]

Similar barriers to employment were found at the local level. A 2002 survey by the Economic Roundtable sought to learn directly from working welfare parents and other poor families in Los Angeles about the problems they face and the kinds of help they need to become self-sufficient.[39] Researchers found that a lack of ECE access and affordability stood out as the most significant barrier to employment for CalWORKs recipients; in fact, 44 percent of survey respondents stated a lack of ECE during the day or night as a barrier to employment.[40] According to the study, "...for all mothers, regardless of whether they are in one- or two-parent households, whether or not they have strong labor force connections, and whether or not they have any college education, lack of child care is by far the most frequent barrier to employment."[41] Although ECE enables parents to access further education or participate in the workforce, the availability of subsidized ECE is not sufficient to meet the need. A 2003 study by the Economic Roundtable found that access to CalWORKs-subsidized ECE is associated with earnings progress.[42] The researchers also found, however, that

[34] California Department of Education. (2006d). *Reimbursement Ceilings for Subsidized Child Care: Average Rate in This County*. Retrieved January 26, 2007 from http://www.cde.ca.gov/fg/aa/cd/ap/index.aspx
[35] California State University, Los Angeles. (2007). *Schedule of Fees: 2007-2008*. Retrieved August 13, 2007 from http://catalog.calstatela.edu/NXT/gateway.dll?f=templates$fn=default.htm$3.0$vid=calstate:current
[36] U.S. Census Bureau. (2006). Analysis based on a median household income of $48,248, with ECE expenses of $10,327.
[37] Boushey, H. (2004). *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*. Retrieved August 30, 2006 from http://www.epinet.org/content.cfm/briefingpapers_bp128
[38] Boushey, H. (2004).
[39] Flaming, D. et al. (2002). *Running Out of Time: Voices of Parents Struggling to Move from Welfare to Work*. Retrieved February 9, 2007 from www.economicrt.org
[40] Flaming, D. et al. (2002).
[41] Flaming, D. et al. (2002).
[42] Burns, P. et al. (2003). *Prisoners of Hope: Welfare to Work in Los Angeles*. Retrieved February 9, 2007 from www.economicrt.org

each month, approximately 30,000 welfare families in Los Angeles County receive ECE assistance, but this represented as little as one in fourteen families that needed assistance.[43]

An evaluation of Early Head Start (EHS), a child development program that serves low-income infants and toddlers and their families, suggests that these service options have a significant impact on improving the self-sufficiency of parents. Of EHS participants, 60 percent participated in education or job training versus 51 percent of non-participants. Also, 87 percent of EHS parents were employed at some time during the first 26 months compared to 83 percent of parents not participating in EHS (unless randomly assigned).[44]

The Self-Sufficiency Standard measures the amount of income needed for a family to adequately meet its needs without government assistance. In Los Angeles County, an adult with two young children needs $46,670 to meet the family's most basic needs (for more family types, please see Appendix B).[45] Working full-time at minimum wage offers an annual salary of $14,040—less than one-third of the self-sufficiency wage.[46]

The high cost of housing leaves families with less money for early care and education costs.

Los Angeles County residents are increasingly challenged by the shrinking supply of affordable housing.[47] As of December 2006, the median price of a home in Los Angeles County was $522,000, compared to a statewide median price of $474,000.[48] Although the number of housing sales fell in 2006, housing costs continue to rise, increasing nearly 6.5 percent since December 2005.[49] More than half of first-time homebuyers in the United States can afford to purchase a local median-priced home and 24 percent of California first-time buyers can afford to purchase a median-priced home, but fewer 20 percent Los Angeles County first-time buyers can afford a median-priced home.[50]

According to the State of California, Department of Housing and Community Development, renters face the greatest affordability challenges.[51] More than half of Los Angeles County's households are renter households, and Fair Market Rent for a two-bedroom apartment was approximately $1,269 in 2006, compared to the statewide average of approximately $1,189 for a comparable unit.[52] In fact, fair market rents for a two-bedroom apartment in the county have increased nearly 60 percent since 2000.[53] Due to the high housing costs, the overall cost of living is increasingly cumbersome, particularly on low-income families. In Los Angeles County, a full-time worker must earn $24.40 per

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[43] Burns, P. et al. (2003).
[44] Love, et al. (2004). *Making a Difference in the Lives of Infants and Toddlers and Their Families: The Impacts of Early Head Start, Volume: Final Technical Report.* Washington, DC: U.S. Department of Health and Human Services, xvii.
[45] Pearce, D. (2003). *The Self-Sufficiency Wage for California 2003.* Retrieved January 22, 2007 from http://www.sixstrategies.org/files/2003%20CA%20Full%20Report%20with%20Map.pdf
[46] California Child Care Resource & Referral Network. (2005). *The 2005 California Child Care Portfolio.* Retrieved January 25, 2007 from http://www.rrnetwork.org
[47] According to the National Low Income Housing Coalition, affordable housing represents the generally accepted standard of spending no more than 30% of one's income on housing.
[48] DataQuick Information Systems. (2007). *California December Home Sales.* Retrieved January 25, 2007 from http://www.dqnews.com and Haddad, A. (2007, January 16). Home Prices Climb in County. *Los Angeles Times.*
[49] Haddad, A. (2007, January 16). Home Prices Climb in County. *Los Angeles Times.*
[50] California Association of Realtors. (2007). *Housing Affordability at 24 Percent for First-Time Buyers in California.* CAR defines the affordability index as the percentage of households that can afford to purchase a median-priced home.
[51] State of California, Department of Housing and Community Development. (2006). *California's Deepening Housing Crisis.* Retrieved from www.hcd.ca.gov/hpd/hc021506.pdf
[52] National Low Income Housing Coalition. (2006) *Out of Reach 2006.* Retrieved January 22, 2007 from http://www.nlihc.org/oor/oor2006/?CFID=7228480&CFTOKEN=66759624
[53] National Low Income Housing Coalition. (2006)

hour ($50,760 annually) in order to afford a fair market rate, two-bedroom apartment, more than triple the minimum wage.[54]

*ECE Promotes Career Development and Educational Advancement*

A shortage of highly skilled and educated workers in Los Angeles County undermines the county's ability to attract new businesses with higher paying jobs and thus, impedes the county's long-term economic prosperity. Approximately 25 percent of county residents do not have high school diplomas and fewer than 28 percent have college degrees.[55] Statewide, approximately 20 percent of residents lack high school diplomas, and approximately 30 percent have a bachelor's degree or higher.[56] A strong ECE industry gives working parents the flexibility they need to broaden their skills and encourage their participation in the labor force. A more educated and skilled workforce builds economic prosperity by attracting employers that pay higher wages and offer greater benefits. Challenged by factors including an under-skilled labor force, Los Angeles County businesses are limited in their growth and are losing ground to high-skill and high-wage business clusters in Orange and Ventura counties.[57] Los Angeles County's ability to foster entrepreneurial growth through development of the workforce is critical to future economic growth.[58]

Subsidized on-campus early care and education service options enable working parents to update their skills.

Accessible ECE can enable parents seeking additional training and education to attend courses. A more educated workforce benefits:

- Parents through higher incomes
- Government through larger tax revenues, decreased parental reliance on government programs and lower unemployment
- Businesses through a more skilled workforce and increased productivity

Educational advancement for parents also enables them to earn higher incomes and reduces the likelihood of their needing various forms of government support. In a national study investigating higher education opportunities for individuals transitioning from welfare to work, researchers found that 88 percent of welfare recipients who obtained four-year college degrees discontinued participation in welfare after earning their degree.[59]

Higher education also decreases the likelihood of unemployment. Nationwide, while the average annual unemployment rate was 5.1 percent in 2005, unemployment rates varied according to level of education: those who did not graduate from high school (7.6 percent); those with high school

[54] National Low Income Housing Coalition. (2006). As of January 1, 2007, the state minimum wage increased to $7.50 per hour from $6.75 per hour.
[55] U.S. Census Bureau. (2006).
[56] U.S. Census Bureau. (2006).
[57] Klowden, K. et al. (2005). *Los Angeles Economy Project: Executive Summary and Recommendations.* Retrieved February 23, 2007 from http://www.laeconomyproject.com/laep_exec_summary.pdf
[58] Klowden, K. et al. (2005).
[59] Karier, T. (2003). *Welfare Graduates: College and Financial Independence.* Levy Economics Institute of Bard College, as cited in *Grassroots to Graduation: Low-income Women Accessing Higher Education.* Boston: Wellesley College for Research on Women and Women's Institute for Housing and Economic Development.

diplomas (4.7 percent); those with some college or associate's degrees (3.9 percent); and those with bachelor's degrees or higher (2.3 percent).[60]

In addition to private, nonprofit, and public sector programs that support family members who need training and education, subsidized ECE on college and university campuses enables parents to update their skills. Policies that enable parents (especially those with limited incomes) to pursue higher education benefit the economy. Research demonstrates that student parents who use on-campus ECE:

- Have higher grade point averages
- Are more likely to remain in school and graduate in fewer years
- Have higher graduation rates than student parents who do not have access to affordable and high-quality ECE service options[61]

Similarly, student parents indicate that the availability of ECE is critical to their decision to enroll in college.[62] Limited capacity in ECE service options offered during non-traditional hours prevents parents from enrolling in classes or service options that are offered outside of the traditional workday.

**The Child Development Center at Los Angeles Valley College**

A number of community colleges and universities in the county have on-campus ECE service options. The Child Development Center at Los Angeles Valley College serves more than 100 preschool and school-age children, who are primarily the children of student parents. For student parents attend classes in the evenings and may work during the day, the college offers services for school age children during non-traditional hours. By providing convenient, affordable and high-quality care, the college offer student parents the opportunity to accomplish their academic goals. Without this service, many parents would not be able to attend classes (personal correspondence with Terry Teplin, Director, March 6, 2007).

## ECE DRIVES LABOR FORCE PRODUCTIVITY

Like other components of a strong economic infrastructure, the ECE industry supports businesses by increasing employee productivity. The availability of affordable, accessible, quality ECE has positive effects on businesses' bottom lines.

Nationally and locally, businesses realize that they can increase their profitability by working to ensure that high-quality ECE options exist for their employees. For individual businesses, ECE:

- Increases employee retention

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[60] U.S. Department of Labor, Bureau of Labor Statistics. (2006). *Household Data Annual Averages.* Retrieved July 2006 from http://www.bls.gov

[61] The National Coalition for Campus Children's Centers (1999). *Impact of Campus-based Child Care on Academic Success, Student Parents at SUNY Community Colleges, 1989* and *Child Development Center Participant Analyses, Bronx (New York City) Community College, 1994.* As cited by The National Coalition for Campus Children's Centers in their policy brief: *Campus Child Care Bill: Child Care Means Parents in School Act, S1151 and H.R. 3936.*

[62] National Coalition for Campus Children's Center. (1999). Policy Brief entitled *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936.*

- Reduces absenteeism
- Enhances recruitment of the most skilled workers
- Increases on-the-job productivity

*ECE Increases Employee Retention*

Particularly for companies that rely on highly skilled workers or staff with specialized training, retaining existing staff is a priority. Employees with young children may consider discontinuing work or moving to a more family-friendly company if they are not able to find suitable ECE solutions. Those who feel supported in their new family roles or feel that their workplaces offer a balance between work and home obligations are less likely to have unscheduled absences or leave their jobs.[63] When employees do leave because of ECE problems or transfer to a company with better ECE options, companies lose human capital and incur high turnover costs.

A national study of companies that offer on-site child care to their employees found that turnover was nearly 50 percent lower for those who used the center when compared to other workers.[64] The survey also found that more than half of the center's users had been with their company for more than five years, and nearly half had been with their company for more than ten years.[65] Another national survey found that 19 percent of employees at companies with ECE service options indicated that they have turned down other job opportunities rather than lose work-site ECE.[66]

While the number of employers offering ECE benefits as a means to attract and retain quality employees grows, most employers miss out on this opportunity. In a survey of businesses by the U.S. Chamber of Commerce, only 32 percent reported actively assisting "their employees in addressing challenges such as child or dependent care, transportation or housing."[67] Another survey of employees confirmed this disconnect between employers and employees. While caring for dependents was one of the top six benefits *employees* desire, *employers* in a similar survey did not find it essential.[68]

A meta-analysis of 15 different turnover cost studies found that the average turnover costs for a full-time employee earning $8 per hour are over $9,000, 56 percent of the annual wages for that employee.[69] For salaried employees, costs are at least 150 percent of the base salary, and increase for higher-paid and more valued staff.[70]

Representing nearly 50,000 workers in Los Angeles County, SEIU Local 721 is the result of the merger of seven separate unions. Members include county public employees (covered by a contract negotiated under SEIU Local 660). Recognizing challenges with recruitment and retention, union leaders negotiated changes to existing dependent care accounts (also known as flexible spending accounts). Union leaders focused on dependent care accounts because single women

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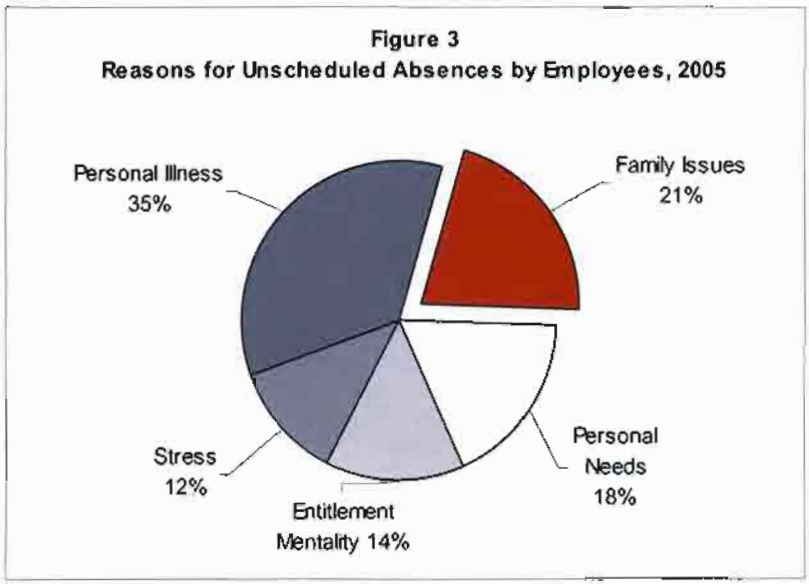
[63] Blue Cross Blue Shield of Massachusetts. (2003). *Blue Cross Blue Shield of Massachusetts Names One of the 100 Best Companies for Working Mothers Nationwide.* Retrieved from http://bcbsma.com.
[64] Bright Horizons Family Solutions. (2003). *The Real Savings from Employer-sponsored Child Care: Investment Impact Study Results.* Boston, MA: Bright Horizons.
[65] Bright Horizons Family Solutions. (2003).
[66] Simmons College. (1997). *Benefits of Work-Site Child Care* as cited by Bright Horizons Family Solutions
[67] U.S. Chamber of Commerce, Center for Workforce Preparation. (2001). *Keeping Competitive: Hiring, Training, and Retaining Qualified Workers.*
[68] Merk. (1999). Using Benefits to Attract and Retain Employees. As cited on http://www.probenefits.com.
[69] Sasha Corporation. (2003). *Turnover Costs in 15 Different Studies.* Retrieved from http://www.sashacorp.com.
[70] Bliss, W. (1999). *The Business Cost and Impact of Employee Turnover.* Retrieved from http://blissassociates.com.

with children and employees with aging parents made up a significant portion of union members, and dependent care accounts provided maximum flexibility. With the support of its members, the union was able to negotiate favorable terms with employers, so based on a sliding scale, the County now make contributions to the dependent care accounts of many county employees. County employers hope that these enhanced benefits will help them recruit and retain the most qualified and dedicated workers (personal phone conversation with Lilian Coral, Research Associate, April 26, 2007).

*ECE Reduces Absenteeism*

Nationally, unscheduled absenteeism in 2005 cost businesses an average of $660 per employee, costing large employers up to $1 million per year.[71] More than one-fifth of all unscheduled absences are due to family issues, which include ECE breakdowns (see Figure 3). On-site ECE and emergency back-up ECE are among the most effective work-life programs that reduce unscheduled absenteeism.[72]

**Figure 3**
**Reasons for Unscheduled Absences by Employees, 2005**




Source: CCH Incorporated, 2006.

Nationwide, approximately 16 percent of major employers offer sick or emergency back-up ECE to reduce employee absenteeism.[73] These programs have a significant return on investment. For example, J.P. Morgan Chase found that operating a back-up child care center, as well as providing employees with resource and referral consulting to help them find stable quality care, had an annual savings of $800,000, a 112 percent return on the company's investments in ECE benefits.[74]

[71] CCH Incorporated. (2005). *2005 CCH Unscheduled Absence Survey*. Retrieved July 2006 from http://www.cch.com/press/news/2005/200510121h.asp
[72] CCH Incorporated. (2005).
[73] Hewitt Associates. (2001). *Hewitt Study Shows Work/Life Benefits Continue to Grow Despite Slowing Economy*. Retrieved from http://www.was.hewitt.com
[74] Bright Horizons Family Solutions. (2003b). *Return on Investment*. Presentation.

*ECE Enhances Recruitment*

The accessibility of quality, affordable ECE, on site or in the community, is a strong recruitment tool for businesses. A knowledge-based economy depends almost exclusively on skilled workers who have numerous choices for where they want to live, and employers are beginning to realize how they can address the quality of life. Family-friendly policies indicate a company's commitment to the well-being of potential new employees and their personal lives, and make the company more attractive in a competitive workforce market. Particularly for highly specialized workers, company values are critical to attracting the best of the labor pool, with or without young children.

Nurses are among the most difficult groups of healthcare workers to recruit and retain.[75] These challenges are due to work-related pressures, including extended work hours, dire staffing shortages, and frequent overtime.[76] These challenges make it difficult for healthcare workers to find ECE solutions that meet their needs. According to a study by Bright Horizons Family Solutions, twenty-four percent of nurses have seriously considered leaving their jobs due to ECE issues, and nurses with young children miss an average of 9 days per year due to a child's illness, breakdowns in ECE, or mismatches between ECE and work schedules.[77] Among health care centers that offer on-site ECE, Bright Horizons Family Solutions found that voluntary turnover among child care center users reduced by nearly 90 percent, offering more than $1 million in savings in replacement costs alone.[78]

Childrens Hospital Los Angeles offers an on-site child development center. The center's programs are designed to accommodate the busy schedules of staff members, and parents are encouraged to attend the center's special events and lunchtime seminars.[79]

> "Having an on-site facility makes working at CHLA [Childrens Hospital Los Angeles] a much more attractive option for many parents."
>
> *Dr. Anita Britt, Executive Director, Child Development Center, CHLA*

In addition to offering on-site services, Childrens Hospital Los Angeles encourages employees to establish Dependent Care Reimbursement Accounts (also commonly known as Flexible Spending Accounts), which allow employees to use pre-tax dollars on dependent care expenses.[80] The funds set aside in these accounts are exempt from federal, state and social security taxes, so using the plans decreases the employer's payroll taxes and the employee's taxable income. In addition to attracting employees with young children, these accounts allow employers to offer ECE solutions without increasing salary expenses.

*ECE Increases Productivity*

Working parents who know their children are in high-quality care and education settings are better able to focus on their jobs. Employees with inadequate ECE are more likely to be late for work, absent or distracted than parents who are confident about their children's ECE arrangements.[81]

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[75] Bright Horizons Family Solutions. (2003a). *The Business Impact of Employer-Sponsored Child Care in Hospitals*. Retrieved September 2006 from http://www.brighthorizons.com/site/pages/Hospital%20Study.FINAL.pdf
[76] Bright Horizons Family Solutions. (2003a).
[77] Bright Horizons Family Solutions. (2003a).
[78] Bright Horizons Family Solutions. (2003a).
[79] Children's Hospital Los Angeles. (1998). *Child Development Center at Childrens Hospital Los Angeles Wins National Child-Care Award from Parents Magazine*. Retrieved March 14, 2007 from http://www.childrenshospitalla.org
[80] Childrens Hospital Los Angeles. (2007). *Reimbursement Programs*. Retrieved March 14, 2007 from http://www.childrenshospital la.org
[81] Brown, J. (2002). *How Does High-quality Child Care Benefit Business and the Local Economy*. Seattle: Economic Policy Institute.

Working parents often worry about their school-age children during the time period between the end of the school day and when parents get home. This effect has been named Parental After-School Stress (PASS). Parents with high levels of PASS are more likely to experience negative productivity-related patterns than parents with low PASS, including job distractions, missed work, making errors and missing meetings and deadlines. Parents are more at risk for PASS when their children spend more time unsupervised after school and their jobs are less flexible.[82]

The Van Nuys Civic Center Child Development Program is the first Los Angeles County-supported facility to be built from the ground up. Supported by the Superior Court and several county departments (Children and Family Services, District Attorney, Probation, Public Defender, and Public Social Services), the center serves approximately 70 children, ages six weeks to six years. In addition to supporting the center's operations, these county departments also established a scholarship fund to ensure that services are accessible to a broad spectrum of families. Zev Yaroslavsky, County of Los Angeles Supervisor representing the Third District, believes that this project promotes school readiness among participating children; boosts the workplace productivity of their parents; and supports the count's commitment to service excellence.[83]

Business leaders throughout the state are realizing the tangible benefits of ECE. With a consortium of other businesses, Gap Inc. offers on-site ECE at its San Francisco headquarters. In addition to helping employees with young children address their ECE needs, on-site ECE has had a positive rate of return for Gap Inc. As Bill Tompkins, V.P. of Gap Inc.'s Total Rewards highlights:

> We have experienced quite positive returns on our investment in child care. Turnover rates for employees who use our supported child care center are significantly less than the rest of our employee population, which saves real dollars and boosts productivity (phone conversation, May 2005).

*Early Care and Education Options for Businesses of All Sizes*

A national study by the Center for Work-Life Policy found that small business employers generally offered work-life solutions (including ECE solutions) on an informal or case by case basis.[84] The lack of formal policies led to confusion and turnover among employees as well as a lack of understanding (among employers) about the cost savings and productivity gains that can be achieved through simple strategies to balance work and life.[85]

In Los Angeles County, approximately one-half of employees work for companies that employ fewer than 100 people.[86] While many companies are challenged by the rising costs of fringe benefits, small firms in particular struggle to provide benefits such as health care and ECE benefits. However, there are cost-efficient ways that smaller employers can support the ECE needs of their employees. Smaller businesses have access to a number of innovative strategies that rely on their

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[82] The Community, Families & Work Program. (2004). *Parental After-School Stress Project.*
[83] (2004). *Van Nuys Child Care Update.* Retrieved March 21, 2007 from http://cao.lacounty.gov/ccp/pdf/Van%20Nuys%20Newsletter%20-%20Dec.%202004.pdf
[84] Center for Work Life Policy. (2006). *Work Life Balance in Small Business.* Retrieved September 5, 2006 from http://www.worklifepolicy.org/documents/initiatives-smallbusiness.pdf
[85] Center for Work Life Policy. (2006).
[86] California Employment Development Department. (2005). *Number of Employees by Size Category, Classified by County for California, Third Quarter, 2005.* Retrieved January 2007 from http://www.labormarketinfo.edd.ca.gov/

ability to be flexible and help every employee solve his or her ECE issues individually.[87] For example, in a 2005 survey of employers, small employers (those with fewer than 100 employees), were significantly more likely to offer a range of benefits related to improved work flexibility than employers with more than 100 employees. For example, 66 percent of small employers allow employees to return to work gradually after child birth, in comparison to just 49 percent of large employers.[88]

Family-Friendly Options for Employers[89]

- On- or near-site ECE
- Company-purchased spaces in local child care centers
- Back-up ECE
- Employer-contracted ECE for mildly ill children
- Dependent care financial assistance
- Flextime, flexi-place, compressed work weeks, and job sharing
- Sick/personal leave to meet dependent care needs
- Dependent care resource and referral agency partnerships
- Cafeteria-style benefit plan or a dependent care pre-tax account
- Educational events for employees around ECE and other work-life issues

Bank of America addresses the ECE needs of their employees by offering all employees flexible spending accounts for ECE expenses as well as access to resource and referral services. Additionally, Bank of America subsidizes income-eligible employees up to $175 per month per child for ECE expenses.[90]

ECE benefits do not just benefit employees with children. Based on data compiled from more than 140,000 employees at various companies nationwide, 78 percent of workers feel their work environment would improve if their co-workers' ECE needs were addressed.[91]

According to Dr. Sandra Burud, co-author of the book, *Leveraging the New Human Capital: Adaptive Strategies, Results Achieved, and Stories of Transformation*, the business environment has undergone significant structural changes, including reliance upon "dual focus" workers who manage work and significant personal responsibilities simultaneously.[92] In this new era,

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[87] Susan Smith Hendrickson. (2006). *Helping employees with child care isn't hopelessly expensive*. San Francisco Business Times.
[88] Bond, et al. (2005). *National Study of Employers.* Families and Work Institute.
[89] United Way of the Bay Area and One Small Step. (2002). *Choosing Care: An Employers Guide to Child Care Options.*
[90] Bank of America. (2006). Retrieved from on November, 10, 2006 from http://www.bankofamerica.com/careers/index.cfm?template=bw_w_programs
[91] Burud, S. (2002). As cited by the United Way of the Bay Area and One Small Step in *Choosing Care: An Employers' Guide to Child Care Options.*
[92] Casey J. and Corday, K. (2005). Leveraging the New Human Capital: An Interview with Sandra Burud. *The Network News*. Volume 7(12). Retrieved February 23, 2007 from http://wfnetwork.bc.edu/The_Network_News/18/The_Network_News_Interview18.pdf

customization, flexibility, and versatility in managing employees drive business success, "So, varied work schedules, virtual work, and customized people practices bring better *business* results."[93]

## SECTION SUMMARY

Innovative ECE solutions not only meet the needs of working families, but they also support productivity and profitability among businesses. Throughout Los Angeles County and the state of California, employers of all sizes are implementing creative and cost-effective solutions for the ECE needs of their employees. Their efforts are rewarded with a quality workforce and a healthier bottom line. The next section explores how the ECE industry shapes the future workforce.

[93] Casey, J. and Corday, K. (2005).

# Section Three
# High-Quality Early Care and Education Cultivates Los Angeles County's Future Workforce

In addition to strengthening the current workforce, ECE is an essential component of the education system that cultivates the future workforce and offers a significant public financial return.

Quality ECE lays the foundation for strong academic performance, social skills, and discipline—key elements for continued success. Recent research points to significant gains to Los Angeles County's K-12 system by better preparing children to start school. Advocacy efforts have focused around the critical importance of preschool in this effort.

Research by James Heckman, Nobel Laureate in Economics, confirms that a child's early years provide the foundation for a full range of human competencies including cognitive, linguistic, social and emotional.[94]

According to James Heckman, "Both the mastery of skills that are essential for economic success and the development of their neural pathways follow hierarchical roles…such that later attainments build on foundations that are laid down earlier;" in other words, as he puts it, "skill begets skill."[95]

Heckman's findings are further supported by Harry T. Chugani, Chief of Pediatric Neurology and Development Pediatrics at Children's Hospital of Michigan. Chugani found that at birth, only 25 percent of neural connections responsible for seeing, hearing, speech production and receptive language are formed, but by the age of three, 90 percent of these connections are developed.[96] These findings indicate that quality ECE is a critical step in developing skills for successful adult outcomes.[97]

## ECE PREPARES CHILDREN FOR SUCCESS IN SCHOOL AND BEYOND

In Los Angeles County, 28 percent of second grade students scored "below basic" or "far below basic" on the California Standards Test in English-Language Arts, and 21 percent of second grade students scored "below basic" or "far below basic" in mathematics.[98] In addition, only 30 percent of third grade students were reading at or above the national average.[99] While no ECE program can guarantee lifelong success for its participants, quality early care and education can increase children's ability to enter traditional K-12 schooling ready to continue learning, which better prepares them for future opportunities.[100] Decades of research have sought to understand the effects of ECE on young children. A number of large surveys and long-term studies have

[94] Heckman, J. (2006). *The Technology and Neuroscience of Skill Formation.* PowerPoint presentation for the Invest in Kids Working Group.
[95] Heckman, J. (2006).
[96] Madrid, O. (2006). *Brain Network Forms Early, Research Says.* The Arizona Republic.
[97] Heckman, J. (2006).
[98] California Department of Education. (2006b). *California Standardized Testing and Reporting.* Retrieved February 2, 2007 from http://star.cde.ca.gov
[99] United Way of Greater Los Angeles. (2007).
[100] Brooks-Gunn, J. (2003). Do You Believe in Magic? What We Can Expect from Early Childhood Intervention Programs. *Social Policy Report. 17* (1).

consistently found that high-quality ECE service options are beneficial to young children's growth and development, and contribute to their success later in life. These studies have also found that quality ECE offers financial returns, surpassing the effects of traditional economic development investments.

A national survey found that in comparison to peers in lower-quality care settings, young children who attend higher-quality and more stable ECE service options had the following characteristics through elementary school:

- Improved math and language ability
- Enhanced cognitive and social skills
- Fewer behavioral issues[101]

The National Academy of Sciences brought together a committee of experts to synthesize research on early childhood development. They agreed that "the effects of child care derive not from its use or nonuse but from the quality of the experiences it provides to young children."[102] Schools and universities receive public and private investments because their role in educating and better preparing children for the future labor market is clear. While more research will enable a better understanding of the long-term effects of high-quality ECE for all children, current findings indicate that investments in early education have greater returns than educational investments in later life because younger people have more time to generate returns on investments and because "skill begets skill."[103]

The Committee for Economic Development (CED), a national nonpartisan research and policy organization, made up of CEOs and University presidents, highlights the need for an inclusive education system. They urged the nation:

> ...to view education as an investment, not an expense, and to develop a comprehensive and coordinated strategy of human investment. Such a strategy should redefine education as a process that begins at birth and encompasses all aspects of children's early development, including their physical, social, emotional, and cognitive growth.[104]

Other business leaders also recognize the link between high-quality ECE and a strong future economy. James E. Rohr, Chairman and CEO of PNC Financial Services Group, has spoken widely about the return on investment from quality preschool, "The day-to-day reality of succeeding in an increasingly competitive marketplace demands skilled and educated workers. Investing in the

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[101] Peisner-Feinberg, E. S. et al. (2001). The Relation of Preschool Child-Care Quality to Children's Cognitive and Social Development Trajectories through Second Grade. *Child Development*. 72 (5): 1534-1553. Quality was assessed in this study using the following criteria: classroom quality measures using the Early Childhood Environment Rating Scale (ECERS), teacher sensitivity using the Caregiver Interaction Scale (CIS), child-centered teaching style using Early Childhood Observation Form (ECOF), teacher responsiveness using Adult Involvement Scale (AIS). In addition, teacher-child relationship and child assessment measures were used.

[102] Shonkoff, J. and Phillips, D.A., Eds. (2000). *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, D.C.: National Academies Press, 307.

[103] Heckman, J.J. and Wildavsky, A.W. (1999). *Policies to Foster Human Capital*. Joint Center for Poverty Research working paper. Chicago: Northwestern University/University of Chicago, 39.

[104] Committee for Economic Development (2004). As cited from *Exceptional Returns* by the Economic Policy Institute.

academic success of our children directly contributes to the overall economic health of our nation."[105]

## HIGH-QUALITY EARLY CARE AND EDUCATION'S SIGNIFICANT PUBLIC RETURN

While no long-term studies have specifically focused on the children of Los Angeles, there are three long-term studies from other parts of the country that provide evidence of the potential long-term benefits of quality ECE in Los Angeles.

Cost-benefit analyses of three long-term, high-quality early education intervention programs indicate that there are significant future public savings when money is invested in high-quality ECE, particularly for low-income children. In the three studies discussed below, common quality elements include qualified staff comprised of teachers with specific training in early education, low teacher turnover rates, and classrooms with low child-to-teacher ratios.[106]

In the Abecedarian Study, a group of low-income children was randomly assigned to an early intervention program that lasted from birth through age four and a second group of participants was not offered the program. The investigators found that children who participated in the early intervention program were, at age 21, significantly more likely to be in a high-skilled job or in higher education (see Figure 1).[107]

> "In a city as diverse as Los Angeles, quality preschool helps level the playing field so that when children enter kindergarten, they are ready to learn."
>
> *Los Angeles Area Chamber of Commerce*

In 2006, the Los Angeles Area Chamber of Commerce endorsed Proposition 82, which would have funded a program of voluntary, high-quality preschool for every four-year-old in California. Although the proposition did not pass, the Chamber was clear in its support for ECE. In addition to recognizing the importance of high-quality ECE for improving school readiness, the Chamber also recognized the long term benefits of investments in ECE, "We can continue to pay the high costs of remedial education, high school dropouts, and juvenile crime—or we can make an investment in preventing those problems before they start."[108]

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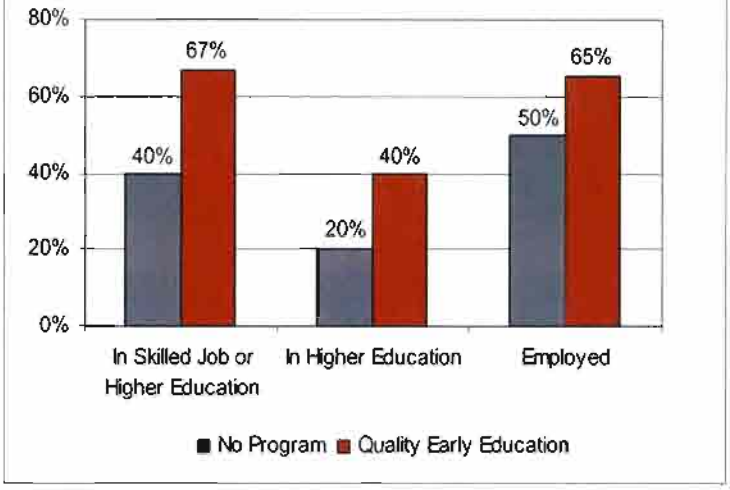
[105] As quoted in Committee for Economic Development. (2006). *The Economic Promise of Investing in High-Quality Preschool*. Retrieved April 2007 from http://www.ced.org/docs/report/report_prek_econpromise.pdf

[106] While experts differ on the precise definition of what constitutes "high-quality" early care and education programs, there is general agreement that programs with these three elements qualify.

[107] See The Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill, *Early Learning, Later Success: The Abecedarian Study*. Available online at http://www.fpg.unc.edu/~abc/

[108] Los Angeles Area Chamber of Commerce. (2006). *Yes on 82 P-12 for a Stronger California*. Retrieved April 26, 2007 from http://www.wliinc2.com/cgi/foxweb.dll/wlx/cs/wlxenews?cc=LOSANG&action=DISPLISTDET&docid=225

**Figure 1**
**Outcomes of the Abecedarian Project, at Age 21**




Source: The Frank Porter Graham Child Development Institute

In s study of Chicago Child-Parent Centers (CPCs), low-income children in a high-quality, child-focused intervention program were less likely than their peers to drop out of high school, be in special education, repeat a grade, or be arrested as juveniles.[109] In particular, the Chicago CPC study found that children who did not participate in the program were 70 percent more likely to be arrested for a violent crime by the age of 18 than those children who did.[110]

The High/Scope Perry Preschool Project compared adults at age 40 who received high-quality ECE as young children with peers who did not. The study found that the group of adults who had received early childhood education instruction earned more money, were more likely to have a savings account, and were less likely to be repeat criminal offenders than their peers who were not randomly assigned to the program as children. Cost-benefit analyses of these differences reveal that the high-quality service options returned as much as $17 for every $1 spent in early childhood.[111]

Economists have analyzed the overall costs and benefits of these three ECE programs, revealing significant returns on investment in each program (see Table 1 for summary).[112]

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[109] Reynolds, A.J. et al. (2001). Long-term effects of an early childhood intervention on educational achievement and juvenile arrest—A 15-year follow-up of low-income children in public schools. *Journal of American Medical Association.* 285 (18): 2239-2346.

[110] Fight Crime: Invest in Kids California. (2006). *Paying the Price for the High Cost of Preschool in California.* Retrieved from http://www.fightcrime.org/ca

[111] Schweinwart, L.J. et al. (1993). *Significant Benefits: The High/Scope Perry Preschool Study Through Age 27.* Monographs of the High/Scope Educational Research Foundation. Ypsilanti, MI: High/Scope Press, 10.
Reynolds, A.J. et al. (2006). Reynolds, A.J. and Temple, J.A. (2006). "Economic Returns of Investments in Preschool Education." *A Vision for Universal Preschool Education;* pp 37-68. The Chicago CPC and the Perry Preschool Project were both half-day programs. The Abecedarian was a full-day project. Values are in constant dollars and based on a 3% discount rate.

Table 1
Summary of Costs and Benefits per Participant in 2002 Dollars for Three Early Care and Education Programs

| | Ages of Children in Program | Number of Years Child is in Program | Average Annual Cost Per Child | Total Cost of Program Per Child | Lifetime Benefit to Society Per Child |
|---|---|---|---|---|---|
| Chicago CPC Study | 3 through 9 | 2 | $4,856 | $7,384 | $74,981 |
| Perry Preschool Project | 3 and 4 | 2 | $9,759 | $15,844 | $138,486 |
| Abecedarian Project | 0 through 4 | 5 | $13,900 | $35,864 | $135,546 |

Source: Reynolds, A.J. and Temple, J.A., 2006.[113]

*ECE Increases School Readiness for Children at All Income Levels*

These findings demonstrate the economic value of investing in quality ECE, especially for low-income children. However, children in middle- and high-income families also experience academic problems, including significant grade retention and high school dropout rates. Nationally, 12 percent of middle-income children are held back at some point during school, and 11 percent drop out before graduating high school.[114] A third of middle-income children and a fourth of upper-middle-income children lack "key pre-literacy skills" when they enter kindergarten.[115] These findings provide evidence that high-quality early education service options may be cost-effective for children across most income brackets. As economist W.S. Barnett noted, "If you were to get one-tenth the public savings from high-quality preschool for middle-income children (as you do for low-income children), high-quality preschool programs would still be cost effective."[116]

In a recent rigorous evaluation of the Arkansas Better Chance Program (ABC), a state-funded preschool program, researchers found that ABC has significantly increased school readiness indicators, including early language, literacy and mathematical development.[117] These findings are consistent with findings from rigorous evaluations of state-funded preschool service options in other states, including New Jersey's Abbott Preschool Program and Oklahoma's Early Childhood Four-Year-Old Program.[118-119]

[113] Children frequently did not attend the program for the intended number of years, so the total cost of program per child did not equal the number of years in the program multiplied by the average annual cost of the program per child.
[114] Coley, R. J. (2002). *An Uneven Start.* Princeton, New Jersey: Educational Testing Service. As cited in *Kids Can't Wait to Learn: Achieving Voluntary Preschool for All in California, Preschool California* 2004.
[115] Coley, R.J.
[116] Barnett, W.S. (2004). Preschool-for-all Hearing, Sacramento, CA.
[117] Hustedt, J.T. et al. (2007). *The Effects of the Arkansas Better Chance Program on Young Children's School Readiness.* Retrieved on February 15, 2007 from. http://nieer.org/resources/research/ ArkansasYear1.pdf.
[118] Lamy, C. et al. (2005*). Giant Steps for the Littlest Children: Progress in the Sixth Year of the Abbott Preschool Program. Year Three Initial Update, 2004-2005. Early Learning Improvement Consortium.* Available at *http://www.nj.gov/njded/ece/abbott/giantsteps/.*
[119] Barnett, W.S. et al. (2005). The Effects of State Prekindergarten Programs on Young Children's School Readiness in Five States. Retrieved on February 20, 2007 from: http://nieer.org/resources/research/multistate/fullreport.pdf

Other studies have noted a connection between a lack of school readiness and school dropout rates. A study by Melissa Roderick of the University of Chicago found that repeating a grade between kindergarten and sixth grade substantially increased the odds of dropping out of school during middle school and high school.[120] In one cohort of public school youths, nearly 80 percent of students who repeated a grade dropped out of school, compared to only 27 percent of students who had never repeated a grade.[121] The Los Angeles Unified School District has struggled to find ways to keep students in school. According to the Los Angeles Times, "Although the Los Angeles Unified School District has ramped up its efforts to keep students in school…thousands are still skipping class routinely…and students typically begin skipping school sporadically before dropping out altogether."[122]

*High-Quality Early Care and Education for Los Angeles County's Diverse Populations*

Studies indicate that rates of enrollment and the quality of center-based ECE vary by ethnicity.[123] Evidence suggests that increases in Latino and African-American enrollment in high-quality preschool has the potential to decrease existing school readiness gaps.[124] Additionally, approximately 46 percent of kindergarten students in Los Angeles County public schools are English language learners, compared to approximately 40 percent of kindergarten students statewide.[125] The vast majority of Los Angeles's English language learners speak Spanish (89 percent), and many of the others speak Cantonese, Korean, and Armenian.[126]

Continued success in school varies by race and ethnicity. Disparities in academic achievement become clear in analyzing the 2006 results for the California High School Exit Exam. While 78 percent of white/non-Hispanic students passed the math portion of the exam, only 48 percent of Hispanic/Latino students and 38 percent of African-American/Black students passed the math section.[127] Even if these students had fulfilled their course requirements, the inability to pass the California High School Exit Exam prevented them from receiving their high school diplomas, further challenging their future economic prospects. Evidence suggests that high-quality and culturally appropriate ECE service options can help close the achievement gap.[128]

*Returns on Public Investment*

A study by economists at the Federal Reserve Bank in Minneapolis used the High/Scope Perry Preschool Project findings to estimate the returns on public investment from reduced spending and increased tax payments resulting from quality ECE. Quality early childhood development service

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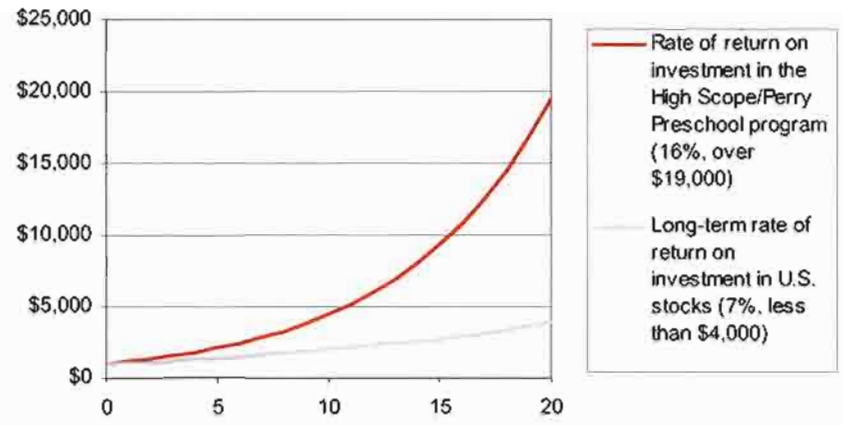
[120] Roderick, M. (1994). Grade Retention and School Dropout: Investigating the Association. *American Educational Research Journal.* 31(4): 729-759.
[121] Roderick, M. (1994).
[122] Landsberg, M. (2007). *LAUSD Grapples with Dropout Rate*. Retrieved March 20, 2007 from http://www.latimes. com
[123] Magnuson, K.A. and J. Waldfogel. (2005). Early Childhood Care and Education: Effects on Ethnic and Racial Gaps in School Readiness. *Future of Children.* 15(1): 169-196. Although African American children are more likely than white children to attend preschool, they may experience lower-quality care. Latino children are less likely than whites to attend preschool. However, African American and Latino children are more likely than whites to attend Head Start.
[124] Magnuson, K.A. and J. Waldfogel. (2005).
[125] California Department of Education. (2006c). *Number of English Language Learners by Language and County Enrollment by Grade.* Retrieved February 2, 2007 from http://data1.cde.ca.gov/dataquest
[126] California Department of Education. (2006c).
[127] California Department of Education. (2006a). *California High School Exit Exam (CAHSEE) Results.* Retrieved February 2, 2007 from http://cahsee.cde.ca.gov
[128] The Woodrow Wilson School of Public and International Affairs at Princeton University and The Brookings Institution. (2005). *The Future of Children; School Readiness: Closing Racial and Ethnic Gaps.* Vol. 15, No. 1.

Figure 2
Return on a $1,000 investment,
High Scope/Perry Preschool Program
vs.
U.S. stocks




source: Rolnick and Grunewald, 2003
both rates are adusted for inflation

options for low-income children generate a 16 percent rate of return on investment, 12 percent of which is a public rate of return.[129] Researchers found that, "Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns."[130] They demonstrate that the High/Scope Perry Preschool Program's 16 percent return on investment (when adjusted for inflation) is considerably higher than the long-tern return on U.S. stocks, 7 percent (see Figure 2).[131]

According to Ben Bernanke, Chairman of the Federal Reserve Board, "Although education and the acquisition of skills is a lifelong process, starting early in life is crucial. Recent research...has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency. The most successful early childhood programs appear to be those that cultivate cognitive and noncognitive skills and that engage families in stimulating learning at home."[132]

After-school service options for school-age children also save public sector dollars. A review of multiple research studies to evaluate the effects of after-school service options showed significant gains to school engagement, school attendance, academic performance and positive youth development.[133] A cost-benefit analysis found that financial benefits from improved school

[129] Rolnick, A and Grunewald, R. (2003). Early Childhood Development: Economic Development with a High Public Return. *Fedgazette*. Minneapolis, MN: Federal Reserve Bank of Minneapolis.
[130] Rolnick, A and Grunewald, R. (2003).
[131] Rolnick, A and Grunewald, R. (2003).
[132] Bernanke, B. (2007). *The Level and Distribution of Economic Well-Being*. Speech before the Greater Omaha Chamber of Commerce on February 6, 2007. Retrieved from http://www.federalreserve.gov/BoardDocs/Speeches/2007/20070206/default.htm
[133] Rolnick, A. and Grunewald, R. (2003).

performance, increased compensation, reduced juvenile and adult criminal activity, and reduced welfare costs outweighed the costs of increased attendance at school and the cost of programs.[134]

Quality of life is affected by after-school service options as well. At least 50 percent of youth crime occurs in the hours after school.[135] A study of eighth graders found that children caring for themselves for 11 hours or more per week were twice as likely to smoke cigarettes, drink alcohol or use drugs.[136] Risk behaviors during adolescence predict a future of increased criminal behavior and health problems in adulthood. In a George Mason University study, 91 percent of police chiefs surveyed nationwide agreed that "If America does not make greater investments in after-school and educational child care programs to help children and youth now, we will pay more later in crime, welfare and other costs." [137]

Seventy-three percent of publicly-funded preschool service options in Los Angeles County have waiting lists.[138] In response to this statistic, Los Angeles County Sheriff Leroy Baca said, "Keeping kids waiting in line for preschool multiplies the likelihood that I will see them in a police line-up later in life. The research shows quality preschool programs really work to keep kids from becoming criminals—and that saves money and saves lives. It's just common sense that eliminating these long preschool waiting lists will lead to a safer California."[139]

> "Keeping kids waiting in line for preschool multiplies the likelihood that I will see them in a police line-up later in life."
>
> *Leroy Baca, Los Angeles County Sheriff*

As the Committee for Economic Development states, "Money invested today in high-quality, early education will help children develop the social, emotional, and academic foundations that will serve them throughout life."[140]

*Long-term Outcomes*

In a study exploring the effectiveness of Early Head Start in meeting the needs of low-income families, researchers at the U.S. Department of Health and Human Services found that Early Head Start "dramatically increased the percentage of children who were in good quality care," and evidence suggests that quality center-based care is associated with positive developmental outcomes.[141] Furthermore, an evaluation of Early Head Start by the U.S. Department of Health and Human Services indicates that Early Head Start significantly and positively impacted infant and toddlers by:

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[134] Brown, W.O. et al. (2002). *The Costs and Benefits of After-school Programs: The Estimated Effects of the After School Education and Safety Program Act of 2002.* Claremont, CA: The Rose Institute.
[135] U.S. Department of Justice (1997) as cited by the Massachusetts Executive Office of Public Safety. Cops & Kids Fact Sheet, 2000.
[136] D. A. Farbman. (2003). *The Forgotten Eighty Percent: The Case for Making the Most out of Children's Time out of School*, Boston.
[137] Fight Crime, Invest in Kids. (1999). *Poll of Police Chiefs conducted by George Mason University Professors Stephen D. Mastrofski and Scott Keeter.*
[138] Fight Crime: Invest in Kids California. (2005). *Law Enforcement Report Finds: Los Angeles Preschool Shortage Threatens Public Safety.* Retrieved March 14, 2007 from http://www.fighcrime.org/releases
[139] Fight Crime: Invest in Kids California. (2005).
[140] Committee for Economic Development. (2006). *The Economic Promise of Investing in High-quality Preschool.* Retrieved August 2006 from http://www.ced.org/docs/report/report_prek_econpromise.pdf
[141] Love, et al. (2004). *The Role of Early Head Start in Addressing the Child Care Needs of Low-Income Families with Infants and Toddlers: Influences on Child Care Use and Quality.* Washington, DC: U.S Department of Health and Human Services, xvii.

- Increasing cognitive development and reducing the number of children at-risk for developmental delays
- Improving language development
- Strengthening parenting skills of participants[142]

There are significant long-term cost-saving associated with the outcomes achieved by Early Head Start programs, but long-term research is needed to quantify the exact cost-benefit ratio from investing in Early Head Start.

According to Janet L. Yellen, President and CEO, Federal Reserve Bank of San Francisco, "...skill acquisition is a cumulative process that works most effectively when a solid foundation has been provided in early childhood. As such, programs to support early childhood development...not only appear to have substantial payoffs early but also are likely to continue paying off throughout the life cycle."[143]

In 2005, the RAND Corporation, a nonprofit research organization, analyzed the costs and benefits of a universally accessible preschool program in California. Using a very conservative methodology, they found that universal preschool, if implemented throughout California, would generate a return on investment of $2.62 for every dollar spent.[144] Among the report's conclusions, RAND found that universal preschool would lead to a 19 percent reduction in juvenile crime and significant reductions in the number of children who were abused and neglected.[145] RAND highlighted that this investment provides a higher return than other investments made by local and state governments in the name of economic development. According to RAND,

> Notably, in the case of early childhood investments, the net gains to government and society as a whole are not zero sum but constitute real benefits in terms of lower government outlays, a more skilled future workforce, and a more responsible citizenry. Moreover, these conclusions rest on scientific evidence that these outcomes are attributable to the investment in preschool education itself and would not occur under the status quo.[146]

The RAND study also highlights the indirect benefits that a universal preschool program would have on California's economy through enhanced quality of life, increased labor force participation, and reduced productivity drags, such as turnover and absenteeism.[147]

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[142] Love, et al. (2004). *Making a Difference in the Lives of Infants and Toddlers and Their Families: The Impacts of Early Head Start, Volume: Final Technical Report.* Washington, DC: U.S. Department of Health and Human Services, xvi-xvii.
[143] Federal Reserve Bank of San Francisco. (2006). *Economic Inequality in the United States. Retrieved from* http://frbsf.org/news/speeches/2006/1106.html
[144] RAND Corporation. (2005). *Labor and Population: The Economics of Investing in Universal Preschool Education in California.* Retrieved from http://www.rand.org
[145] Fight Crime: Invest in Kids California. (2005). *Paying the Price for the High Cost of Preschool in California.* Retrieved from http://www.fightcrime.org/ca
[146] RAND Corporation. (2005). *Labor and Population: The Economics of Investing in Universal Preschool Education in California.* Retrieved from http://www.rand.org
[147] RAND Corporation. (2005).

## SECTION SUMMARY

ECE and Los Angeles County's future economic success are critically linked in many ways. Investments in building and maintaining a high-quality ECE system reduces future public expenditures and helps Los Angeles County develop a skilled, productive and competitive workforce. In the same way that local government and the private sector collaborate to increase the availability of affordable housing and quality transportation systems, they mutually benefit from investing together in an ECE system as it too is vital to the county's economic development. Investing in quality ECE becomes a catalyst for Los Angeles County's economic success:

- Taxpayers benefit when costs for criminal justice, remedial education, unemployment and welfare decline as a result of high-quality ECE
- Communities benefit when high-quality ECE enhances quality of life by improving outcomes for youth
- Children benefit because they enter the K-12 school system socially, emotionally and academically prepared to continue learning
- Businesses benefit from the cultivation of the county's future workforce and their future employees

# Section Four
# Economic Profile of the Early Care and Education Industry

The early care and education (ECE) industry includes a range of service options that serve children ages birth through 12, outside K-12 education. This section highlights the direct economic benefits that the ECE industry generates for Los Angeles County's economy. To assess these economic characteristics, this section quantifies:

- The size and characteristics of the ECE market
  - Supply
  - Parental Need
  - Demand
  - Los Angeles County's children
- The size of the industry, as reflected in output or gross receipts
- The total full-time equivalent employment of the industry
- The total public investment in ECE

## THE EARLY CARE AND EDUCATION MARKET

### *Supply*

Part- and full-time ECE service options offer approximately 230,000 spaces at one time.[148] There are 13,796 licensed ECE establishments in Los Angeles County, including:

- 7,631 small licensed family child care homes
- 3,633 large licensed family child care homes
- 2,532 licensed child care centers[149]

Additionally, there are over 3,595 license-exempt in-home and relative providers receiving vouchers in Los Angeles County, and these providers serve more than 11,900 children.[150]

[148] California Child Care Resource & Referral Network. (2005). *The 2005 California Child Care Portfolio*. Retrieved April 10, 2007 from http://www.rrnetwork.org/publications/2005-portfolio-losangeles-data.pdf. The number of children served is greater than the number of spaces because service options may serve different children in the morning and in the afternoon.
[149] Data provided by the State of California, Community Care Licensing Division.
[150] Data provided by Child Care Alliance of Los Angeles.

*Demand*

Demand for the industry relies on these key factors:[151]

- ***Parental Need:*** Given the high labor force participation rates of parents in the county, the need for some form of ECE to enable parents to work and obtain training and education is strong. In Los Angeles County, there are more than one million children ages 0 to 12 with all parents in the labor force, but, as mentioned, only 230,000 licensed ECE spaces.[152,153] That means licensed ECE is only available for approximately 22 percent of children with all parents in the labor force—slightly higher than the statewide average of 20 percent.[154,155]

> In Los Angeles County, spaces for infants and toddlers represent just 6 percent of all licensed ECE center spaces, but infants and toddlers account for 23 percent of the county's population of children ages zero through twelve.

- ***Quality:*** Parental demand for quality increases as more parents understand its educational importance and how to identify quality service options. The provision of quality ECE is a function of several interrelated factors including caregiver qualifications and experience, market demand, wages, leadership, business management, parent relations, and the physical plant in which care is provided. Ultimately though, both the availability and quality of ECE hinge on two key factors: qualified nurturing caregivers and a healthy, safe, and developmentally stimulating physical environment. Simply put, you need the people and the place.
- ***Affordability:*** Demographic and economic trends indicate that more families will be challenged by affording the service options they desire for their children as wages rise more slowly than the cost of living in the county.
- **Accessibility:** Location, hours of operation and transitions between part-day service options all affect parents' ability to use formal ECE.

These four factors are interrelated, thus making it difficult to quantify market demand from an economic standpoint. In the book *Child Care Quality,* Deborah Vendell and Barbara Wolfe note that there are two reasons why the ECE industry cannot meet the demand for quality ECE on its own. One, parents lack accurate information about quality ECE. Two, the benefits of quality ECE "accrue not just to the parents and to the child but to society in general." However, the market does not recognize these external benefits, and parents are primarily responsible for the cost.[156]

In Los Angeles County's ECE centers, preschool spaces represent approximately 75 percent of all ECE center spaces and infant spaces represent just 6 percent of all center spaces.[157] However, infants and toddlers account for 23 percent of the county's population of children from birth through

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[151] Smith, E. (2004). *Understanding Child Care Supply and Demand in the Community*, Columbia, Md., The Enterprise Foundation.
[152] County of Los Angeles, Office of Child Care, within the Service Integration Branch of the Chief Administrative Office. (2006). All parents in the labor force accounts for single parents who are working and dual parent households where both parents are in the workforce.
[153] California Child Care Resource & Referral Network (2005).
[154] County of Los Angeles, Office of Child Care, within the Service Integration Branch of the Chief Administrative Office. (2006)
[155] California Child Care Resource & Referral Network. (2005).
[156] Vandell, D. and Wolfe, B. (2003). *Child Care Quality: Does it Matter and Does it Need to Be Improved?* As cited in J. Lombardi. *Time To Care: Redesigning Child Care to Promote Education, Support Families, and Build Communities.*
[157] California Child Care Resource & Referral Network, (2005).

age 12, and the California Child Care Resource & Referral Network notes that parental requests for information about infant care represent one-third of all information requests.[158,159] As discussed in Section Two, many infants and toddlers live in households where all parents work; for example, in 2006 nearly 47 percent of infants and toddlers live in households where all parents work.[160] While there is already a shortage of ECE services for infants, demographers estimate that births in Los Angeles County will increase by approximately 3 percent between 2005 and 2015, further straining service provision.[161]

*Los Angeles County's Children*

ECE service options serve children ages from birth through age 12. To further define the needs of these children, ECE advocates generally use the following subcategories: infant/toddler (ages 0 through 2); preschool-age (ages 2 through 5); and school-age (ages 5 through 12). In 2004, there were over 2 million children from birth through age 12 in Los Angeles County, representing nearly 20 percent of the county's population (see Figure 1).[162]

Population projections indicate that the number of residents in Los Angeles County will remain virtually stagnant. By 2020, Los Angeles County's overall population is projected to grow to nearly 10.9 million residents, an increase of only 7 percent since 2004.[163] Over the same period, the population of children in the age range served by ECE service options is projected to decrease slightly to 1.9 million, a 3 percent decrease since 2004.[164] While the population served by ECE is projected to decline, there is already a considerable gap between need and capacity, and the population decrease will not be sufficient to cover the gap. According to a series of needs assessments conducted by the County of Los Angeles, Office of Child Care, Service Integration Branch, the number of children with working parents has actually increased. For example, the number of infants and toddlers living in households where all parents work increased nearly 10 percent between 2004 and 2006.[165]

*Implications for Early Care and Education*

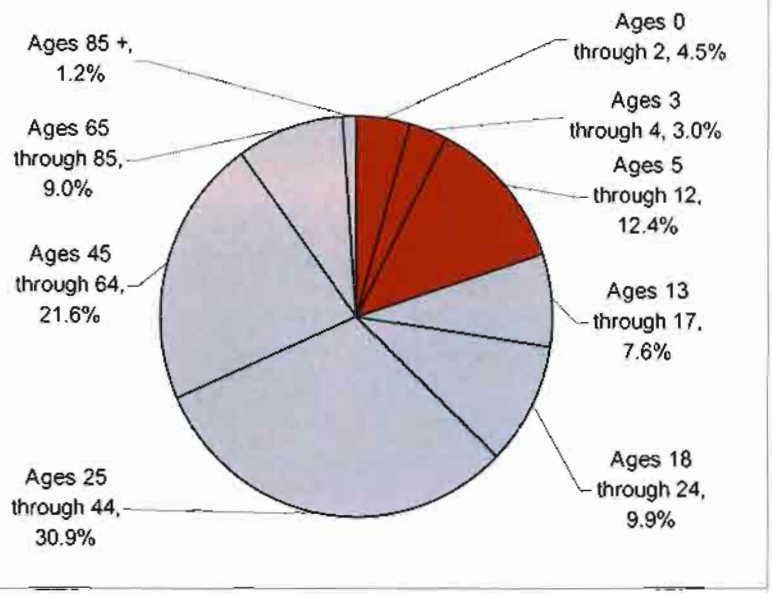
ECE is one factor that families consider when deciding where to live. Improvements in the affordability and quality of ECE service options may help attract and retain families with children.

Although Los Angeles County has been the dominant county in the region (defined by the Southern California Association of Governments as Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties), the lack of developable land in Los Angeles County and rapid development in surrounding counties has contributed to relatively stagnant population growth in Los

[158] State of California, Department of Finance. (2004a). *Estimated Race/Ethnic Population with Age and Sex Detail, 2000–2004*. Retrieved from http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp
[159] California Child Care Resource & Referral Network, (2005).
[160] County of Los Angeles, Office of Child Care, Service Integration Branch, (2006).
[161] State of California, Department of Finance, Demographic Research Unit. (2006). *Historical and Projected Births By County, 1990-2015 with Actual and Projected State Births and Fertility Rates by Mother's Age and Race/Ethnicity*. Retrieved April 11, 2007 from http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp
[162] State of California, Department of Finance. (2004a).
[163] State of California, Department of Finance. (2004b). *Population Projections by Race/Ethnicity, Gender and Age for California and Its Counties 2000-2050*. Retrieved from http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp
[164] State of California, Department of Finance. (2004b).
[165] County of Los Angeles, Office of Child Care, Service Integration Branch. (2006).

Angeles County.[166] While Los Angeles County is still projected to be the most populous county in the region, the county's percentage of the total regional population "will continue to edge downward."[167]

**Figure 1,**
**Population by Age, Los Angeles County, 2004**




Source: State of California, Department of Finance, 2006

According to the Public Policy Institute of California, Los Angeles County has one of the most diverse populations in the world.[168] Demographics indicate a continuing increase in racial and ethnic diversity, particularly for young children (see Figure 2). For example, approximately 62 percent of the 760,000 children between birth and age four are Hispanic/Latino, compared to the countywide Hispanic/Latino population of 46 percent.[169]

*Implications for Early Care and Education*

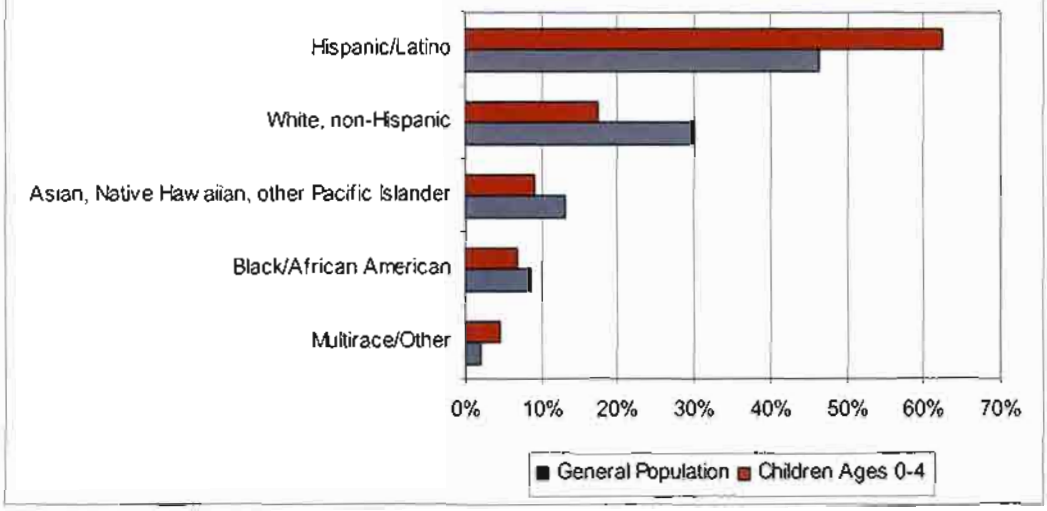
The increasing diversity of Los Angeles County's child population requires ECE service options to have staff that are culturally and linguistically competent. In addition, ECE service options that involve parental engagement are critical in serving English language learners.

Studies have found that Hispanic/Latino children start kindergarten well behind non-Hispanic/white students in reading and math skills.[170] The National Task Force on Early Childhood Education for

[166] Southern California Association of Governments. (n.d.) *Population Growth in the SCAG Region, 1950-2025.* Retrieved April 12, 2007 from www.scag.ca.gov/livable/download/pdf/GV1950_2025.pdf
[167] Southern California Association of Governments. (n.d.)
[168] Public Policy Institute of California. (2005). *Just the Facts: Los Angeles County.* Retrieved April 16, 2007 from http://www.ppic.org/content/pubs/jtf/JTF_LACountyJTF.pdf
[169] State of California, Department of Finance. (2004b).

Hispanics brings together policymakers, business and community leaders, early childhood educators, and researchers to develop recommendations for expanding and improving early education for Hispanic children.[171] To close this achievement gap, this task force recommends increasing access to infant/toddler, prekindergarten, and after-school service options for Hispanic/Latino children, especially those with from low-income families and/or those who are English language learners.[172]

**Figure 2**
**Race and Ethnicity, General Population and Children Ages 0-4, Los Angeles County, 2004**




Source: State of California, Department of Finance, 2006

## MEASURING INDUSTRY OUTPUT OR GROSS RECEIPTS

Output, also known as gross receipts, measures the size of an industry in terms of the overall value of the goods and services produced by that industry over the course of a given year. For the ECE industry, gross receipts are equal to the total amount of dollars flowing into the sector in the form of payments for care, including both parent fees and private and public subsidies.

State and national surveys do include "child day care services" as an industry classification, but they underestimate the size of the industry because of its diversity of establishments, which includes self-employed individuals, service options run by religious or social organizations, and not-for-profit and for-profit small businesses and chains.[173] This study uses a more accurate method of measuring the size of the ECE industry, primarily relying upon data from the Child Care Planning Committee of Los Angeles County, Child Care Alliance of Los Angeles, and the 2006 California Early Care and Education Workforce Study by Marcy Whitebook et al.

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[170] National Task Force on Early Childhood Education for Hispanics. (2007). *Para Nuestros Niños: Expanding and Improving Early Education for Hispanics, Executive Report.* Retrieved March 2007 from http://www.ecehispanic.org/work/expand_ExecReport.pdf

[171] National Task Force on Early Childhood Education for Hispanics. (2007).

[172] National Task Force on Early Childhood Education for Hispanics. (2007).

[173] The North American Industry Classification System (NAICS) is the most used classification system, separating industries into 20 major sectors, and 1,196 industry subsectors. "Child Day Care Services" is NAICS code 624410.

For licensed family child care homes and classrooms in licensed child care centers that are not fully funded by the California Department of Education-Child Development Division (CDE-CDD) or Head Start, gross receipts were calculated by multiplying average yearly consumer price by usage. Usage was defined as full-time equivalent enrollment. For family child care homes and child care centers, full-time equivalent enrollment was estimated by directly surveying providers.[174] To ensure that gross receipts were accurately captured, rates and usage information were broken down by type of establishment (licensed child care centers and licensed family child care homes). Price and usage were further broken down by age of child (infant and toddler, pre-school age and school age; see Appendix C for more details on the methodology).

Annual government expenditure information was used for all Head Start classrooms (Head Start and Early Head Start), all classrooms that are funded by the CDE-CDD, (e.g., state preschool, general child development, and latchkey service options) and license-exempt in-home and relative care providers receiving vouchers.

Based on the methodology briefly described above, the estimated value of annual gross receipts for the formal ECE industry in Los Angeles County is $1.9 billion:

- $1.1 billion for licensed child care centers, including CDE-CDD funded service options and excluding Head-Start-funded service options
- $198.8 million for Head Start and Early Head Start
- $366.6 million for licensed family child care homes (small and large)
- $45.9 million for license-exempt providers who receive voucher payments
- $267.6 million for After School Education and Safety (ASES) service options, 21st Century, and Beyond the Bell license-exempt before- and after-school service options in public schools[175]

The ECE industry generates $1.9 billion in gross receipts in Los Angeles County.

A previous child care economic impact report in 1999 found that the child care industry generated $1.38 billion in gross receipts.[176] Although it is difficult to determine the exact cause of the nearly 43 percent increase, potential factors include: a change in the methodology which now captures more facets of the industry, an increase in ECE costs, the impact of welfare reform, and investments related to Proposition 10 (e.g., Los Angeles Universal Preschool) and Proposition 49 (e.g., license-exempt before and after-school programs).

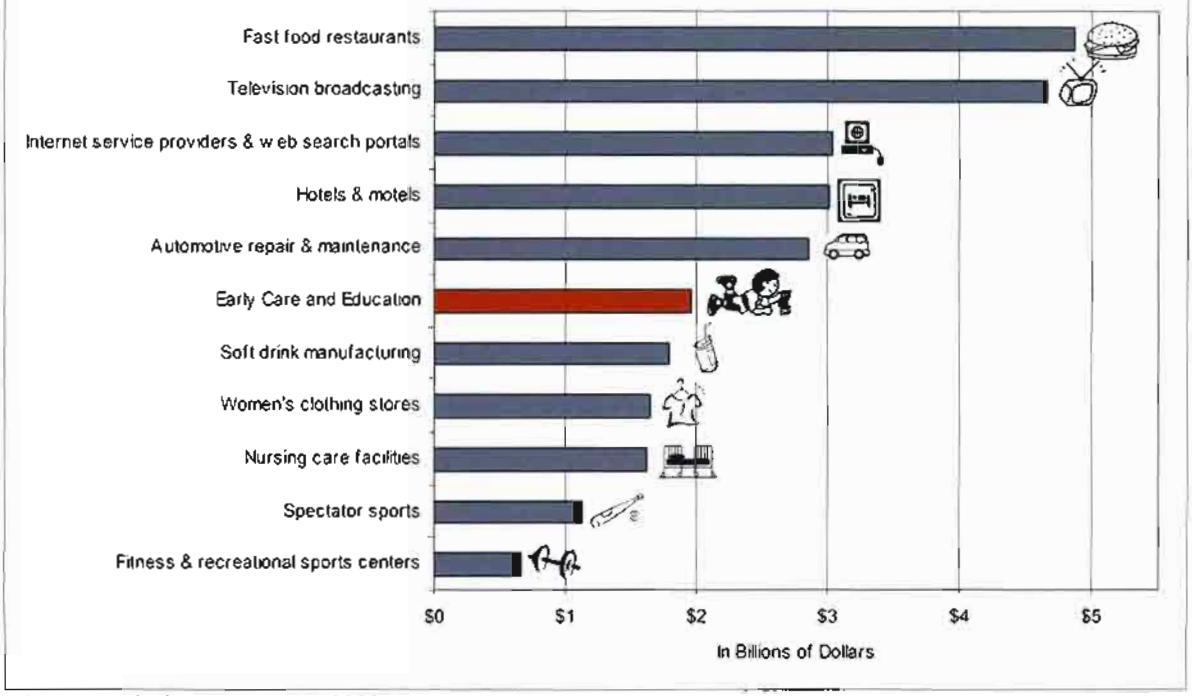
[174] We used the Whitebook et al. 2006 ECE workforce study to estimate enrollment in family child care. A separate survey (sent out by the County of Los Angeles, Office of Child care) will be used to estimate enrollment in licensed child care centers.
[175] ASES/21st Century numbers represent funding for fiscal year 2005-2006. Once Proposition 49 is fully implemented, this number will increase significantly.
[176] National Economic Development and Law Center. (1999).

## GROSS RECEIPTS COMPARED WITH OTHER INDUSTRIES

The ECE industry generates approximately 38 percent as many gross receipts as television broadcasting.

The ECE industry plays a key role in Los Angeles County's economy, and to demonstrate its significance, the following section compares ECE to other key industries in the county (see Figure 3). The ECE industry generates approximately 36 percent as many gross receipts as the fast food industry ($4.9 billion), 38 percent of television broadcasting, and it generates approximately the same amount as soft drink manufacturing ($1.8 billion). The ECE industry generates more gross receipts than fitness and recreational sports centers ($666.6 million) and nursing homes ($1.6 billion).[177]

**Figure 3**
**Gross Receipts by Various Industries,**
**Los Angeles County, 2006**




Source: U.S. Census Bureau, 2002

[177] Based on the U. S. Census Bureau's 2002 Economic Census, and adjusted to 2005 values using the Consumer Price Index (CPI).

## DIRECT EMPLOYMENT

Direct employment for ECE in 2005 in Los Angeles County is estimated to be 65,139 full-time equivalent jobs (FTEs) including:[178]

- 33,544 FTEs for licensed child care centers, including CDE-CDD funded service options and excluding Head Start
- 2,827 FTEs for Head Start and Early Head Start
- 21,058 FTEs for licensed family child care homes (small and large)
- 3,595 FTEs for license-exempt providers who receive voucher payments
- 4,115 FTEs for 21st Century, ASES, and Beyond the Bell license-exempt before- and after-school service options in public schools

> The ECE industry directly supports 65,139 full-time equivalent jobs.

A previous economic impact study in 1999 found that the ECE industry generated approximately 34,700 jobs.[179] Although it is difficult to determine the exact cause of the 88 percent increase, similar to the increase in gross receipts, potential factors include: a change in the methodology which now captures more facets of the industry, the impact of welfare reform, and the investments related to Propositions 10 and 49.

The direct employment estimate is derived from the number of children in different types of service options, assuming compliance with minimum staffing requirements imposed by licensing laws for different age groups, and minimal support staffing in centers (for specific staff-to-child ratios please refer to Table 2 in Appendix C). Direct employment figures for all Head Start service options were derived by estimates from administrators from the various service options. Based on typical staffing patterns, for the licensed centers with a capacity of more than 50 children at any one time, we assumed that there were four additional non-teaching staff at the centers (please see Appendix C for a detailed methodology).

The total number of people working in the ECE industry is most likely higher because so many ECE professionals work part-time.[180] Also, some ECE operators choose to maintain higher staff-to-child ratios than required by state law in order to improve program quality or to achieve specific quality goals that increase their business' competitiveness.

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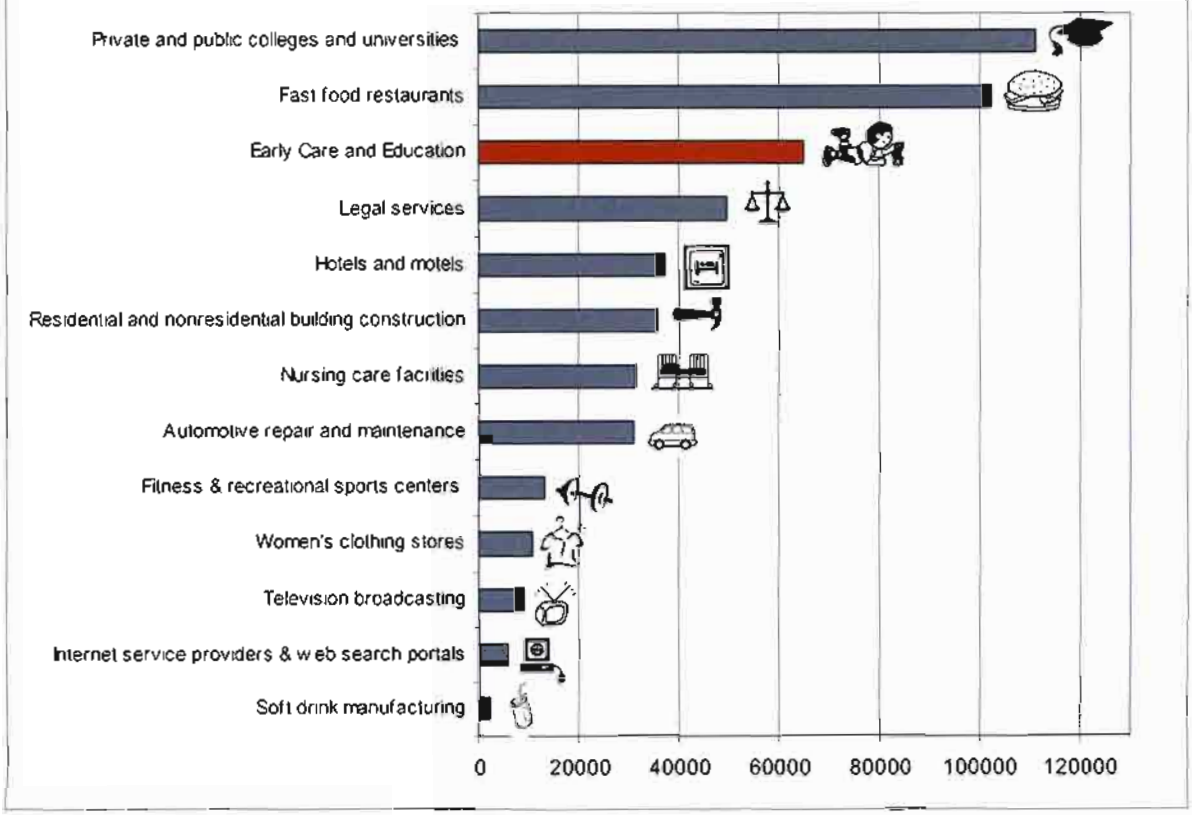
[178] Full-time equivalent employees include those who work at least 40 hours per week.
[179] National Economic Development and Law Center. (1999).
[180] Whitebook, M. et al, (2003). *The California Child Care Workforce Study: 2001 Preliminary Results and Future Plans.* This study analyzed the workforce of seven counties in California (Alameda, Kern, Monterey, San Francisco, San Mateo, Santa Clara, and Santa Cruz). The survey found that only a slight majority of assistant teachers work full-time (48 percent to 65 percent) and the percentage of teachers who work full-time ranged from (72 percent to 78 percent).

## DIRECT EMPLOYMENT COMPARED WITH OTHER INDUSTRIES

To put employment findings in context, the number of FTEs in ECE is compared to employment in other industries (see Figure 4). The number of FTEs in ECE is 61 percent of the number of employees in fast food restaurants, and there are more FTEs in ECE as there are lawyers in Los Angeles County (45,488 employees).[181]

There are more FTEs in ECE in Los Angeles County than there are workers in television broadcasting (8,832 employees) and hotels and motels (37,085 employees).[182]

**Figure 4**
**Direct Employment by Various Industries, Los Angeles County, 2005**




Source: U.S. Department of Labor, Bureau of Labor Statistics, 2005

[181] U.S. Department of Labor, Bureau of Labor Statistics. (2005). *Quarterly Census of Employment and Wages.* Retrieved April 2007 from http://data.bls.gov
[182] U.S. Department of Labor, Bureau of Labor Statistics. (2005).

## LOCAL, STATE AND FEDERAL PUBLIC INVESTMENTS

Public investments in young children enable Los Angeles County's families to work, improve the quality of care and education for Los Angeles County's children, and help make Los Angeles County an attractive place for businesses and skilled workers.

The availability of federal, state and local ECE investments plays an important role in supporting local economic development and the sustained employment of low-income families. Los Angeles County is in a unique situation where local government and citizens have recognized the importance of using local resources to support families with children.

Public investments are provided in three basic forms:

- Vouchers—including Alternative Payment (AP), which enable families to choose their own licensed or license-exempt ECE provider
- State and federal direct contracts with ECE establishments and other providers based on the number of low-income children they serve and the number of days of care provided
- Investments to improve ECE capacity, accessibility and quality, as well as investments to improve the quality and workplace stability of ECE teachers and providers

### *Vouchers for Early Care and Education*

While CalWORKS (California Work Opportunity and Responsibility to Kids) is the single largest voucher subsidy program, there are several other ECE voucher service options available to low-income families. Combined, these voucher service options provide parental choice and flexibility for a large number of low-income families or families with special circumstances. Low-income families in Los Angeles County benefit from $45.9 million in ECE vouchers.[183]

### *Direct-Contract Subsidized Early Care and Education*

ECE subsidies are public investments that enable parents to work and obtain further training. The federally funded comprehensive child development service options of Head Start make up a significant portion of public funding for ECE. Head Start and Early Head Start service options serve children from birth to age five, pregnant women and their families in child-focused service options designed to increase school readiness of young children in low-income families. In FY 2005, Los Angeles County spent more than $198.8 million in federal funding for all Head Start service options.[184]

The California Department of Education Child Development Division (CDE-CDD) supports a number of ECE and development service options throughout the county. CDE-CDD funds state pre-schools, general child development centers, and latchkey service options. In FY 2006-2007, CDE-CDD invested $348.4 million for service options in Los Angeles County.[185]

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[183] Data provided by Child Care Alliance of Los Angeles.
[184] Data provided by the Los Angeles County Office of Education.
[185] Data provided by the County of Los Angeles, Office of Child Care within the Service Integration Branch of the Chief Administrative office

Federal funding for the 21st Century service options and state funding through the After School Education and Safety (ASES) service options also support a number of license-exempt service options throughout Los Angeles County. In FY 2004-2005, 21st Century, ASES and Beyond the Bell service options represented $267.6 million in investments in Los Angeles County's ECE system.[186]

*Child Care Food Program*

In 2005, Los Angeles County investments from the California Child Care Food Program totaled $57.7 million.[187] The Child Care Food Program provides meals for income-eligible children in licensed child care centers and licensed family child care homes throughout the county.

*Summary of Investments*

In 2004-2005, approximately $918.4 million were invested in Los Angeles County through federal, state and local ECE funds.

In 2005, Los Angeles County invested approximately $918.4 million in federal, state and local ECE investments.

ECE subsidies benefit Los Angeles County in several ways. First, they are an important part of workforce development and enable many people to work who would otherwise have to stay home to care for their own children or leave their children in unsafe settings, such as self-care, so they can join the labor force. Second, subsidies bring tax dollars back to the local economy, which then circulate through various service sectors and stimulate other economic activity. Third, high-quality ECE service options generate high future public savings in criminal justice, remedial education, and other areas. Please see Section Three for a more detailed analysis of the public savings stemming from quality ECE.

The Centralized Eligibility List (CEL) is a list that determines which assistance-eligible families should be served first based on factors such as income and family size, when funding is available. In April 2007, there were more than 56,000 income-eligible children on waiting lists for subsidized ECE services.[188]

In April 2007, there were 56,000 children on waiting lists for subsidized ECE, which means that the parents of these children struggle to provide quality ECE for their children.

## SECTION SUMMARY

The diversity of the ECE system is a vital feature in its ability to meet the needs of families in Los Angeles County but makes it difficult to analyze and measure. However, using data maintained by organizations that administer service options and track the supply, market price, and licensure of ECE facilities, an estimate of its composite size can be derived. This overall size, measured in terms of gross receipts and employment, is comparable to many other more easily recognizable industries in Los Angeles County.

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[186] Data provided by the County of Los Angeles, Office of Child Care within the Service Integration Branch of the Chief Administrative office

[187] California Department of Education, Nutrition Services Division. (2005). *Federal FY 2004-05 County Profile for California Child and Adult Care Food Program-Child Care and Adult Care Components, Los Angeles County.* Retrieved April 12, 2007 from http://www.cde.ca.gov/ds/sh/sn/documents/coprochild0405.pdf

[188] Data provided by the County of Los Angeles, Child Care Planning Committee.

The substantial size of the ECE industry means that it not only supports the economy by allowing parents to work and preparing children for future academic and economic success, but also contributes to the economy's vitality by employing significant numbers of workers, generating gross receipts, and purchasing goods and services from many other industry sectors. The industry also supports the economy by garnering significant levels of federal, state and local funds available to support quality improvement and to provide ECE to low-income families. These families represent a substantial portion of the existing and potential workforce, and are vital to the continued growth of the economy. Efforts to improve the accessibility, affordability, and quality of ECE service options will ensure that the ECE industry can meet the needs of the Los Angeles County economy even more effectively.

# Section Five
# Maximizing the Benefits of Early Care and Education

Despite its current strength, the early care and education (ECE) industry faces a number of challenges in meeting the needs of families, children and employers in the county. In the Los Angeles-Long Beach Metropolitan Statistical Area, the number of jobs for "child care workers" is expected to increase by 37 percent between 2006 and 2016, and the number of jobs for "preschool teachers" is projected to increase by 36 percent over the same time period.[189] This is based on recent growth of the industry and expectations that demographic and economic trends contributing to that growth will continue. There are challenges, however, to the increased demand for quality, affordable, and accessible service options, and ECE providers alone cannot meet these challenges. If Los Angeles County stakeholders address these challenges and work to strengthen the current system, they can increase bottom-line returns for Los Angeles County employers and public returns on government investments. These challenges include but are not limited to:

- A shortage of high-quality, affordable and accessible ECE service options
- A shortage of qualified ECE teachers, administrators and providers to meet Los Angeles County's demand for high-quality ECE
- A shortage of high-quality ECE facilities[190]

Between 2003 and 2006, over $27.8 million in CDE-CDD funds allocated to Los Angeles County were unspent.[191] As a result, these funds were returned to the state. Although ECE providers desperately needed these funds, they were unable to use them due to insufficient numbers of qualified staff and long start-up periods for new or expanded facilities. Providers also cited difficulty enrolling income-eligible children. Although there are more than 56,000 children on waiting lists for subsidized ECE, state-funded service options may be concentrated in certain neighborhoods making it difficult for families outside of these communities to access care.

[189] Economic Modeling Specialists, Inc. (2007). *Regional Staffing Patterns*. Retrieved from http://www.economicmodeling.com
Child care workers are defined as those who "attend to children at schools, businesses, and institutions. Perform variety of tasks such as dressing, feeding, bathing, and overseeing play. Exclude preschool teachers and teacher aides." A preschool teacher is defined as one who "instructs children in activities designed to promote social, physical, and intellectual growth needed for primary school in preschool, day care center, or other child development facility. Plans individual and group activities to stimulate growth in language, social, and motor skills, such as learning to listen to instructions, playing with others, and using play equipment. May be required to have certification from state." Source: ONET. *Child Care Worker*. Retrieved April 10, 2007 from http://www.occupationalinfo.org/onet/68038.html

[190] For the purposes of this report the term facility is meant to refer to the physical environment of a particular child care program (the building and the materials within).

[191] Data provided by the County of Los Angeles, Office of Child Care, Service Integration Branch.

## A SHORTAGE OF HIGH-QUALITY, AFFORDABLE AND ACCESSIBLE ECE SERVICE OPTIONS

The ECE industry is not currently meeting the demand for high-quality, affordable, accessible ECE in the county, and the demand is growing. Welfare reform and the rising proportion of low-wage jobs in Los Angeles County dramatically increased the need for subsidized ECE. Unlike many other industries, the costs cannot typically be passed on to consumers. As families struggle with the cost of basic needs, high-quality ECE becomes cost-prohibitive for families in many income brackets, so relying on parents to pay the full cost of high-quality ECE is not realistic.

From kindergarten to twelfth grades, any parent can choose a local-, state- and federal-government-funded education programs, and in the higher education system, institutional funding and low- or delayed-interest loans help offset costs, but the ECE system lacks significant supports for families. Although government spending to support the ECE needs of low-income families has risen dramatically since welfare reform in 1996, many families who are eligible for assistance do not receive it, and subsidy levels do not reflect the cost to the establishment. As a result, program quality suffers and investments do not have the maximum returns. In addition, economic investments that attract and retain a skilled labor force and educate the future workforce deserve greater business involvement. While some businesses offer family-friendly benefits to their employees and some business groups have publicly supported policy advancements in ECE, greater involvement from business leaders is critical to increasing the supply of high-quality, affordable and accessible ECE.

Two factors—the number of jobs during nontraditional hours and limited transportation options—further strain ECE service provision. According to the California Child Care Resource & Referral Network, 20 percent of Los Angeles County employees work during nontraditional hours.[192] These nontraditional work arrangements, including "evenings, nights, rotating shifts and employer-arranged irregular schedules" are more common among low-income workers.[193] Parents who work during nontraditional hours struggle to find high-quality service options for their children. Although the majority of family child care homes in Los Angeles County offer care during nontraditional hours, only 6 percent of child care centers offer these services.[194]

Furthermore, ECE service options and transportation are both critical elements of a strong economic infrastructure, and both enable families to work and access services. Covering more than 4,700 square miles, the sheer size of Los Angeles County poses a barrier to effective service delivery.[195] Long commutes increase the amount of time children spend with ECE providers and increase the demand for care during nontraditional hours. In 2005, the average commute time for Southern California residents was 82 minutes round trip, and these commuters typically travel approximately 40 miles round trip each workday.[196] In 2000, an estimated 440,000 workers commuted to Los Angeles County from the surrounding counties, and approximately 280,000 Los

[192] Child Care Resource & Referral Network. (2005).
[193] National Women's Law Center. (2003). *Raising Work Requirements to 40 Hours a Week Will Result in a Greater Child Care Burden for TANF and Low-Income Working Families.* Retrieved May 31, 2007 from http://www.nwlc.org/pdf/WorkHoursFactSheet2003.pdf
[194] Child Care Resource & Referral Network. (2005).
[195] Los Angeles County Economic Development Corporation. (2006). *Los Angeles County Profile.* Retrieved April 16, 2007 from http://www.laedc.org/reports/LACounty.pdf
[196] Southern California Association of Governments. (2006). *State of the Commute Report 2006.* Retrieved April 12, 2007 from www.scag.ca.gov/publications/pdf/2007/2006_StateoftheCommute_Report.pdf

Angeles County residents commuted to jobs outside the county.[197] Local public transportation is not accommodating to families commuting with small children. Specifically, few public transportation options exist that are friendly for children in strollers, especially infant carriers.[198] Women in Southern California are more likely to use public transportation than men, 11 percent compared to 5 percent.[199] Lack of access to ECE providers in close proximity to transit corridors and bus lines places additional strain on commuting parents. In many cases, the daily commute from home to ECE provider to job and back again is either impossible, extremely time consuming, or otherwise very difficult using public transportation.[200] While more research is needed on the ECE preferences of commuting parents, it is clear that some prefer ECE options close to where they work rather than near home, increasing the demand for ECE options near business centers. Commuters may choose to have ECE close to where they work because they want to be close to their children, especially in the event of an earthquake or other emergency. Other commuting parents need ECE options that are close to existing transportation corridors, so they can easily integrate ECE into their daily commutes.

Despite substantial local, state and federal investments in ECE in Los Angeles County, much of the ECE industry lacks the resources to expand capacity and improve the quality of their programs. While businesses in many industries face difficult trade-offs between price and quality, those in ECE feel particular pressures. With few exceptions outside of public sector service options, even the most prosperous, business-savvy ECE establishments persistently operate on tight margins, with the difference between their revenues and their costs small at best.

## A SHORTAGE OF QUALIFIED EARLY CARE AND EDUCATION TEACHERS, ADMINISTRATORS AND PROVIDERS

To improve quality, increasing the educational credentials of the ECE workforce is critical. Three key indicators for a quality ECE workforce are education, wages, and tenure in the field. Low wages, poor benefits, and a shortage of resources for higher education opportunities lead to high turnover and an unstable and less educated workforce. In the first quarter of 2006, the average hourly wage of someone classified as a "child care worker" in Los Angeles County was just $10.05.[201] If that ECE teacher worked full-time, he/she would earn an annual wage of just $20,905.[202] Likewise, "preschool teachers" earned just $13.50 per hour or $28,082 annually. Annual earnings for child care workers and preschool teachers are in the same range as the mean

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[197] California Employment Development Department. (2006b). *Los Angeles County to County Commuting*. Retrieved April 13, 2007 from http://www.calmis.ca.gov/commute-maps/LACommute.pdf

[198] The Women's Foundation of California. (2004). *Women In Transit: Analyzing Gender and Transportation Justice*. Retrieved from http://www.womensfoundca.org

[199] Southern California Association of Governments. (2006).

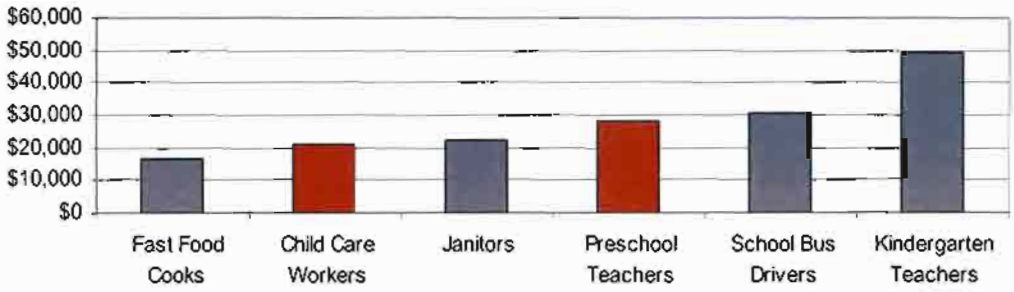
[200] National Economic Development and Law Center. (2007). *Low-Income Car Ownership Programs – 2006 Survey*. Retrieved June 14, 2007 from http://www.nedlc.org

[201] California Employment Development Department. (2006c). *Occupational Employment (May 2005) & Wage (2006 - 1st Quarter) Data*. Retrieved April 10, 2007 from http://www.labormarketinfo.edd.ca.gov/cgi/career/?PageID=3&SubID=152. Wages data based on 2006, 1st Quarter. Wages defined for "child care worker." Child care workers are defined as those who "attend to children at schools, businesses, and institutions. Perform variety of tasks such as dressing, feeding, bathing, and overseeing play. Exclude preschool teachers and teacher aides." A preschool teacher is defined as one who "instructs children in activities designed to promote social, physical, and intellectual growth needed for primary school in preschool, day care center, or other child development facility. Plans individual and group activities to stimulate growth in language, social, and motor skills, such as learning to listen to instructions, playing with others, and using play equipment. May be required to have certification from state." Source: ONET. *Child Care Worker*. Retrieved April 10, 2007 from http://www.occupationalinfo.org/onet/68038.html

[202] California Employment Development Department. (2006c).

annual earnings for fast food cooks ($16,875); janitors ($22,278); and school bus drivers ($30,540). In comparison, kindergarten teachers earn an average wage of $49,250 per year (see Figure 1).[203]

**Figure 1**
**Average Annual Wages of Various Occupations in Los Angeles County, 2006**




Source: California Employment Development Department, 2006

In a 2006 study of California's ECE workforce, annual turnover for child care center teachers was 23 percent statewide. However this turnover rate is double the turnover rate for K-12 education statewide—11 percent.[204]

Recent research on brain development during the early years has emphasized the importance of well-qualified teachers who are familiar with appropriate instructional strategies for very young children.[205] Assessing the quality of Los Angeles County's diverse ECE workforce is difficult. However, there are tangible indicators that can be used to measure the quality of an ECE workforce. These include on-the-job experience, specialized training in early childhood, peer mentoring, turnover and higher educational attainment. There are also intangible indicators for the quality of the ECE workforce. These include a passion for teaching children, cultural and linguistic capacity, and strong interpersonal skills. A number of studies demonstrate that teachers with higher levels of education are more likely to teach ECE in qualified manner. In 2003, Marcy Whitebook, director of the Center for Child Care Employment, reviewed a number of national studies on the impact of ECE teacher educational attainment on child development. She found that especially for preschool-age children, children in settings with teachers who have bachelor's degrees have distinct advantage over children with similar backgrounds whose teachers do not have bachelor's degrees.[206]

The 2006 workforce study also assessed the educational attainment of the local ECE workforce. Approximately 32 percent of licensed family child care providers in Los Angeles County had a high school diploma or less, and only 13.9 percent had a bachelor's degree or higher.[207] Among center-

[203] California Employment Development Department. (2006c).
[204] Whitebook et al. (2006a). *California Early Education Workforce Study: Licensed Family Child Care Providers. Los Angeles County 2006.* Retrieved April 2007 from http://www.iir.berkeley.edu/cscce/
[205] New Jersey Professional Development Center for Early Care and Education. (2001). *Core Knowledge Areas and Competency Levels.* NJPDC, Kean University, Union, N.J.
[206] Whitebook, M. (2003a) *Bachelor's Degrees Are Best: Higher Qualifications for Pre-Kindergarten Teachers Lead to Better Learning Environments for Children.*
[207] Whitebook et al. (2006a).

based teachers in Los Angeles County, approximately 26 percent had a bachelor's degree or higher.[208]

When creating a professional development system to ensure that there are a sufficient number of qualified ECE teachers to meet the growing ECE demands of Los Angeles County's children, it is important to keep in mind that educational attainment is not the only method of preparing qualified teachers. Qualified teachers also require effective training and peer mentoring and support.

In a 2006 study, *Roots of Decline: How Government Policy Has De-Educated Teachers of Young Children,* authors Dan Bellm and Marcy Whitebook found that the ECE field nearly tripled in size since the late 1970s, but the ECE industry lacked the infrastructure to support this growth.[209] The sudden demand for new personnel resulted in difficulty in recruiting and retaining staff, but the shortage did not result in significant wage increases.[210] According to the authors, "...the available labor pool for ECE programs has shifted steadily from degree holders to relatively untrained and less educated workers, many of them living in poverty, and many of them recent immigrants to this country, whether educated or not."[211]

Another study, *Chutes or Ladders? Support Services for Early Childhood Students in Higher Education*, found that ECE students enrolled in higher education lack the support systems necessary to pursue their academic careers.[212] Many ECE students in college and university programs are working full-time, and many experience challenges with college-level coursework in English.[213] In response to these challenges, ECE advocates, in partnership with public officials, have worked to support ECE students in accessing higher education and to expand the scope of ECE coursework in colleges and universities.[214]

*Qualified Administrators & Providers*

Research shows that there is an increasing demand in the ECE field for information about financial planning. ECE owners and directors require specific knowledge about financial management and budgets, debt capacity and business planning to run financially sustainable small businesses. Understanding these basic financial tools helps providers become more familiar with financing packages and enables them to measure their capacity to take on debt. These skills are also important for securing financing and making a current business more successful, viable and fiscally solvent. Turnover of establishments from poor business management clearly affects the ability of the industry to meet the needs of Los Angeles County's employers. [215]

With state AB212 funding, Los Angeles County enhanced its efforts to retain ECE staff through the *Investing in Early Educators Retention Plan*. The program includes stipends for early childhood educators to enable them to pursue educational opportunities; additional training for

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[208] Whitebook et al. (2006b). *California Early Education Workforce Study: Licensed Child Care Providers, Los Angeles County 2006.* Retrieved October 2006 from http://www.iir.berkeley.edu/cscce/

[209] Bellm, D. and Whitebook, M. (2006). *Roots of Decline: How Government Policy Has De-Educated Teachers of Young Children.* Retrieved June 2007 from http://www.iir.berkeley.edu/cscce/index.html

[210] Bellm, D. and Whitebook, M. (2006)

[211] Bellm, D. and Whitebook, M. (2006), 6.

[212] Dukakis, K. et al. (2007). *Chutes or Ladders? Support Services for Early Childhood Students in Higher Education.* Retrieved June 2007 from http://www.iir.berkeley.edu/cscce/index.html

[213] Dukakis, K. et al. (2007)

[214] Dukakis, K. et al. (2007)

[215] National Economic Development and Law Center. (2000). *Child Care Financial Planning and Facilities Development Manual.*

supervisory/management staff; data collection and policy development; and collaboration with local workforce initiatives as well as staff/faculty of local community colleges.[216]

## A SHORTAGE OF HIGH-QUALITY EARLY CARE AND EDUCATION FACILITIES

In addition to the overwhelming need for a greater ***supply*** of child care facilities, there has been growing recognition about the importance of the physical environment to the ***quality*** of child care. The impact of the physical environment on the quality of care was documented in a 1995 four-state comparative study: *Cost, Quality and Child Outcomes in Child Care Centers,* which determined that there is a high correlation between the physical environment and quality of care provided.[217] The adequacy of the facility for care giving and child development, whether home or center-based, is both immediately apparent and more subtle in its impacts. Immediately apparent is how much space is provided per child, the presence of outdoor space for gross motor skill development, the physical condition of the facility in terms of maintenance and upkeep, or the presence or absence of any hazards for children, staff and families. These baseline requirements for space can be enhanced greatly in terms of quality if there is an ability to develop the space specifically for the task of providing ECE, especially for the age group of children to be served and the staff who will educate them. Quality design features, which may have a less immediate but tangible impact, include:

- Bathrooms and food prep areas off the classroom with clear sight lines
- Windows and other features designed specifically for children at their height
- Play spaces immediately off the classroom
- Teacher break and preparation areas
- Space for the provision of one-on-one and group services to children and families including health, mental health and family support services

These design features can enhance the experiences of children and their development greatly, as well as the day to day experiences and success of staff in their work.

A more recent study, *Constructing Early Childhood Facilities: What States Can Do to Build Supply and Promote Quality,* highlights how the quality of the facility affects the quality of the program. The authors argue that a quality facility promotes parental involvement in their child's early education experience. Additionally, the ECE industry faces significant levels of staff turnover, which negatively affect the quality of programs. The aforementioned study recognizes that quality facilities can promote staff retention by "creating physically and psychologically comfortable workplaces, and facilitating professionally rewarding interactions with young children, parents and coworkers."[218]

Research has found that children need an appropriate physical environment in order to develop optimally.[219] Children must be comfortable with, and secure in, their physical environment in order to move freely in space, respond to their senses, act independently and develop their identity.[220] Spaces that create these opportunities for children provide the basis for their intellectual

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[216] Information provided by the County of Los Angeles, Office of Child Care.
[217] Cost, Quality, and Child Outcomes Study Team (1995). *Cost, Quality, and Child Outcomes in Child Care Centers Public Report.* Denver: Economics Department, University of Colorado-Denver.
[218] Sussman, C. and Gillman, A. *Constructing Early Childhood Facilities: What States Can Do to Build Supply and Promote Quality.* Retrieved on May 2, 2007 from: http://nieer org/resources/research/Facilities.pdf
[219] Gallagher, S. (1993). *The Power of Place: How Our Surrounding Shape Our Thoughts, Emotions and Actions.* New York: Simon and Schuster; Moore, G and Hart, R., Eds. (1989) *Child Care Environments: Policy, Research, Design.*
[220] Olds, A.R. (1989). *Psychological and Physiological Harmony in Child Care Center Design.* Children's Environments.

development. Although there are no studies specifically linking ECE facilities and education outcomes, school-based studies of K-12 education facilities provide evidence of the importance of this issue. Researchers report that "Early studies correlated student achievement with better building quality, newer school buildings, better lighting, better thermal comfort and air quality, and more advanced laboratories and libraries."[221]

To help families identify high-quality service options, the National Association for the Education of Young Children (NAEYC) established a voluntary set of professional standards for ECE service options where local service options can measure themselves against a national set of standards in both program and facility areas such as child-to-staff ratios and program development.[222] While there are nearly 2,500 licensed centers in Los Angeles County, only 175 are NAEYC accredited.[223, 224]

In 1988, The National Association for Family Child Care (NAFCC) established a nationally recognized accreditation system for family child care providers. Goals of the accreditation program include increasing providers' professionalism and self-esteem, improving quality of care, and developing leadership skills.[225] While there are approximately 5,000 licensed family child care homes in Los Angeles County, fewer than 50 of them are NAFCC accredited.[226]

Although ECE service options are part of the economic infrastructure that enables parents to work and obtain education and training, they are often not included in traditional economic development activities designed to stimulate the economy. These activities include city and county workforce development, transportation planning, and business development.

To mitigate the increasing demand for ECE service options, the city of Santa Monica recently imposed child care linkage fees for commercial and residential developments to fund the creation of new ECE spaces.

The Federal Reserve Bank of New York highlights the following barriers that may hinder ECE service options from accessing loans to build facilities:

- Limited equity because many providers lease or rent their facilities
- A reliance on vouchers as a revenue source
- A shortage of financial expertise
- Political risk associated with government subsidies

[221] Schneider, M. (2002). *Do School Facilities Affect Academic Outcomes?* National Clearinghouse for Educational Facilities.
[222] The National Association for the Education of Young Children. (2007). *Accredited programs in California.* Retrieved April 2007 from http://www.naeyc.org/accreditation/search/state.asp?state=CA
[223] State of California, Department of Social Services, Community Care Licensing Division. (2007). *Information for Parents.* Retrieved April 30, 2007 from http://www.ccld.ca.gov/docs/ccld_search/ccld_search.aspx
[224] The National Association for the Education of Young Children. (2007). NAEYC does not collect data by county. The number of NAEYC accredited service options in Los Angeles County was generated by searching for service options within a 36 mile radius of zip code 91214.
[225] National Association for Family Child Care. (2007). *NAFCC Accreditation Program.* Retrieved April 2007 from http://www.nafcc.org/accreditation/background.asp
[226] National Association for Family Child Care. (2007). NAFCC does not collect data by county. The number of NAFCC accredited service options in Los Angeles County was generated by searching area codes 323, 213, 818, and 310.

- Limited ability to raise parental fees[227]

In 2001, the Building Child Care Project produced a report for the California Legislature entitled, *Child Care Facilities Development and Financing: Barriers and Recommendations*. The report highlights the three major barriers to facility development and financing:

1. *Regulatory and Systemic Barriers:* Local requirements applied to larger ECE facilities vary greatly from jurisdiction to jurisdiction, and in some jurisdictions undue barriers are placed on the development of ECE services. These regulatory and systemic barriers exist for three reasons: 1) ECE has not been written in as a priority in city and county general plans; 2) there is a very high element of risk involved in obtaining early development approvals; 3) Outdoor play space, which is vital for the healthy development of children, and required by licensing, poses additional challenges to both existing facilities and those in development.
2. *The Limited Real Estate and Finance Capacity of the ECE Sector:* ECE providers tend not to have extensive experience in the field of finance and real estate, and as a result the ECE sector faces a number of barriers related to these issues.
3. *Economic Challenges:* The pressures of competing demands for limited resources financing is a major barrier to the sector.
    - Revenues generated by ECE are often meager, resulting in limited cash flow to repay loans.
    - ECE providers often present fairly weak collateral.
    - Investing in ECE facilities and incurring related debt may not be a priority for ECE service options.
    - Providers often need to find multiple funding sources for any one project and combine loans with grants or equity from public and private sources, each with their own expectations or requirements.

*Measuring Quality*

Citing limitations to current licensing requirements, the State of California, Legislative Analyst's Office (LAO) recently recommended implementing a system of safety and quality ratings for the state's ECE facilities. According to the LAO, a license only measures whether or not a provider meets the licensing standards, so it cannot be used to compare several licensed providers or evaluate the quality of the learning environment or the qualifications of the teachers.[228] To address these limitations, the Legislative Analyst's Office recommended a continuum of options to improve the dissemination of information about ECE quality, including improving visibility of existing licensing information; creating a ratings system that summarizes licensing compliance; and developing a ratings system for elements associated with the quality of care (e.g., staff-to-child ratios and staff qualifications).[229]

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[227] Fitzpatrick, F. (2002). *Financing Child-care Centers in New Jersey: Innovative Investment Partnerships.* Federal Reserve Bank of New York, Office of Regional and Community Affairs, New York.
[228] Hill, E. (2007). *Issues and Options: Developing Safety and Quality Ratings for Child Care.* Retrieved January 5, 2007 from http://www.lao.ca.gov/2007/childcare/childcare.pdf
[229] Hill, E. (2007).

Similar efforts are underway on a local level. The Los Angeles County Policy Roundtable for Child Care was established in 2003 to design a voluntary child care rating system for licensed child care centers and family child care homes. The Steps to Excellence Program bases high quality ratings on six components: regulatory compliance; teacher/child relationships; learning environment; identification and inclusion of children with special needs; qualifications and working conditions; and family and community relationships.[230] Implementing this rating system would inform parents, stakeholders, and policymakers about the quality service options in Los Angeles County.

## SECTION SUMMARY

Meeting the challenges of shortages in high-quality ECE facilities, qualified ECE providers, and transportation options will ensure that the ECE industry can meet the needs of families and support Los Angeles County's overall economic growth. To maximize the economic benefits of high-quality ECE, a comprehensive workforce development strategy that increase the pool of qualified ECE professionals and a plan for the financing of quality ECE facilities must be developed. Any successful professional development system for ECE workers should include comparable salaries/benefits for employees. Efforts to build a cohesive, inclusive and accessible system need to include various stakeholders from government, businesses, for-profit and nonprofit providers.

[230] Office of Child Care, within the Service Integration Branch of the Chief Administrative Office. (n.d.) *Steps to Excellence Program: Los Angeles County Quality Rating System for Child Care Programs.* Retrieved April 18, 2007 from http://cao.lacounty.gov/ccp/step.htm

# Section Six
# Conclusion and Recommendations

The findings in this report are clear: high-quality early care and education (ECE) service options in Los Angeles County play a pivotal role in supporting current and future economic growth by:

- Increasing school readiness and improving K-12 outcomes
- Enabling parents to work and/or update their skills
- Directly generating significant jobs and revenue

> The term "early care and education" or "ECE" reflects the variety of education and care service options which parents typically access for children ages birth through 12. These service options include child care and child development programs and licensed home providers, preschool programs, after-school, latchkey, and other out-of-school time programs.

Los Angeles County's present and future economy benefits when children participate in high-quality ECE. When parents have access to high-quality, reliable ECE, workplace productivity is increased, absenteeism is reduced, and turnover is cut. Children in high-quality service options are better prepared for kindergarten and more likely to become life-long learners who are ready to meet the demands of the future global economy. Children participating in high-quality service options also have reduced likelihood of negative outcomes, which saves the government money and increases the quality of life for all the county's residents.

Growing diversity among the county's children indicates a need for culturally and linguistically competent ECE service options and investments in the ECE industry to meet the increased demand. In addition, growth in lower-wage jobs during non-traditional hours highlights the need for an ECE system that is financially accessible to low- and middle-income families.

The ECE industry in Los Angeles County plays an important role in economic development. It generates $1.9 billion in gross receipts annually and provides over 65,000 full-time equivalent jobs. This puts it on par with other significant Los Angeles County industries such as women's clothing stores and nursing care facilities. In addition, the ECE industry attracts federal and state investments.

Three main challenges constrain the ECE industry from growing and maximizing the impact of investments by families, employers, and federal, state, and local governments:

- A shortage of qualified ECE teachers, administrators and providers
- A shortage of affordable and accessible ECE service options
- A shortage of high-quality ECE facilities

The role and importance of ECE as a vital component of Los Angeles County's short- and long-term economy must be recognized. Government, business, the ECE industry, and the general public have the ability to maximize the economic contributions of ECE in Los Angeles County. By

understanding the links between ECE, working parents and the economy, stakeholders can work in partnership to strengthen the industry to:

- Enhance the affordability and accessibility of quality ECE so that children receive the full benefit of a quality early education experience and so that parents can obtain and maintain employment
- Develop and implement an industry-wide workforce development agenda
- Increase the supply of quality ECE facilities

Within each of these broad recommendations, there are specific action steps, both short- and long-term, that the public sector, the private sector, and the ECE industry can take to move Los Angeles County forward. [231]

## AFFORDABILITY/ACCESSIBILITY

**Recommendation Number 1: Enhance the affordability and accessibility of quality ECE so that children receive the full benefit of a quality early education experience and so that parents can obtain and maintain employment.**

Recommendations for Action by the Public Sector:

Short-Term Recommendations

- Lead by example and offer family-supportive policies, benefits, and other supports that help pay for employees' ECE costs
- Encourage unions whose membership includes parents of young children to negotiate ECE benefits that help reduce the cost of market rate care for members
- Encourage the regional and local planning agencies (e.g., Southern California Association of Governments, Community Redevelopment Agencies, etc.) to incorporate ECE issues into their agenda

Long-Term Recommendations

- Offer tax incentives to property owners who offer below-market rent to ECE providers which helps reduce the cost of care for consumers/parents
- Provide incentives for developers to include ECE into their future development plans, including housing, schools, industrial parks, and/or shopping malls
- Increase public investment to expand and improve ECE service options for low-income families
- Encourage the City of Los Angeles, Workforce Investment Board to offer ECE to support those using the WIB-sponsored job training programs

[231] As defined by the Advisory Board and Technical Advisory Committee, short-term recommendations include timelines of a few months to three years. Long-term recommendations include timelines of five to ten years.

Recommendations for Action by the Business Community:

Short-Term Recommendations

- Establish and promote ECE benefits, such as on-site care facilities, child care subsidies and supports, back-up child care, flexible spending accounts, or other benefits appropriate to the specific workforce
- Establish leave policies and employment practices that do not exacerbate the need for scarce ECE services (e.g., permit the use of paid sick leave to care for a sick child)
- Match employees' flexible spending account contributions
- Encourage small employers to join group Flexible Spending Accounts, which reduces costs by providing an economy of scale, and promote the use of these accounts by parents who pay for ECE
- Provide leadership through groups such as Chambers of Commerce to educate employers and the public about the provision of and access to ECE as an important public policy issue

Long-Term Recommendations

- Advocate for increased public investment in a comprehensive ECE system that provides high-quality care and education for children ages 0 to 12 in accessible settings that families can afford regardless of income

Recommendations for Action by the Early Care and Education Community:

Short-Term Recommendations

- Expand availability of ECE during non-traditional hours
- Create a public education campaign for businesses about the "business case" for ECE service options. Bring ECE to the table with businesses
- Advocate for ECE at a local level, so that local officials can advocate for more public investment at all levels of government
- Encourage families to advocate for early childhood investment and increased quality and service availability
- Create a speakers' bureau to present the economic benefits of ECE to various business and community groups in order to build public support for greater investment

Long-Term Recommendations

- Connect new ECE service options to existing transit corridors, so that parents can easily access ECE using existing transit services

## WORKFORCE DEVELOPMENT

**Recommendation Number 2: Incorporate ECE into the overall workforce development agenda for Los Angeles County.**

Recommendations for Action by the Public Sector:

Short-Term Recommendations

- Develop a comprehensive strategy for the county's Workforce Investment Boards that supports career development and small business development within the ECE industry, including job training and apprenticeship programs for ECE employers, employees and potential employees
- Incorporate information about the California Child Development Permit Matrix into training programs. The Permit Matrix outlines professional requirements for subsidized service options and voluntary standards for unsubsidized service options

Long-Term Recommendations

- Create and implement professional development supports that provide equitable access to training and higher education opportunities for individuals at all levels within the ECE workforce
- Support activities that promote articulation agreements among training programs, community colleges and 4-year colleges to facilitate clearer career paths and reduce duplication of coursework
- Develop small learning communities in public high schools with ECE learning themes. Develop these learning communities in partnership with community colleges and universities in order to promote and recruit high school students into the ECE workforce
- Offer loan forgiveness programs for ECE providers and teachers committed to working in the ECE field upon graduation from college regardless of auspice of employment or age of children served
- Create a college credit-based Infant-Toddler credential by identifying and/or adapting existing courses; articulate this credential with the Permit Matrix and with ECE degree programs
- Centralize information and access to training programs, college programs and access to other technical assistance opportunities that target the potential and existing ECE workforce

Recommendations for Action by the Business Community:

Short-Term Recommendations

- Invite leaders in the private sector to be speakers and/or audience participants at briefings about these findings and distribute information about the economic impact of the ECE industry in Los Angeles County

Long-Term Recommendations

- Advocate for more public investment in a comprehensive ECE system that provides high-quality care and education for children from birth to age 12 and provides a variety of job opportunities to thousands of county residents

Recommendations for Action by the Early Care and Education Community:

Short-Term Recommendations

- Disseminate information related to ECE careers, including requirements
- Work with key organizations, such as Resource and Referral programs, LAUP, and others, to raise awareness of training and resources that seek to improve the business skills of ECE providers
- Raise awareness of local efforts to train providers on business skills (e.g., LAUP training programs)
- Promote the existing compensation model as a means to link education and training with fair compensation and infuse this into all workforce development efforts
- Establish policies and procedures that enable staff in ECE settings to take advantage of workforce incentive and professional development programs
- Write and publish articles about the current and future need for an increased ECE workforce
- Represent ECE on Workforce Investment Boards
- Work with the Los Angeles County Workforce Investment Boards and Chambers of Commerce to present the results of the economic impact study and the career pathways report to workforce development system leaders

Long-Term Recommendations

- Revise wage scales and personnel policies in alignment with the development of a career and wage lattice
- Align and articulate ECE training systems so that workers can move along a career pathway as they gain education and work experience
- Encourage license-exempt service options to become licensed
- Expand existing efforts to provide license-exempt providers with specialized training in early childhood development
- Ensure that professionals working with infants and toddlers, in family child care homes and in license-exempt settings are included in professional development efforts related to increasing ECE quality
- Focus workforce development strategies on skill/knowledge development, as well as on formal education and the attainment of units/degrees

## FACILITIES

**Recommendation Number 3: Increase the supply of quality ECE facilities.**

Recommendations for Action by the Public Sector:

Short-Term Recommendations

- Offer business development trainings to, or connect such trainings with, ECE business owners and family child care home operators through agencies such as the Small Business Administration and Small Business Development Centers
- Ensure that there is specific language that encourages and facilitates the development of ECE services in the general plans of the county and each city
- Provide financial incentives for existing ECE programs to add space or make other modifications to meet licensing requirements to serve infants and toddlers
- Identify available, appropriate land or buildings, including underutilized public property that could be designated for development of ECE
- Partner with park and recreation departments to fully utilize available space
- Hold a seminar for real estate agents about the requirements for ECE facilities to increase their knowledge and skill in assisting individuals and groups seeking space in which to create licensed facilities
- Build on existing systems and link with other public, private and nonprofit agencies to expand and increase the supply of ECE facilities

Long-Term Recommendations

- Encourage mixed use of bond funds or in drafting language for new bond measures, include language that would allow for comparable uses. For example, if local demographics change, bonds for park & recreation improvements could be used to develop ECE service options
- Provide encouragement and incentives to developers of affordable housing to include ECE facilities by reducing fees, fast tracking approval processes, and waiving parking requirements
- Educate developers about the need/demand for ECE and work with them to include ECE in new developments or pay into a ECE fund to be used for facility development and renovation
- Expedite development projects that include ECE
- Reduce traffic impact fees for commercial developments that include or are associated with ECE
- Explore reductions in fees for businesses that offer ECE
- Identify all potential public and private funding options in the county and make this information available to the public
- Allow ECE providers to rent safe, vacant, government-owned buildings for ECE facilities at a reduced rate. Provide funding for renovations necessary to meet licensing requirements

Recommendations for Action by the Business Community:

Short-Term Recommendations

- Include ECE facilities in mixed-use developments
- Assist in the development of additional ECE facilities by providing space or low-cost leases to ECE providers, including ECE facilities in mixed-use developments, and modifying lease agreements to allow rental tenants to offer family child care

Long-Term Recommendations

- Provide loan products specifically designed for ECE providers and developers through financial institutions and banks
- Make cluster benefits available when providers purchase goods and services (e.g., supplies, payroll, etc.)
- Reduce traffic impact fees for commercial development that include or are associated with ECE services

Recommendations for Action by the Early Care and Education Community:

Short-Term Recommendations

- Disseminate information about state and local efforts designed to increase the supply of quality ECE facilities through the provision of technical assistance and/or funding (e.g., Constructing Connections, Building Child Care, Child Care Facilities Revolving Loan Fund, etc.) through technical assistance and or funding
- Educate real estate developers about the need/demand for ECE and work with them to include ECE in new developments

Long-Term Recommendations

- Advocate for local government to provide incentives for affordable housing developers to include ECE into their development projects
- Develop partnerships with the Community Redevelopment Agency to explore ways in which redevelopment projects can include and support ECE

Recommendations for Broad-based Action at the County level:

- Convene a county-wide workforce development task force comprised of ECE providers, stakeholders, public entities, business, and institutions of higher education to create a comprehensive strategy that will:
  - Establish a career and wage lattice for ECE
  - Standardize job titles, minimum education and experience requirements, and wages as a means of accurately tracking industry growth and opportunity and to support ECE workforce development
  - Enable the alignment and articulation among and between ECE training and education systems
  - Encourage recruitment efforts to increase the supply of qualified and culturally/linguistically competent teachers, administrators, and providers
  - Facilitate adequate educational opportunities in the public higher education system to ensure an appropriately-sized and educated workforce reflective of the languages and

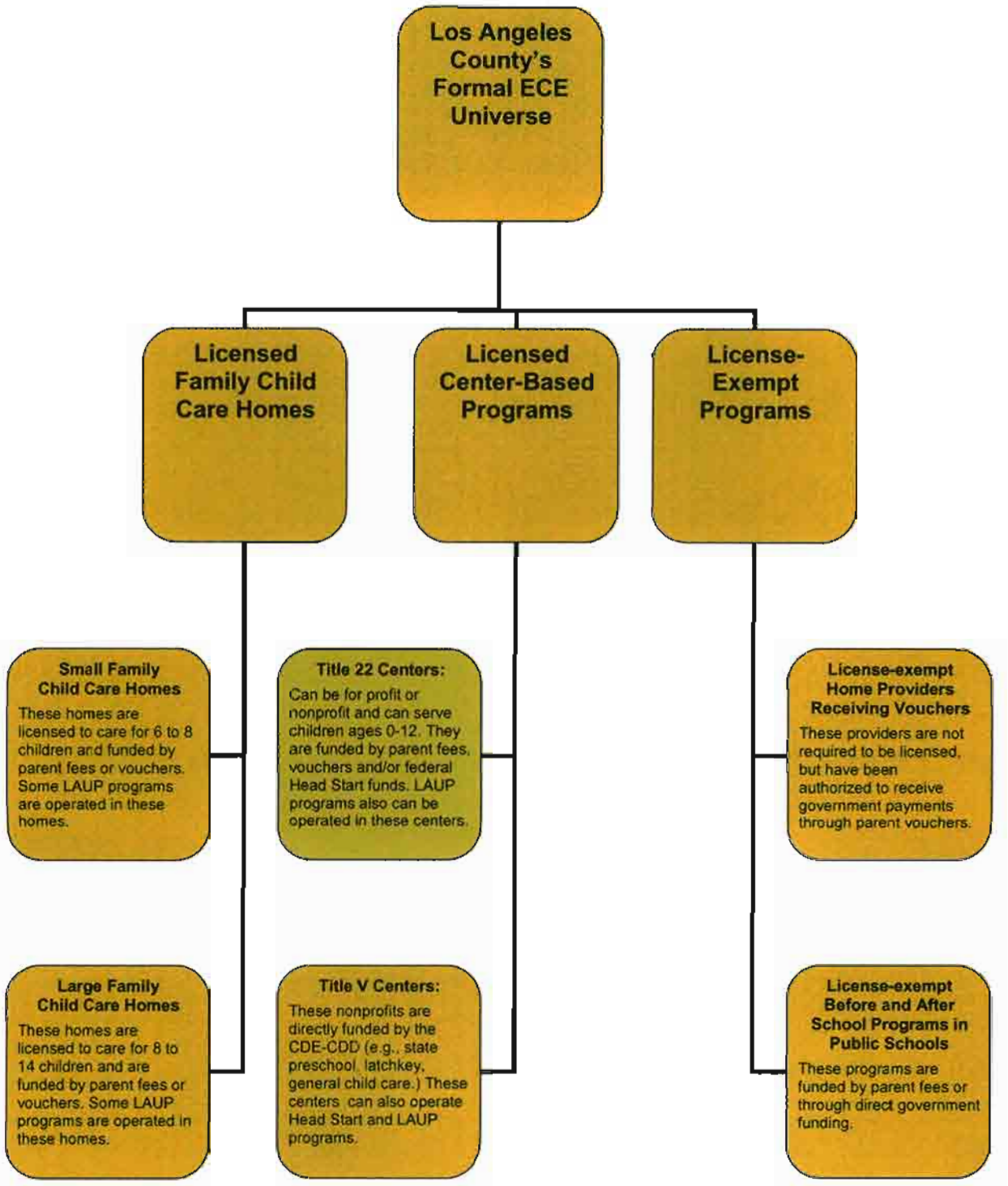
cultures of Los Angeles County children, recognizing that the field of ECE serves children from birth to school age

    - Focus workforce development on both skill development as well as formal education
- Convene a summit of Los Angeles County planners to provide education on the need and demand for ECE services and to elicit suggestions for ways in which ECE service options can be incorporated into communities throughout Los Angeles County

## SECTION SUMMARY

Ultimately, Los Angeles County's future economic productivity depends upon investment in quality ECE as a critical industry. The short-term economic benefits to working families and their employers are apparent. Equally important are the long-term benefits in human capital—children, their school readiness, and the productivity of our future workforce. Los Angeles County can maximize the economic benefits from its ECE industry by promoting and implementing these strategies and recommendations. Through building partnerships, stakeholders including businesses, the public sector and the ECE industry itself will facilitate the development of the ECE industry and workforce to meet the needs of working families and their children and find solutions to address the systemic barriers to high-quality, affordable and accessible ECE in Los Angeles County.

# Appendix A
# Los Angeles County's Formal Early Care and Education Industry



# Appendix B
# The Self-Sufficiency Standard, Los Angeles, 2003

**Table 1**
**The Self-Sufficiency Standard for Los Angeles County, 2003[232]**

| Monthly Costs | Adult | Adult + Infant | Adult + Preschooler | Adult + Infant + Preschooler | Adult + Schoolager +Teenager | Adult + Infant + Preschooler +Schoolager | 2 Adults + Infant + Preschooler | 2 Adults + Preschooler + Schoolager |
|---|---|---|---|---|---|---|---|---|
| Housing | $807 | $1,021 | $1,021 | $1,021 | $1,021 | $1,378 | $1,021 | $1,021 |
| Child Care | $0 | $671 | $672 | $1,343 | $384 | $1,727 | $1,343 | $1,056 |
| Food | $182 | $266 | $276 | $358 | $473 | $481 | $515 | $565 |
| Transportation | $242 | $248 | $248 | $248 | $248 | $248 | $475 | $475 |
| Health Care | $72 | $207 | $219 | $227 | $248 | $246 | $265 | $276 |
| Miscellaneous | $130 | $241 | $244 | $320 | $238 | $408 | $362 | $339 |
| Taxes | $295 | $453 | $462 | $640 | $354 | $1,046 | $683 | $583 |
| Earned Income Tax Credit (-) | 0 | 0 | 0 | 0 | -$17 | 0 | 0 | 0 |
| Child Care Tax Credit (-) | 0 | -$60 | -$60 | -$100 | -$65 | -$100 | -$100 | -$100 |
| Child Care Tax Credit (-) | 0 | -$83 | -$83 | -$167 | -$167 | -$250 | -$167 | -$167 |
| **Self-Sufficiency Wage** | | | | | | | | |
| Hourly | $9.83 | $16.84 | $17.03 | $22.10 | $15.49 | $29.45 | $12.49* | $11.50* |
| Monthly | $1,729 | $2,964 | $2,998 | $3,889 | $2,726 | $6,183 | $4,396 | $4,049 |
| Annually | $20,751 | $35,567 | $35,977 | $46,670 | $32,713 | $62,199 | $52,756 | $48,590 |
| | | | | | | | *Per Adult | *Per Adult |

[232] Pearce, D. (2003). The *Self-Sufficiency Standard for California 2003*. Retrieved January 22, 2007 from http://www.sixstrategies.org/files/2003%20CA%20Full%20Report%20with%20Map.pdf

# Appendix C
# Methodology for Calculating Gross Receipts and Direct Employment

The economic contribution of the early care and education industry is significantly undercounted in traditional economic accounting tools and alternate methodologies for collecting data are necessary.

## LOS ANGELES COUNTY'S EARLY CARE AND EDUCATION UNIVERSE

The economic analyses in this report (e.g., gross receipts and direct employment) focus on the County's formal early care and education industry as defined below. The following programs are included in this report:

- Licensed child care centers (including all Head Start and CDE-CDE funded programs)
- Licensed family child care homes (large and small)
- ASES, 21st Century and Beyond the Bell license-exempt after-school programs in public schools
- License-exempt in-home and relative care providers receiving vouchers

All of the licensed programs in the county's formal ECE industry are either a) required by law to meet minimum health and safety standards set by the state legislature and regulated by the California Department of Social Services, through the Community Care Licensing Division, or b) legally license-exempt. All of these programs are tracked and updated regularly (see Appendix A for a flow chart depicting the formal early care and education industry).

The estimates of gross receipts and direct employment represent a "snapshot" of the industry taken at a particular time. It is important to note that the estimates only capture Los Angeles County's formal early care and education industry because enrollment and costs are difficult to measure for the informal care and education sector. Adding these informal arrangements would increase gross receipts and direct employment figures. For a detailed description of the ECE arrangements that are not included in the analyses of this report, please see page 5 in Section One.

## GROSS RECEIPTS

*Licensed Child Care Centers (excluding Head Start and CDE-CDD-funded programs) and Licensed Family Child Care Homes*

Gross receipts estimates for licensed child care centers (excluding all CDE-CDD funded and Head Start programs) and licensed family child care homes, are based on this calculation:

***Full-time Equivalent Enrollment x Average Cost/Child/Year = Gross Receipts***

Full-time equivalent enrollment numbers for licensed child care centers are derived from a Spring 2007 survey conducted by the County of Los Angeles, Office of Child Care, within the Service Integration Branch of the Chief Executive Office.

For licensed child care centers, full-time equivalent enrollment was calculated as total capacity (not including all Head Start and CDE-CDD programs) less reported vacancies.

To determine average annual cost per year, monthly averages from the CDE-CDD's 2005 Market Survey were used.[233] Monthly averages were used to develop an annual average by multiplying by 12. Average annual cost information was broken down by age of child and program type (see Table 1 for a range of county average rates).

**Table 1**
**Average Annual Unsubsidized Cost for Early Care and Education, Based on 2005 Market Rate Survey, Los Angeles County**

| Type of ECE Arrangement | Infant and Toddler | Preschool Age | School Age |
|---|---|---|---|
| Licensed Child Care Center | $10,326 | $7,226 | $5,781 |
| Licensed Family Child Care Home | $7,292 | $6,775 | $5,934 |

*Publicly Funded Programs*

Gross receipts for the following publicly funded programs equal the total budget spending in either 2005 or 2006:

- CDE-CDD funded programs (e.g., state preschool an general child care)
- Head Start Programs (Head Start and Early Head Start)
- ASES, 21st Century, and Beyond the Bell license-exempt after-school programs in public schools
- License-exempt in-home and relative care providers receiving vouchers

[233] California Department of Education, Child Development Division. (2005). *Reimbursement Ceilings for Subsidized Child Care*. Retrieved January 26, 2007 from http://www.cde.ca.gov/fg/aa/cd/apfindex.aspx

Direct Employment

Direct employment is an estimate of the total number of jobs in the ECE industry.

The number of people working in licensed family child care homes was calculated based on enrollment using licensing requirements. See below for the equation used to estimate full-time equivalent enrollment

*Family Child Care Homes licensed for 6-8* = *1 FTE Employee*
*Family Child Care Homes licensed for 12-14* = *2 FTE Employees*

For licensed child care centers (excluding Head Start programs but including CDE-CDD funded programs), licensing ratios were used, according to Table 2. These were applied to licensed capacity. Based on typical staffing patterns, for the licensed centers with a capacity of more than 50 children at any one time, we assumed that there were four additional non-teaching staff at the centers. Furthermore, we assumed that for every two CDE-CDD funded programs there was one family resource worker.

**Table 2**
**Staff-to-Child Ratios Used to Generate Employment Estimates, By Program, Los Angeles County**

| Program | Infant | Preschool-age child | School-age child |
|---|---|---|---|
| Title 22 Centers (not funded directly by CDE-CDD) | 1:4 | 1:12 | 1:15 |
| Title V Centers (funded directly by CDE-CDD) | 1:3 | 1:8 | 1:14 |

Full-time equivalent employment estimates for the following publicly funded programs was based on reports from the various agencies that oversee the programs:

- Head Start Programs (Head Start, Early Head Start)
- ASES, 21st Century, and Beyond the Bell license-exempt after-school programs in public schools
- License-exempt in-home and relative care providers receiving vouchers

# Appendix D
# Indirect and Induced Effects of the Early Care and Education Industry

Every industry, including early care and education, is linked to the rest of the economy in a number of ways, reflecting the fact that establishments purchase supplied from other businesses and the industry's employees spend their earnings in part on locally produced goods and services. The linkages of the ECE industry in Los Angeles County can be measured using an input-output model and its associated multipliers, a methodology used by some economic development specialists. While the multiplier methodology is not without controversy, these estimates illustrate that ECE is an important, integrated component of the Los Angeles County economy, through its direct employment, output, and economic linkages.

The estimates for the impact of early care and education on indirect and induced effects are based on the Economic Modeling module of Economic Modeling Specialists, Inc. (EMSI). To create its Input-Output (IO) model, EMSI starts with the national Input-Output or "A" Matrix that is comprised of the industry "Use" and "Make" matrices provided by the U.S. Bureau of Economic Analysis. They combine this with the national Total Gross Output (TGO), regional jobs and sales data (which constitutes regional TGO), the land area of the subject region, regional Dividends, Interest, Rent and Transfers (DIRT) data, and regional in/out commuter patterns. They then calculate regional requirements, imports, and exports. This gives them an estimate of what goods and services are purchased in the region. This information is useful because the less import dependence a region has, the more money remains within the region and, subsequently, the more beneficial the ripple effects of adding jobs in various industries.

Once they have this information, they employ matrix algebra to calculate the regional multiplier. When a user enters new jobs into the tool, the IO model converts those jobs into sales using regional sales-per-worker ratios. The sales vector is then multiplied by the regional multiplier matrix, or "B Matrix." The resulting vector is then converted back to jobs or earnings.[234]

The multiplier effect estimates the links between an industry and other areas of the economy. For this analysis, Type II multipliers, which exclude government spending are used (see Table 1). Estimates for the impact of ECE on the economy are based on three primary types of multipliers:

- Direct effects: effects introduced into the county's economy as a result of spending on ECE
- Indirect effects: effects reflecting spending by the ECE industry
- Induced effects: effects on household spending by the ECE industry. These changes reflect changes in the county's economy caused by increases or decreases in spending patterns as a result of the direct and indirect activity.

[234] Economic Modeling Specialists, Inc. (2007). *ESMI Input-Output Model Data.* Retrieved from http://www.economicmodeling.com

| Table 1: Early Care and Education Industry Type II Multipliers<br>Los Angeles County | |
|---|---|
| | Type II Multiplier |
| Sales | 2.05 |
| Jobs | 1.16 |
| Earnings | 1.62 |

Source: Economic Modeling Specialists, Inc., 2007

These multipliers may be used to assess indirect and induced effects of these economic indicators. Based on a direct employment estimate of 65,139 full-time equivalent jobs in early care and education, 9,510 indirect jobs are sustained by licensed early care and education (see Table 2). These jobs include retail trade (1,402 jobs); food service and drinking places (1,044 jobs); and real estate (577 jobs).

| Table 2: Industries with Greatest Job Effects from ECE, Los Angeles County<br>(i.e., 65,139 Early Care and Education jobs create jobs in the following industries) | |
|---|---|
| **Industry** | **Jobs Created** |
| Retail trade | 1,402 |
| Food Services and Drinking Places | 1,044 |
| Real Estate | 577 |
| Wholesale Trade | 565 |
| Employment Services | 397 |
| Offices of Physicians, Dentists, and other Health Practitioners | 385 |
| Local Government | 348 |
| Hospitals | 285 |
| Construction | 234 |

Source: Economic Modeling Specialists, Inc., 2007

# Appendix E
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Dear Sir

9-30-21

please remove chainlink Fence from Front yard. There is chainlink Fence 2037 Brighton st Burbank. CA. This looks very bad in Whole neighborhood.
Chainlink Fence is only poor highcrime area. like Compton. Watts and South Contraal L.A. like Beverly Hills. Bel Air, They don't have chainlink Fence in Froat yard. They have Trees. Flowers and Hedge. CITY of Burbank should remove all chainlink Fence from Frontyard.

Because this area is low income neighborhood. This chainlink Fence makes look like really poor low income High crime area.

Thank you

AKI OJIMA

## Steinkruger, Tracy

**Subject:** FW: General Plan
**Attachments:** P1040820.JPG; P1040819.JPG

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**From:** Staci Armao [sarmao@sbcglobal.net]
**Sent:** Monday, September 12, 2011 8:35 PM
**To:** City of Burbank, Planning Division
**Subject:** General Plan

Hi!

I received the mailing about the Burbank General Plan and wanted to contribute to the process. I bought a condo 15 months ago in the Lake-Alameda area, an area of high density and mainly renters. We've had some gang issues and other neighborhood issues that we've been working on and thought the general plan would be another way to partner with the city to make improvements in our area (West Spazier, West Elm particularly, West Linden, etc.)

There are a handful of dilapidated multi-units on the north side of West Elm and we would love to submit the idea that one or more of these be considered for re-development, possibly for low-income. The renters next door to us run an illegal scrap metal business and the units next to that run recycling businesses out of their homes. Aside from noise issues, the public land between the street and sidewalk is really unattractive and the residents throw trash there. I thought maybe if the city partnered with us to make the area look better, it might help with some of our other issues.

We are grateful for the greenway project and some of the neighbors are trying to do clean-ups and have a neighborhood watch to help out, but we still think our area could use some love and attention, especially so the homeowners in our building have more of a reason to stay and invest in the neighborhood.

Attached are a couple of photos of the grassy area. We also thought if the streets were slated to be re-done sometime down the line, that would also improve the aesthetics of the neighborhood and decrease the chances of people littering and treating the area like a dumping ground.

This area also is in need of a place for the kids to play nearby, supervised. I went to the Y and some of the parks and they seemed pretty inaccessible to extremely low-income. Material not easily available in Spanish and connecting low-income with scholarship information presented some roadblocks. This community values soccer hugely and need low-income options. I contact AYSO Burbank and they didn't have any material in Spanish or access to scholarship info. A year-round soccer league for at-risk youth would be amazing and would go a long way as a crime prevention program.

Lastly, is there a way to regulate the produce and ice cream trucks that come down West Elm every day blaring loud music, as well as illegal snow cone vendors honking horns? They come upwards of 10-15 times a day, as late as 10pm. Any chance our permitting can be changed to no later than 8:30pm and limit the number of times a truck can hit a street? Just putting it out there in hopes of a change:)

Thank you so much for allowing resident input.

Sincerely,
Staci Armao


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# Public Comments on Preliminary Draft General Plan: Burbank-2035

September 23, 2011

Submitted by: David Gordon

## INTRODUCTION

**P. 1-1: GP-2035 repeatedly uses the word "sustainability" in different contexts**.

What definition for the word ***"sustainability"*** is utilized in this document? Does ***"sustainability"*** as used in GP-2035 denote and connote the same thing? Is the use and intent of the word ***"sustainability"*** in GP-2035 equivalent to ***"sustainability"*** as used in the United Nations Agenda 21 Sustainable Development (UN Agenda 21)? If not, how does its use in GP-2035 differ from its use in the UN Agenda 21?

**P. 1-2: The excerpted text below states in part that GP-2035 is the "City's official statement about the extent and types of development needed to achieve the community's …social and environmental….goals."**

What specific ***"social"*** goals are being referred to here? Are these in any way related to the social goals outlined in the United Nations Agenda 21? How, when, and by what process were the community's ***"social and environmental goals"*** determined? Was any public poll or vote taken? What public documents are in the City's possession that would document how and when these ***"social and environmental goals"*** were established?

*"Burbank2035 is the City of Burbank's General Plan. The General Plan is a state required policy document that provides guidance to City decision makers on allocating resources and determining the future physical form and character of development. It is the City's official statement about the extent and types of development needed to achieve the community's physical, economic,* ***social****, and environmental goals."* (emphasis added)

**P. 1-5: The excerpted text below differs from what the City's traffic engineers have historically referenced as the primary purpose of city streets, that is, to allow for the unimpeded movement of vehicles.**

How, and at what point in time, was the ~~"~~VISION FOR THE FUTURE" determined? What process was employed to include ***"making city streets better places for people"*** part of Burbank's ~~"~~VISION FOR THE FUTURE?" Was any public poll or vote taken? Was there any public discussion of or demand by the public to include ***"making city streets better places for people"*** part of the City's VISION FOR THE FUTURE? If so, when did this take place and what public documents describe this process? Was this VISION FOR THE FUTURE in any way patterned after the ***"complete streets"*** concept put forth in UN Agenda 21 or influenced by the recommendations of the **International Council of Local Environmental Initiatives (ICLEI),** the implementing organization of the non-binding recommendations contained in UN Agenda 21?

**VISION FOR THE FUTURE:** ~~–~~In the next 100 years, Burbank's decisions will center on growing ***sustainably*** within its current boundaries, maintaining and strengthening existing neighborhoods and business districts, becoming more energy and resource efficient, and ***making city streets better places for people***, all while maintaining the city's character and core values that make Burbank such a desirable place to live, work, and play." (emphasis added)

**P. 1-6: The excerpted text below is vague. Access to "what" will be equally available to all members of the community? How are currently available transportation options denying "equal access to opportunity for all residents?" Have there been any public complaints of having been denied "equal access to opportunity?" Has any consideration been given to the financial cost on taxpayers to implement such plans? What percentage of Burbank's current population does not currently have "equal opportunity" and how were they identified?**

## Mobility: Moving People Forward

~~–~~Burbank connects people to jobs, services, and recreation opportunities through a variety of transportation options. Mobility in the city will not depend on a single mode of travel. ***Access will be equally available to all members of the community.*** The transportation system will be adapted to maintain Burbank's high quality of life, secure its economic position, and ***promote equal access to opportunity for all residents."*** (emphasis added)

**P. 1-6: How has it been determined that *"sustainability is embraced"* by the *"community?"* Was any public poll, discussion, or vote taken to determine how the *"community"* feels about sustainability or was some sort of *"consensus"* reached by other means?**

**Open Space and Conservation: Greenprint for a Healthy Community**
Burbank is a place where ***community sustainability is embraced*** and implemented.

**PP. 1-6 & 1-7: How and when did the concept of *"complete streets"* become part of GP-2035's "CORE VALUES?" Was the decision to adopt "complete streets" as one of the City's "CORE VALUES" in any way influenced and/or inspired by the *"National Complete Streets Coalition"* whose mission is as follows**:

### Our Mission

Complete Streets are designed and operated to enable safe access for all users. Instead of fighting for better streets block by block, the National Complete Streets Coalition seeks to fundamentally transform the look, feel, and function of the roads and streets in our community, by changing the way most roads are planned, designed, and constructed. Complete Streets policies direct transportation planners and engineers to consistently design with all users in mind, in line with the elements of Complete Streets policies.

**P. 1-7: Has any consideration been given to the cost to taxpayers to implement the proposed sustainability agenda as outlined by the Sustainability CORE VALUE excerpted below including "complete streets" or if there is any genuine public support for it in light of the current and on-going grim economic situation and forecasts?**

**Sustainability.** *The City makes prudent decisions about the amount and location of growth to ensure a high quality of life for present and future generations. Environmentally sound development is required,* ***with special attention given*** *to water and energy conservation, recycling, and* ***complete streets***.

P1-8: How was it determined that ***"the content of this plan represents the local values of Burbank's residents?"*** How many of Burbank's residents participated in communicating to the authors of GP-2035 that ***"the content of this plan represents the local values of Burbank's residents,"*** what process was utilized and when was the residents' expression of their local values captured? Please answer the same questions for the business community? Are their public documents in the City's possession describing and documenting the procedures, results, and analysis of these processes?

**Comment:** The unqualified use of the term ***"public officials"*** implies a unified and unanimous acceptance of the so-called ***"local values,"*** when in fact not all public officials embrace the full content of GP-2035. This is misleading and is a misrepresentation.

## PLAN STRUCTURE

Burbank2035 reflects the priorities of the City of Burbank. Although certain plan features are required of all jurisdictions, ***the content of this plan represents the local values of Burbank's residents***, business community, and ***public officials***—namely, preserving and upgrading Burbank residents' high quality of life, positive business environment, strong employment base, and natural resources.

**P. 1-12: Please explain the following statement. Has there been any public call or outcry from Burbank residents for an official policy document *"to enhance their understanding of the effects of their lifestyle choices on the local, regional, and global atmospheric environment?"* How did the authors of GP-2035 conclude that this was of any importance whatsoever to the residents of Burbank?**

**Residents**

Burbank residents can use Burbank2035 to enhance their understanding of the effects of their lifestyle choices on the local, regional, and global atmospheric environment.

**P. 1-12: This statement is vague. Please clarify what help the City needs from local businesses. Has the City assessed and taken into consideration what the economic costs and other operational impacts would be on local businesses for the *"help"* it is seeking?**

~~–~~Burbank2035 describes future transportation investments; ***the City needs help from local businesses*** to ensure that Burbank's transportation system, including alternative modes of transportation, meets the needs of businesses and workers."

**P. 1-13: What is the scientific evidence supporting the climate change and natural disaster forecasts detailed in the GP-2035 excerpted below:**

**Developers**
~~–~~Developers can use Burbank2035 to find out how project- level or specific- plan level design ideas integrate with and conform to the City's vision….Preparing for a changing climate, with ***increased chances of extreme weather events and natural disasters***, is also necessary to design future projects and plans safely."

**P. 1-13: Do any public records exist that provide substantial justification for the conclusions put forth in the excerpted statement below from GP-2035?**

~~–~~The plan paints a picture of what ***Burbank wants*** to look like in the future. Its goals and policies ***reflect community desires*** for the future and the vision and values that underlie those desires. The City will evaluate compliance of future development projects with the goals and policies set forth in this document." (emphasis added)

**P. 1-13: High density, mixed use development is specifically promoted by UN Agenda 21 and its implementing arm, ICLEI, through the means of providing "tool kits" for municipalities to graft these foreign/international concepts into local U.S. general plans. Have the authors of GP-2035 in any way been influenced or inspired by the recommendations and/or lobbying efforts of ICLEI or other organizations with which it is affilitated or by any of the recommendations of UN Agenda 21? Has there been any call whatsoever by Burbank residents to set a citywide policy of requiring high-density mixed-use development with reduced parking to get people out of their motor vehicles and on to other transportation modalities? If so please provide references.**

**"Mixed uses are promoted as part of future increased urban development in Burbank."**

**P. 1-16: When did the City review and/or adopt SCAG's Regional Comprehensive Plan (RCP) and/or Regional Transportation Plan (RTP)? Was this ever publicly discussed or presented to the City Council? If so, when? What does the following statement mean? "The RCP implements SCAG's Compass Blueprint Growth Vision, which calls for *modest changes to current land use and transportation trends on 2% of the land area of the region?"***

## Southern California Association of Governments Regional Comprehensive Plan and Regional Transportation Plan

Burbank is one of many member jurisdictions of SCAG. SCAG implements a Regional Comprehensive Plan (RCP) to address regional issues, goals, objectives, and policies for the Southern California region into the early part of the 21st century. The RCP implements SCAG's Compass Blueprint Growth Vision, which calls for ***modest changes to current land use and transportation trends on 2% of the land area of the region.***

## AIR QUALITY & CLIMATE CHANGE ELEMENT

**P. 2-4: Please define and describe the implications of the word "Encourage" as utilized in Policy 1.10. Have the economic impacts on people, businesses, and property values been assessed and considered prior to proposing GP-2035 Policy 1.10 excerpted below?**

***Policy 1.10 Encourage the use of zero emission vehicles, low emission vehicles, bicycles, and other non motorized vehicles, and car sharing programs by requiring sufficient and convenient infrastructure and parking facilities in residential developments and employment centers to accommodate these vehicles.***

**P. 2-4: Please define what is meant by the expression, "Give preference…" as used in GP-2035 Policy 1.11 excerpted below. Have the economic impacts associated with imposing Policy 1.11, particularly adding to the added costs to the City/taxpayers been thoroughly assessed and considered prior to making this policy recommendation? Have potentially impacted businesses been surveyed as to their desire and/or ability to comply with Policy 1.11?**

***Policy 1.11 Give preference to contractors using reduced emission equipment for City construction projects and contracts for services, as well as businesses that practice sustainable operations.***

**P. 2-4: Have the economic impacts to the City/taxpayer/businesses associated with requiring the City and Burbank businesses to provide incentives for their employees not to drive their single-occupant vehicle to work been assessed and considered?**

***Policy 1.12 Offer incentives for all City employees to use means other than a single- occupant***
***vehicle for their daily work commute. Require Burbank businesses to offer similar incentives to reduce employee vehicle trips.***

**P. 2-4: How is limiting emissions from retail food grilling and barbequing indoors and outdoors going to be monitored and/or regulated? Have the economic impacts to the City/taxpayer/retail food vendor been assessed and considered prior to proposing Policy 2-1?**

***Policy 2.1 Limit uncontrolled emissions from retail food grilling and barbequing (indoor and outdoor).***

P. 2-5: Policy 3-5 parrots the recommendations contained in UN Agenda 21 and its implementing arm, ICLEI, as well as a phalanx of similar type national and international lobbying groups all falling under the *"Smart Growth"* agenda, almost verbatim, particularly with respect to the ~~"~~high-density, mixed-use" concept, which GP-2035 refers to as *"compact, mixed-use"* development. Have the authors of GP-2035 in any way been influence or inspired or intentionally *"cut-and-pasted"* the recommendations, programs, policies, and/or land use strategies outlined by UN Agenda 21 and any of its affiliated *"partners"* such as ICLEI in crafting and proposing any of the policies in GP-2035 specifically including Policy 3-5?

***Policy 3.5 Reduce greenhouse gas emissions from new development by discouraging auto dependent development and dependence on the automobile; promoting water conservation and recycling; promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; promoting energy efficient building design and site planning; and improving the jobs/housing ratio.***

**P. 2-13: Please specify and provide references to exactly which "Recent studies…" you were utilized in making the excerpted statement below. Have the economic impacts of *"all possible water conservation efforts"* been assessed and considered prior to making these types of recommendations?**

**Water Supply**
"….***Recent studies*** show that if heat trapping GHG emissions continue unabated, more precipitation will fall as rain instead of snow, and the snow that does fall will melt earlier, reducing the Sierra Nevada's spring snowpack by as much as 70–90% by the end of the century."

~~"~~Policies and programs in the Open Space and Conservation Element and the Land Use Element regarding water resources will prepare Burbank for the possible consequences of climate change on the water supply. ***Such policies include using native or drought tolerant plants in landscaping, using recycled water in irrigation, and promoting all possible water conservation efforts."***

**P. 2-14: Was the Climate Action Plan (CAP) ever shown to the Council or the public to obtain buy-in on this austere policy? Have the economic impacts of this type of policy on Burbank residents, businesses, and the City's General Fund/taxpayer dollars been assessed and considered prior to proposing it? Has any assessment been made or consideration given to the negative impacts this policy will have in attracting potential new, or retaining existing, job-producing businesses and industries to Burbank?**

## AIR QUALITY AND CLIMATE CHANGE IMPLEMENTATION

The following programs implement the goals and policies of the Air Quality and Climate Change Element.

**Program AQCC- 1: Climate Action Plan** Prepare and adopt a Climate Action Plan addressing communitywide and municipal sources of GHG emissions identified in the emissions inventory and projections for 2007, 2020, and 2035. The CAP shall describe binding, enforceable measures and actions designed to reduce communitywide GHG emissions. Upon adoption, future projects consistent with the General Plan may tier from the cumulative GHG analysis provided within the CAP, pursuant to Section 15183.5(b) of the State CEQA Guidelines. The CAP shall include all of the recommended plan elements identified in this section including: quantification of existing and projected GHG emissions for the city through 2035; identification of a 2020 mandatory target (15% below 2007 emissions) for GHG emissions that is consistent with AB 32 and will achieve emissions levels below existing conditions, as well as a goal for emissions levels in 2035 (30% below 2007 emissions); ***identification and analysis of GHG emissions associated with implementation of the General Plan based on calculation of the emissions resulting from types of projects that could develop within each land use designation, as assigned geographically, based on the Land Use Element; substantial evidence, provided in the form of a substantiated analysis using best practices, that demonstrates that implementing specific measures (including performance standards) on a project by project basis will collectively achieve the adopted emission target***; a monitoring program to track progress toward achieving the GHG emission target (amendment of the plan is required if the GHG emissions target is not achieved); and environmental analysis of the CAP within the General Plan Environmental Impact Report.

**Responsible Agency/Department:** Community Development Department
**Funding Source:** General fund
**Time Frame:** Concurrently with the General Plan

**P. 2-14: Has there been any assessment of the costs to the City/taxpayer, businesses and/or residents to implement and enforce this policy? Has there been any consideration given to the public's sentiment of currently being overtaxed while simultaneously grappling with a horrific economic downturn?**

**Program AQCC- 3: Carbon Offset Fee Program**
Support carbon offset programs, according to established protocols, and encourage local application of regional GHG offset fees. Research the feasibility of implementing and enforcing such programs in Burbank. If Burbank implements a GHG mitigation program tied to its GHG policies, local GHG fees collected for projects that do not achieve GHG reduction objectives should mitigate impacts using verified GHG offset programs.
**Responsible Agency/Department:** Community Development Department
**Funding Source:** General fund, fee revenue
**Time Frame:** Ongoing

**P. 2-15: Has any assessment or consideration been given to the economic costs to project proponents and or consumers as these costs are incorporated into the cost of doing business? Has there been any public buy-in to this or any similar proposed policy at any time?**

**Program AQCC- 4: Health Risk Assessments for Stationary and Mobile Sources**
Require project proponents to prepare health risk assessments in accordance with SCAQMDrecommended procedures as part of environmental review when projects could have associated air emissions that have been designated by the State of California as a toxic air contaminant or, similarly, by the federal government as a hazardous air pollutant. Also require health risk assessments for projects that would place sensitive land uses near major freeways or arterials. (Major freeways, for these purposes, are those that carry more than 50,000 vehicles per day.) In general, apply the ARB *Air Quality and Land Use Handbook* for recommendations on siting distances for sensitive or noxious uses.
**Responsible Agency/Department:** Community Development Department
**Funding Source:** Development fees
**Time Frame:** Ongoing

## LAND USE ELEMENT

**P. 3-1: COMMENT:** The economic situation today is dramatically worse than anything imaginable in 2007 when the United Nations Urban Environmental Accords were presented to the City Council for consideration. There was no mention at the time, or since, of the details behind the proposals or clear definitions of the new terminologies such as ***"smart growth, smart (utility) meters, sustainability, livability, social equity, and complete streets."*** There was no analysis revealing that there was an international agenda, UN Agenda 21, that envisioned a new world order of how all people should live their lives. The strategy adopted was to persuade local governments to alter their general plans and thereby alter land use, property rights, and values. If scientific opinion conflicted with the Agenda 21 recommendations, it was to be dismissed and bypassed. Times have changed. In light of the challenging economic times confronting us, reconsideration of ~~"s~~ustainability," the UN Urban Environmental Accords, and the whole concept of ~~"g~~reening" Burbank is in order. The City and its citizens may simply be unable to afford these environmental platitudes reliant on controversial environmental assumptions and not supported by any true consensus of the citizens and businesses of Burbank. The proposed GP-2035 fails to take into consideration the economic costs and consequences to imposing the designs of an international organization that has no direct connection whatsoever to the health, welfare, wishes, and traditions of the people of Burbank.

**P. 3-1:** ***"Climate change has become a major concern and California has mandated that cities do their part to address the issue. The City Council has embraced sustainability and is committed to "greening" Burbank, starting with the adoption of the United Nations Urban Environmental Accords in 2007."***

**P. 3-3: COMMENT:** Specific Plans were not designed or intended to be subsequently reinterpreted to provide for flexibility to accommodate future development. There is a public process for amending a specific plan that may require modification. But to simply change the rules in the middle of the game and undermine the environmentally certified and publicly derived land use ~~c~~ontract" designed and legally adopted to exchange project entitlements and certainty for businesses to optimize the value of their property for agreed upon uses and mitigations that protect and benefit the City and its residents undermines the very values and protections a specific plan is intended to memorialize.

**Policy 1.8 should be eliminated.**

***Policy 1.8 Build flexibility into specific plans and the Zoning Ordinance where practical to provide options for meeting City development requirements.***

**P. 3-3: COMMENT:** Considering ***"sustainability"*** as a ***"foundation for all land use and transportation decisions, policies, regulations, and projects,"*** is inconsistent in practical terms with current and ever changing economic, technology, and business conditions. Sustainability, more appropriately, should be considered as an important factor in making land use decisions. But codifying and enshrining sustainability as Burbank's fundamental policy mantra for the next quarter century is a threat to private property rights and the way it is being incorporated into the City's future land use and development plans is akin to embracing a new religion.

**Policy 2.1 Should be eliminated.**

***Policy 2.1 Consider sustainability as a foundation for all land use and transportation decisions, policies, regulations, and projects.***

**P. 3-4: Policy 2.5 has not been routinely practiced by the City. What new mechanism(s) will be adopted to ensure that this policy is meaningful and will be enforced?**

***Policy 2.5 Require that project applicants pay the full cost of municipal infrastructure improvements and services when funding sources have not been previously identified. Ensure that needed infrastructure and services are available prior to project completion or will be provided concurrently.***

**P. 3-4: COMMENT:** Policy 2-10 is a threat to the protection and integrity of existing residential development in both single family and multifamily zones. It is crafted in such a vague and ambiguous way as to render it susceptible to manipulation and abuse. It is a textbook example of UN Agenda 21's recommendations and one of ICLEI's choice approaches to dramatically alter the type of development common to many built out cities such as Burbank. It would enable decision-makers to reduce parking requirements, increase project density and alter design, for example with reduced open space, at the expense of existing residents and nearby property owners. Such a policy will inevitably be profit-driven and degrade the subject neighborhood's quality of life.

**Policy 2-10 should be eliminated.**

***Policy 2.10 Allow for the density and intensity limits specified in this Land Use Element to be exceeded as an incentive for projects that incorporate sustainable design features, promote affordable housing, and advance the City's sustainability objectives, subject to discretionary approval.***

**P. 3-13: COMMENT:** Policy 12.1 There is no definition provided but may be related to "complete streets" that are being proposed by national lobbying groups intricately linked to UN Agenda 21 and ICLEI recommendations. Policy is vague and ambiguous.

**Policy 12.1 must be clarified and "complete" neighborhoods must be defined. Otherwise, this policy should be deleted.**

**P. 3-13: COMMENT:** Policy 12.4 is an immediate and direct threat to all existing single-family neighborhoods in Burbank. It will provide a strong incentive for developers to tear down the existing, generally older, single family homes, assemble adjacent parcels of land, then build a big, dense, multifamily housing project with reduced parking in exchange for building a "sustainable" project designed to force people out of their automobiles to reduce "vehicle miles traveled" and will irreparably destroy the single family character of the impacted neighborhood. The favored "sustainable" developer will be the big time winner…..the remaining residents and property owners will be financially harmed with declining property values and a congested, underparked, degradation of their quality of life.

**Policy 12.4 MUST BE ELIMINATED!**

***Policy 12.4 Use tiered densities such that maximum densities are achievable only when multiple lots are assembled into a single project site.***

**P. 3-16: COMMENT:** Policy 14-5 is another mechanism for implementing UN Agenda 21 recommendations for high-density, mixed-use, "infill" development that will greatly add density along with inadequate parking with the thought being that residents will be persuaded to abandon their automobiles and hop on bicycles for their transportation needs along the new "complete streets." This is very poor planning if the intent is to preserve Burbank's traditional "small town" feel. Many ***"Corridor Commercial"*** areas are immediately adjacent to R-1, single-family residential neighborhoods. The spill over of people, cars, and noise from the proposed high-density, mixed-use, infill housing projects will be an unmitigated disaster for the adjoining R-1 neighborhoods.

**Policy 14-5 Should be eliminated.**

***Policy 14.5 Maintain existing residential units and integrate new residential units in Corridor Commercial areas as an important housing resource and customer base for local businesses. Adapt existing commercial buildings for residential reuse where appropriate.***

P. 3-17: Policy 15-1 is vague and ambiguous and wide open to manipulation and abuse. The "established development standards" that may be exceeded by requests, ***MUST*** be specified for this policy to have any merit or meaningful use.

**Policy 15-1 MUST be made clear and specific or should be eliminated.**

***Policy 15.1 Provide special consideration for requests to exceed established development standards, considering regional commercial centers' role in the local economy.***

**P. 3-17: COMMENT:** Projections for bike utilization in Burbank by the year 2035 have reportedly been revised downward from an initial 5% to 2%. However, even at 5%, traditional motor vehicles will likely be the primary means of transportation for most people in Burbank from now through 2035. Without any assessment or consideration of the costs involved for the City, taxpayers, or businesses, it seems both unwise and imprudent to implement Policy 15-3 as a developer's project guidebook for the next quarter century.

**Policy 15-3 should be eliminated.**

***Policy 15.3 Provide clear and direct pedestrian and bicycle access into regional commercial centers. Give pedestrian and bicycle access equal priority to vehicle access.***

**P. 3-17: COMMENT:** Policy 15-6 sounds like more UN Agenda 21 high-density, mixed-use, housing projects to urbanize our community and somehow stimulate the economy by doing so.

**Policy 15-6 Should be eliminated.**

***Policy 15.6 Future projects with housing shall be subject to a discretionary review process to ensure that the property is being put to its highest and best use and in a manner compatible with citywide objectives for economic development.***

**P. 3-24: COMMENT:** Redevelopment and Housing: In light of the current uncertainty of the California Supreme Court determining the fate of California's Redevelopment Agencies, this section ought to be set aside until the matter is legally clarified.

**P. 3-31/32: COMMENT:** Program LU-3 Specific Plans and Special Plans: The City's three specific plans should not be revised ~~"~~.to ensure that they reflect current desires for each of the three areas." Specific plans were established to protect both businesses/ developers and residents by exchanging requested entitlements tied to specific uses or needs for mitigations and protections to minimize any environmental impacts that may be created by granting certain entitlements such as increased density or building heights. Specific plans should not be changed based on ~~"~~current desires" or to ~~"~~create a sense of place." If there is a need or wish to amend any of the specific plans, such an amendment must only be considered in the context of a comprehensive updated environmental impact report (EIR) to include a complete and thorough traffic study.

**Program LU-3 Specific Plans and Special Plans should be eliminated.**

**Program LU- 3: Specific Plans and Special Plans**
A specific plan is a planning tool authorized by California law that implements the General Plan by establishing detailed development goals and policies for a specific geographic area. In Burbank, the term ―specific plan" has been applied generally to any planning document that focuses on a particular area of the city. Burbank's specific plans include the Media District Specific Plan, Rancho Master Plan, and Burbank Center Plan. All of these plans were adopted as part of the Land Use Element and provide more detailed goals and policies for the area covered by the General Plan than what is found in the rest of the element. Special plans do not deal with an area of the city but rather with a particular topic. Examples include the Historic Preservation Plan, the Bicycle Master Plan, and the Pedestrian Master Plan. The City will complete the following actions related to Specific Plans and Special Plans to implement the updated General Plan: Review the three existing specific plans through a public process to determine whether the vision, goals, and policies established by the plans remain applicable and appropriate. ***Revise the plans as necessary to ensure that they reflect current desires for each of the three areas. Consider updating existing and creating new specific plans to create a sense of place in each of the areas, foster neighborhood identity, and address issues that are specific to each area.*** Review the Historic Preservation Plan to ensure that its goals and policies are consistent with the Land Use Element and revise as appropriate. Utilize the Pedestrian and Bicycle Master Plans to update appropriate City codes, policies, and procedures to ensure that pedestrians and bicycles are accommodated throughout the city. Review the plan periodically and revise as appropriate.

**Agency/Department:** Community Development Department
**Funding Source:** Grant funds, general fund
Time Frame: **Ongoing**

**P. 3-35: Please define the below referenced Code Enforcement Strategies terminology:**

***"Use proactive code enforcement strategies in targeted neighborhoods and consider using them citywide to achieve increased levels of code compliance and property maintenance."***

## MOBILITY ELEMENT

**P. 4-3: Policy 1-7:** How is the City's current transportation system impeding any of Burbank's residents, employees, and visitors from having high levels of accessibility to economic and social opportunity? What mechanism or approaches will be employed to ensure that ~~"n~~ew development does not over burden city streets?"

***Policy 1.7 Monitor the transportation system to ensure Burbank's residents, employees, and visitors continue to have high levels of accessibility to economic and social opportunity, and that new development does not over- burden city streets.***

**P. 4-5: Policy 5-3:** How will the overall road network be made more hospitable to bicycle travel to provide bicycle connections to major employment centers, shopping districts, and residential areas per Policy 5-3? Has there been any assessment of how many bicyclists would ride their bicycles to shopping districts? How could they transport their significant purchases such as groceries/milk/ice cream home by bicycle?

***Policy 5.3 Provide bicycle connections to major employment centers, shopping districts, and residential areas to make the overall road network more hospitable to bicycle travel.***

**P. 4-5: <u>COMMENT</u>: Policy 6-4 should be eliminated.** Reconfiguring travel lanes will worsen traffic and cause added diversion through residential neighborhoods.

***Policy 6.4 Consider reconfiguring travel lanes as part of comprehensive efforts to calm traffic.***

**P. 4-6: <u>COMMENT</u>:** Policy 7-4 again appears to be a cut-and-paste insert reflecting nearly verbatim the regional guidelines set by the Southern California Association of Governments (SCAG), UN Agenda 21, and ICLEI. No discussion or information is provided about the costs of implementing these policies to the City, taxpayer, property owner, or businesses. Were the authors of GP-2035 guided, inspired, or influenced in any way by SCAG, UN Agenda 21, ICLEI, or any of their related organizations when crafting Policy 7.4?

**Policy 7.4 Should be eliminated.**

***Policy 7.4 Revise commercial and residential parking requirements to support the City's objectives of limiting new vehicle trips, incentivizing transit use, promoting non- motorized transportation, fostering adaptive reuse of underperforming commercial development, and improving housing affordability.***

**P. 4-9 Complete Streets: <u>COMMENT</u>:** This is a foreign concept to Burbank and is inconsistent with our City's traditional neighborhoods and the context of the way most residence lead their lives and utilize the public streets. They are not and ought not be ~~"m~~ixed environments." Their primary purpose should be to provide a safe means of traveling by vehicle, motorized or otherwise. Again, Agenda 21, ICLEI, SCAG inspired.

**Complete Streets**
The street system is the primary component of Burbank's transportation network. Burbank's objective is to build and manage ~~"c~~omplete streets," serving automobile traffic, but also enabling other modes that are key components of the system, including bus transit, on street bicycle facilities, and pedestrian connections. Burbank's streets also provide property access and accommodate utilities such as sewer, water, electrical, and storm drain systems. Finally, streets are land uses themselves; they are integral to neighborhoods and provide open space for public gatherings and recreation. Traditional street system planning has focused almost exclusively on providing for vehicular travel, many times at the expense or neglect of other transportation modes. ***The Mobility Plan works to reverse this one sided approach by accommodating and encouraging other modes of travel to provide balance. Planning Burbank's streets for the next 25 years requires a balance between the many competing roles that streets play in the lives of Burbank residents, businesses, and visitors.*** Exhibit M 2 presents the Roadway Circulation Diagram for the City of Burbank, including the city's street hierarchy.

**Different Streets Provide Different Services**
Streets are not equal in function or in their service of different travel modes. Major arterial streets, like Olive Avenue or Hollywood Way, must move transit vehicles efficiently and must also allow automobiles to travel efficiently enough to keep drivers from using adjacent neighborhood streets to avoid traffic. ***Secondary arterial streets like Magnolia Boulevard must provide a greater balance to other modes. These streets must still accommodate vehicles and transit but, due to their neighborhood character, must give a greater priority to bicycles and pedestrians.*** Collector streets like Clark Avenue or Kenneth Road tip the balance even further from vehicle movement and instead support other modes and uses. ***Finally, local streets are mixed environments where all users interact, and the street space can be used for recreation or gathering.***

**P. 4-15: <u>COMMENT</u>:** The following intent should be eliminated from GP-2035. It will adversely alter the City's intersection performance characteristics and increase the likelihood of motorized/non-motorized vehicular accidents.

***"The City will evaluate the use of this LOS standard and revise it to reflect all transportation users."***

**P. 4-18: <u>COMMENT</u>:** Cut-and-paste policy being imposed on Burbank, directly implementing the recommendations and policies of UN Agenda 21 and ICLEI, namely force people out of their cars, into high-density, mixed-use projects, and ride bikes.

**This section and approach should be expunged from GP-2035.**

***"Land use policies in these areas encourage density, provide <u>reduced parking incentives</u>, encourage better land use connections to walking and biking networks, and offer transit as potential mitigation for traffic impacts from new development. Promoting <u>transit oriented design standards</u> in these areas will help reduce the reliance on automobile use."***

**P. 4-20: COMMENT:** The excerpt from GP-2035 reflects unsubstantiated advocacy and defies common sense. It is also downright misleading to suggest that restriping secondary arterials such as Verdugo Street has little or no effect on the street network. The bicycle is entirely non-competitive with the automobile for most short trips for most people. Many disabled individuals can drive motorized vehicles but not bicycles.

***"A comprehensive bicycle network, including bicycle routes, convenient bicycle parking facilities, and overall street designs that make the roadway network more hospitable to cycling, will make cycling competitive with the private automobile for short trips. Implementing a bicycle network strives to achieve balance in the transportation network by providing an affordable alternative to the private automobile and provides better transportation options for people who cannot drive. Many bicycle improvements include roadway restriping, minor infrastructure improvements, and signal modifications that have little to no effect on the street network."***

**P. 4-22: Pedestrian Transportation:** By 2035, what percentage of Burbank pedestrians would consider the pedestrian mode of travel a viable alternative to the private automobile?

***"Additional planning is required to restore the pedestrian mode of travel as a viable alternative to the private automobile. Implementation Program M- 7 describes a Pedestrian Master Plan for Burbank to outline suggested pedestrian improvements, design guidelines, and sidewalk standards".***

**P. 4-30/31: Program M-3: Transportation Management Districts**
**COMMENT:** The wording in this section is too vague and ambiguous. Please define what ***~~-~~trip generating characteristics, and other transportation factors"*** are. Do not limit by right development as it adversely affects property owners' property values. Exceptions and adjustments to these policies should not be dealt with administratively.

**Program M- 3: Transportation Management Districts**
***This program establishes a new commercial and mixed- use development standard to limit a building's FAR based on its geographical location, trip generating characteristics, and other transportation factors.*** This action will implement an OE- FAR intensity limit within the City Zoning Ordinance for each of nine TMDs identified in Exhibit M- 6. Trip generation of a given building or land use type would be defined by the Institute of Transportation Engineers' *Trip Generation Handbook* or a similar source, but adjusted to account for travel behavior and patterns particular to urban settings in Burbank that exhibit mixed- use development, transit availability, and other factors.

☐ ***Implement a development control, administered via Title 10 of the Burbank Municipal Code(Zoning Ordinance), that would limit by right development in each TMD through 2035.***

☐ Update land use forecasts consistent with the Land Use and Mobility Elements in light of actual observed development and actual traffic conditions, and revise the OE- FARs, as needed, to reflect changing conditions over time so that development remains consistent with the Mobility Plan.

☐ ***Develop an administrative system for reviewing applications, exceptions, and adjustments to the OE FAR for projects that can demonstrate actual impacts on the street network that may be higher or lower than standard rates. Develop systematic adjustments to standard trip generation rates to account for Burbank's unique local conditions.***

☐ Provide ongoing public information to the development community and other stakeholders regarding the purpose and administration of TMD development standards.

**Agency/Department:** Community Development Department
**Funding Source:** General fund; development fees
**Time Frame:** Ongoing

**P. 4-34 Program M-9: Parking Management:** Please identify any areas in the City that meet this Parking Management Program Description from M-9:

***Revise the City's basic parking requirements to implement General Plan goals and policies. Concentrate on uses and/or areas where unreasonable parking requirements contribute to blight, difficult land use turnover, poor urban design, or unaffordable residential housing.***

**Program M- 9: Parking Management**
The actions below will enable Burbank to better manage its parking supply by providing greater convenience while minimizing harmful effects on the community.

☐ ***Revise the City's basic parking requirements to implement General Plan goals and policies. Concentrate on uses and/or areas where unreasonable parking requirements contribute to blight, difficult land use turnover, poor urban design, or unaffordable residential housing.***

☐ Expand innovative parking techniques that consolidate parking or make parking more efficient, such as expanded use of shared parking districts, parking in- lieu fees for creation of shared parking areas, parking pricing programs, and creation of new parking where appropriate.

☐ Direct the revenues of any new paid- parking districts to local neighborhoods so that residents and businesses can use parking funds to pay for enhanced local services.

☐ Develop parking information systems in Downtown Burbank and other areas to direct motorists to available parking.

☐ Develop comprehensive parking design standards that minimize negative effects on neighborhoods. Design standards would apply to City- built public parking facilities and parking for private development projects. Prohibit parking lots within the front setback, require access from side or rear yards, include street- facing retail for parking structures, and discourage surface parking lots in Downtown Burbank.

**Agency/Department:** Community Development Department; Redevelopment Agency
**Funding Source:** Redevelopment funds; parking fees
Time Frame: Ongoing

**COMMUNITY DEVELOPMENT DEPARTMENT**
150 North Third Street * P.O. Box 6459 * Burbank, California * 91510
www.burbankusa.com

September 27, 2011

Michael Cusumano
Cusumano Real Estate Group
101 S. First Street, Suite 400
Burbank, California 91502

**Via electronic mail**

**Re: Burbank2035 General Plan**

Dear Michael:

Thank you for the time that you and your colleagues at the Chamber of Commerce have spent with City staff discussing the proposed Burbank2035 General Plan. We very much appreciate the input and we hope that our ongoing discussions will ultimately lead to a General Plan that is supported by the Chamber and will serve the best interests of the community. This letter responds to your letter of August 26, 2011 and follows up on the issues discussed at our meeting on September 8, 2011.

Commercial Densities

As you know, the current draft of the General Plan proposes three different development controls for non-residential development: 1) building height, 2) Floor Area Ratio (FAR), and 3) Office Equivalent Floor Area Ratio (OE-FAR). The purpose of the building height and FAR are to provide limits on the physical intensity of development, while the OE-FAR is intended to manage the traffic impacts of development by setting a threshold at which cumulative traffic analysis is required.

The existing General Plan does not include any FAR limits (with the exception of the Media District) and relies on height limits and zoning controls to regulate development intensity. California General Plan law requires that cities specify intensity limits in General Plans, and FAR is generally recognized as the most appropriate method of doing so. OE-FAR limits were added to earlier drafts of the plan to comply with state law and as directed by the City Council in an effort to control development based on its traffic impacts and ensure that no development project contributed more than its "fair share" to the street system capacity. Earlier drafts in 2006 and 2008 included OE-FARs as development limitations and did not include standard FARs. As we have discussed, upon further review and discussion with our consultant AECOM, we believe that OE-FARs are better suited to serve as predictors of traffic generation and thresholds for

cumulative traffic analysis rather than limits on development intensity, while standard FARs are better predictors of intensity. As such, the current draft relocates the OE-FARs to the Mobility Element as "Transportation Management Districts" and replaces them in the Land Use Element with standard FARs to govern development intensity.

Following our earlier meeting, staff reviewed all of the proposed development controls and will incorporate a number of changes into the next draft. First, we will remove the recommended height limits. After further review and discussion with AECOM, we believe that height limits are better suited to be addressed through the specifics of zoning. Further, as you pointed out, some of the proposed height limits are in conflict with existing General Plan and zoning requirements including the Burbank Center Plan. We are proposing the following additional changes:

*Changes to FAR in Land Use Element:*

- Corridor Commercial increased from split 0.5/0.75 (depending on residential adjacency) to uniform 1.0 (further limits for residentially adjacent properties could be imposed through zoning)
- South San Fernando Commercial increased from 1.0 to 1.25[1]
- North Victory Commercial/Industrial increased from 0.8 to 1.0
- Rancho increased from 0.4 to 0.75
- Golden State Commercial/Industrial increased 0.6 to 1.25

We believe that these changes will provide additional flexibility for future development and encourage the types of development that are appropriate for the corresponding area of the city. These changes also make the FARs more consistent with the amount of development that could be accommodated under the proposed OE-FARs.

*Changes to OE-FAR in Mobility Element:*

- Regional Commercial increased from 1.0 to 1.25

We believe that this change better recognizes the regional role of properties in the Regional Commercial Transportation Management District and the need for them to be developed accordingly.

*Changes to Land Use Designations:*

- Burbank Town Center Mall changed from Regional Commercial to Downtown Commercial to recognize the area as an extension of downtown by allowing for higher intensity development
- Olive Avenue corridor from Lake Street to downtown changed from North Victory Commercial/Industrial to Downtown Commercial to recognize the area as an extension of

[1] In your letter you reference the proposed redevelopment of the Westwind site. The originally proposed FAR of 1.0 would have accommodated the project that Westwind intended to build as provided by Westwind representatives to staff in 2006. That anticipated development was confirmed as part of the 2008 development forecast.

downtown and acknowledge its proximity to the train station by allowing for higher intensity development
- Properties with Industrial land use designation south of Vanowen near the Airport and north of the Empire Center changed to either Regional Commercial or Golden State Commercial/Industrial as appropriate to better connect land use designation with location and provide additional flexibility in how properties can be developed

We believe these changes better reflect the intended role of these areas in Burbank's development pattern and economy and will ultimately lead to development that is of greater benefit to the community.

Residential Densities

In response to your comments about density, we have revisited the proposed maximum densities and will include the following changes in the next draft:

- Corridor Commercial changed from split 27/43 units per acre (depending on residential adjacency) to uniform 27 units per acre
- Downtown Commercial increased from 58 units per acre to 87 units per acre to remain consistent with Burbank Center Plan
- Golden State Commercial/Industrial changed from unspecified to 27 units per acre

Mixed-Use Projects

For mixed-use projects, dwelling units per acre and FAR would apply in parallel and would not be additive as your letter suggests. We will add text to the next draft to clarify this application. To use your example:

> 1 acre property in South San Fernando area, 1.25 FAR (proposed increase from 1.0)
>
> 1.25 FAR x 43,560 square foot property = 54,450 square feet of total development including residential and non-residential
>
> 43 dwelling units per acre x 1 acre = 43 maximum units
>
> Estimate 1,110 square feet per unit overall average (925 rentable space plus 20% for corridors and common areas) x 43 units = 47,730 total residential square footage
>
> 54,450 square feet allowed – 47,730 square feet for residential = 6,720 square feet available for commercial space
>
> Project summary: one acre at 1.25 FAR yields 43 units and 6,720 square feet of commercial (each unit reduced would yield another 1,110 square feet of commercial space in this example)

We believe that this approach is the simplest to understand and administer, and provides more predictable development patterns. It is not uncommon in other communities for the residential

square footage to be counted toward the total FAR. As proposed, the FAR would also be applied to residential-only projects on properties with non-residential land use designations.

Exceeding FAR and Density Limits

Your letter suggests that maximum FARs and residential densities should be allowed to be exceeded for exceptional projects. The current draft of the Land Use Element includes several policies in this regard, including:

> **Policy 1.3** Where appropriate, increase residential densities and non-residential intensities in areas within one-quarter mile of transit centers. Provide for transit-oriented development projects in these areas to exceed the density and intensity limits specified in this Land Use Element with discretionary approval to ensure projects are adequately buffered from single-family residential neighborhoods.
>
> **Policy 2.10** Allow for the density and intensity limits specified in this Land Use Element to be exceeded as an incentive for projects that incorporate sustainable design features, promote affordable housing, and advance the City's sustainability objectives, subject to discretionary approval.
>
> **Policy 15.1** Provide special consideration for requests to exceed established development standards, considering regional commercial centers' role in the local economy.

Based on the conversation at our last meeting, we will revise Policy 2.10 to better reflect the intent to accommodate exceptional projects that will be of extraordinary value to the community. We believe it is preferable not to state a maximum amount by which the limits can be exceeded so as not to provide an expectation of what could be approved. Further, specific project benefits or characteristics would be more appropriately included in the zoning through the implementation process rather than in the General Plan itself.

Bike Facilities

As we discussed, we will clarify in the policies and implementation measures that different sizes of projects will be expected to provide different degrees of amenities. Because of the broad policy nature of the General Plan, we will not include specific square footage limits; specific limits can be included in the zoning through the implementation process.

Future Development

The development forecast was developed in conjunction with the Chamber of Commerce in 2008 through a process of identifying sites that were anticipated to redevelop and then assuming maximum development of those sites pursuant to the proposed OE-FAR limits. We recognize that the economy and the ability to finance development was very different at that time than it is today. However, this plan sets policies for the development pattern expected over the next 25 years. Since there is no way to predict the direction of the economy and the real estate market over that time period, we do not believe it would be appropriate to lower the development forecast in reaction to current economic conditions.

Further, the development forecast is hypothetical for long-term planning purposes. Some of the identified sites may not develop to the full intensities anticipated or may not recycle at all. However, it is likely that other properties not included in the forecast will redevelop over the next 25 years, and that other unforeseen development will occur. Therefore, we believe it would not be prudent to decrease the assumed intensity of development. Because the forecast is used to determine what infrastructure improvements will be required to accommodate increases in traffic and other impacts, which in turn is used to set development impact fees, it is important that the forecast be realistic but conservative, and not underestimate the amount of future development.

Economic Analysis

At our last meeting you asked whether any economic analysis of the proposed General Plan development forecast had been completed. Keyser Marston Associates prepared an economic analysis of several specific development projects based upon the proposed development forecast in 2006. Although the study is now outdated and the development forecast has been revised for some sites, a copy of that study is attached for your review.

Thank you again for your input and participation in this process. We are looking forward to continuing our discussion with you.

Sincerely,
Community Development Department

*Michael D. Forbes*

Michael D. Forbes
Assistant Community Development Director / City Planner

Attachment

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**MEMORANDUM**



**To:** Ms. Susan Georgino, Community Redevelopment Director
City of Burbank

**From:** Calvin Hollis
Desiree Estrada

**cc:** Michael D. Forbes, Senior Planner

**Date:** April 19, 2007

**Subject:** Proposed TIMS Implementation Land Valuation Analysis

At your request, Keyser Marston Associates, Inc. (KMA) prepared an economic analysis of the potential impact the proposed Trip-Based Intensity Measurement Standard (TIMS) zoning amendment could have on new by-right development within the City of Burbank (City). KMA analyzed 12 development sites and 30 prototypical development projects.[1]

## EXECUTIVE SUMMARY

The City is studying its traffic and transportation patterns in order to update the Mobility Element of its General Plan. A major objective of the General Plan update is to tightly integrate the transportation policy and long-term street improvements such that they are correlated to the City's land use policies and to future by-right development. As part of that evaluation, City staff developed zoning standards that could be applied to new by-right development resulting in new projects that would be consistent with the goals of the City's Preferred Reduced Growth Forecast and the Land Use and Mobility Elements of the General Plan. A traffic model was conceived that would, through zoning administration, set development guidelines supportive of the Preferred Reduced Growth Forecast and ultimately the General Plan amendments. The traffic application that would achieve this objective is referred to as TIMS, a model that standardizes vehicle trip generation based on specific land uses. The City is interested in evaluating the

[1] Site 10 was analyzed under two different zoning designations.

economic impact that a TIMS implementation would have on future by-right development and has requested that KMA perform that analysis.

The City provided KMA with 12 potential development sites (Sites) to analyze (Site 10 was to be analyzed under two different zoning designations). Those Sites included approximately 20 projects representing projects that were proposed under existing zoning requirements, projects that would be permitted under the TIMS implementation and, in some cases, alternative TIMS implementation projects. KMA worked closely with the City to refine the projects that would be evaluated. The refinements resulted in 30 prototypical development projects on the 12 Sites (Projects).

KMA prepared a high level conceptual economic analysis utilizing the residual land valuation methodology to compare the results of a project evaluated under the current Zoning Ordinance to those analyzed under the future TIMS requirements. Sites 4 and 10, however, were analyzed, but not compared to a TIMS implementation because the Project characteristics under the TIMS requirements were identical to the Proposed Projects. KMA's analysis resulted in a negative impact on land values in seven of the 10 Sites analyzed. The degradation in land value appears to be caused by: (1) the decreased density resulting in an efficient use of the land area; (2) construction and parking costs that do not support the land values; and (3) in some cases, the ability of the Project to generate income sufficient to support the land values. For those Sites in which the TIMS Use drastically reduced the land values, KMA evaluated an Alternative TIMS land use that would be permitted by zoning but that was different from the Proposed Use. The Alternative TIMS Use somewhat improved the effect the TIMS Use had on Project economics (refer to Sites 1, 3, 5, 6, 8, 9 and 11). Although Sites 8 and 10 – BCP Downtown Commercial reflected decreased land values after the TIMS analysis, the changes were relatively minor since the development permitted under the TIMS program was only slightly less than that permitted under the existing zoning designations.

KMA also analyzed the impact the TIMS zoning would have on employment and public revenues for the Sites provided. In 10 of the 12 Sites, TIMS reduced the number of jobs the prototypical development Project could generate. In its analysis of the three highest City public revenue sources (sales, property and utility user tax revenues), KMA's analysis consistently revealed that the TIMS Projects substantially reduced the potential public revenues that could be generated by a Site, as compared to the public revenue generation of the Projects proposed under the current zoning regulations.

KMA concluded that, in the majority of cases, the TIMS implementation has a negative impact on the value of the Sites analyzed. It reduces the potential land value, the number of jobs that could be generated and the amount of potential City revenues.

(Refer to Appendices A-1 through A-3 for an economic summary and graphic illustration of the analyses.)

## ANALYSIS ORGANIZATION

KMA's analysis is organized is follows:

| General Appendices | |
|---|---|
| Appendix A-1 | Summary of Economic Analysis |
| Appendix A-2 | Public Revenue Analysis |
| Appendix A-3 | Comparative Illustrations (Graphs) |
| Appendix B | Analysis Sites / Conceptual Development Projects |
| Appendix C | Map of Analysis Sites |

**Appendix D**
**Economic Analyses**

| | | | |
|---|---|---|---|
| Appendix D – 1 | Site 1 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 7 | Site 7 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |
| Appendix D – 2 | Site 2 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 8 | Site 8 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |
| Appendix D – 3 | Site 3 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 9 | Site 9 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |
| Appendix D – 4 | Site 4 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 10 | Site 10 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |
| Appendix D – 5 | Site 5 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 11 | Site 10 Burbank Center Plan Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |
| Appendix D – 6 | Site 6 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use | Appendix D - 12 | Site 11 Pro Formas<br>Proposed Use<br>TIMS Use<br>Alternative TIMS Use |

## ANALYSIS METHODOLOGY

### Site/Project Selection

The City provided KMA with 12 development Sites (Site 10 would be evaluated under two different zoning designations) that were located throughout the City. Many of the Sites included conceptual site plans and/or conceptual development programs. Most (or, in some cases, all) of the Sites included the following information:

1. The Site street address or intersection / location;
2. The Site's current zoning designation;
3. The existing land use;
4. The proposed land use that would be permitted under the existing zoning designation (Proposed Use);
5. The proposed land use that would be allowed under the TIMS implementation (TIMS Use); and
6. An alternative proposed land use that would be permitted under the TIMS implementation (Alternative TIMS Use).

The Projects reflected the following land uses:

1. Street / neighborhood serving retail;
2. A shopping center;
3. Restaurant pads;
4. Light industrial;
5. Industrial flex / office;
6. Office (Low-, Mid-, and High-rise);
7. Mixed-use retail / rental residential; and
8. Mixed-use retail / ownership residential.

KMA prepared a summary table containing the above information. KMA also conducted Site visits to review the Sites' physical characteristics, the surrounding land uses and circulation patterns. (Refer to Appendix B - Analysis Sites / Projects; and Appendix C - Map of TIMS Project Sites.)

**Economic Analysis Approach**

KMA's evaluation utilized the residual land valuation (RLV) methodology. This approach requires the preparation of individual pro forma analyses based on the various land uses proposed for each Site. The RLV was derived by the following process:

1. Estimation of construction costs. Construction costs were estimated based on benchmarks and industry standard metrics.

2. Estimation of income or revenue.

    a. Net operating income (NOI). The income approach was utilized for Projects that generate recurring monthly or annual income (i.e., commercial and residential rental projects). Estimating the NOI involved collecting data on area rents and other income, and subtracting from that income any ongoing operating expenses. The result represents the annual NOI.

    b. Residential sales revenue was calculated by reviewing market data for comparable sales projects. Using that data, the sales were aggregated to derive the total sales revenue.

3. Calculation of the supportable investment.

    a. The supportable investment for a commercial or residential rental project is calculated by dividing a Project's NOI by a market-based, risk adjusted return on investment (ROI).

    b. The supportable investment for a residential ownership project is the value of the total sales revenue.

4. Residual land valuation calculation.

    a. Commercial or residential rental RLV is calculated as the difference between the supportable investment and the total construction costs.

b. The residential ownership RLV is calculated by subtracting a Project's total construction costs, inclusive a developer profit, and from the supportable investment.

In order to prepare the pro forma analyses, KMA conducted research, per typology, on the construction costs, income projections, expenses and returns that would be applied to each of the land uses identified above.

Based on its initial research and, working closely with the City staff, KMA refined the final Projects that would be used in the analyses, subject to what would be permitted under the proposed TIMS implementation. KMA then prepared prototypical Project development programs and preliminary RLV analyses for each land use per Site. As indicated above, the land uses are identified as (1) the Proposed Use; (2) the TIMS Use; and (3) the Alternative TIMS Use. A few of the analyses resulted in land valuation changes so reduced that a second or third Alternative TIMS Use was analyzed in order to achieve the most highest TIMS land value that would ultimately be included in the evaluation.

**Economic Analysis Assumptions**

KMA's research involved canvassing developers, real estate brokers and leasing agents. KMA reviewed economic/market conditions and a variety of national and local real estate industry publications. KMA also reviewed rental rates for the various land uses and sale comparables for the residential ownership Project. Based on the data collected from these activities and the limited land sale comparables available for the Burbank area, KMA employed the assumptions listed below in its pro forma analyses.

***Construction Costs***

KMA assumed that the Projects were by-right development that would not be required to pay prevailing wage rates to contractors and subcontractors constructing the Projects. Other construction cost assumptions are discussed below:

Direct Costs

1. Off-site improvements. The analyses do not include allowances for off-site improvements as these improvements are assessed on a case-by-case basis dependent largely upon the site-adjacent infrastructure improvements required by various City departments.

2. On-site improvements were generally set at $5 per square foot of land area, with the exception of the light industrial uses which combine the on-site improvement

costs with the building shell costs. The on-site improvement costs for the Site 1 restaurant pad Project TIMS Use, were reduced to reflect the Project's significantly reduced coverage area.

3. Parking costs:

   a. Surface parking costs were set at $1,500 per space;

   b. Above grade structured parking costs were set at $15,000 per space; and

   c. Below grade structured parking costs were set at $20,000 per space for the first below-grade level and $30,000 per space for below-grade levels beyond the first level.

4. Building shell costs ranged from $50 to $155 per square foot of gross building area (GBA) dependent upon the building typology and land use.

5. Commercial tenant improvement costs ranged from $15 to $30 per square foot of gross leasable area (GLA), with the exception of the high-rise medical office Project. KMA utilized $65 per square foot of GLA for the medical office tenant improvement allowance.

6. A direct cost contingency of 5% of all direct costs was applied.

Indirect Costs

Indirect costs were estimated as follows:

1. Architecture, engineering and consulting fees were estimated at 6% of direct costs.

2. Permits and fees were estimated based on fees provided by City staff and previous KMA analyses of Burbank projects.

3. Commercial taxes, insurance, legal, accounting was generally estimated to be 2% of direct costs.

4. Residential rental taxes, insurance, legal and accounting was estimated to be 3% of direct costs.

5. Residential ownership taxes, legal, and accounting was set 2% of direct costs.

6. Residential ownership insurance was set at $15,000 per unit.

7. Leasing commissions were generally set at 25% of the first year's base rental income (ranging from $7 to $10 per square foot of GLA).

8. The development management fee was set at 3% of direct costs.

9. An indirect contingency of 5% of indirect costs, exclusive of development management, was allowed.

Financing Costs

The following financing assumptions were made to facilitate the analysis:

1. Projects were assumed to finance 85% of the development costs.

2. The construction interest rate was set at 7% annually.

3. The construction periods ranged from 10 to 15 months.

4. The average outstanding loan balance was set at 65%.

5. Loan points and fees were assumed to be 2.0 points, based on a 75% loan to value.

6. Residential ownership closing costs, sales commissions and home warranty costs were set at 1.5% and 2.0% of sales revenue, and $2,000 per unit, respectively.

Income / Revenue Assumptions

1. Residential ownership revenues were based on a weighted average sales price of $433 per square foot.

2. Triple net retail and restaurant rents ranged from $2.25 to $4.00 per square foot of GLA, dependent mainly upon the Site's location and the type of retail.

3. Full service gross office rents ranged from $2.10 to $3.00 per square foot of GLA, dependent upon location, building typology and the intended tenant.

4. Triple net light industrial rent was set at $1.15 per square foot of GLA, with the exception of the post production industrial flex rents that were set at $1.80 per square foot of GLA.

5. Parking income ranged from $60 to $115 per parking space per month, reflective of unreserved and reserved spaces, dependent upon location. The pro forma

analyses do not consider the potential income that could be realized from valet parking and transient visits, with the exception of the medical office building.

6. Structured parking expenses were set at an annual rate of $500 per space.

7. Management expenses were set at 3% of effective gross income.

8. Capital reserve funds ranged from $0.10 to $0.25 per square foot.

Returns

KMA also researched market-based, risk adjusted returns for each of the land uses and building typologies employed in the analyses. The returns were benchmarked against the market returns for the Burbank area. The following returns were utilized:

1. Return on investment (ROI). ROIs ranged from 8.0% to 9.5% dependent upon the land use, the Project characteristics and the risks associated therewith. The returns were also adjusted downward if the Project could potentially be occupied by the owner. Owner-occupied properties are typically perceived to experience relatively lower market risk due to lower turnover resulting in a more secure income stream. Additionally, owners tend to pay premium sales prices for these properties which, in turn, serve to reduce capitalization rates (the ratio of a Project's income to its sales price). This may be particularly true for Burbank given the small company segment of the entertainment market.

2. Return on sales (ROS). KMA applied a 15% ROS to the ownership residential Project based on its experience with similar Projects.

Other Assumptions

KMA estimated the employment densities (jobs created per square foot of GBA) based on its experience in the real estate industry and on data reflected in the Employment Density Study prepared for the Southern California Association of Governments, dated October 31, 2001, by The Nattelson Company, Inc.

KMA estimated the City's three highest sources of annual public revenues based on its research and experience with similar Projects.

## ECONOMIC ANALYSIS RESULTS

The RLV approach was used to compare the residual land values of the Sites under two or three scenarios. The first scenario analyzed a Site with a Project proposed under the existing zoning requirements (Proposed Use). The second scenario analyzed a Site

assuming Project characteristics that would be permitted under a TIMS implementation (TIMS Use). The third scenario, if required, analyzed a Site assuming a land use different from the TIMS Use (Alternative TIMS Use). Refer to Appendices A-1 and A-3 for a summary of the results discussed below.

**Site 1: 193,400 Square Feet of Land Area – General Industrial (2555 North Hollywood Way)**

Residual Land Valuation. The Proposed Use for this Site was approximately 23,700 square feet of GBA, inclusive of three high turnover restaurant pads. Under the Proposed Use, the Site reflected a RLV of approximately $7.50 million or $39 per square foot of land area. When analyzed under the TIMS Use at 7,017 square feet of GBA, the Site's RLV was reduced to $2.25 million or $12 per square foot of land area. The TIMS Use significantly reduced Project density, resulting in over 50% of the Site left vacant. In this case, the reduction in land value was so significant, that a prudent owner would possibly consider another use for the land. Thus, KMA evaluated an Alternate TIMS Use – 87,700 square feet of light industrial GBA. Under the Alternate TIMS Use, the Site reflects a RLV of $6.74 million or $35 per square foot of land area, an improvement over the TIMS Use.

Employment Generation. The Alternative TIMS Use (light industrial) generated 106 jobs, the largest number of jobs among the three uses, compared to 56 and 17 for the Proposed and TIMS Uses, respectively.

Public Revenues. The annual public revenues were highest under the Proposed Use of three restaurants at $151,000, compared to $45,000 for the TIMS Use and $49,000 for the Alternative TIMS Use.

Site 1 was significantly impacted by the application of the TIMS zoning. The alternative light industrial use improves the Project's economics, but is still below the RLV reflected by the Proposed Project. The public revenues are highest in the Proposed Use, but employment generation is greatest in the Alternative TIMS Use.

**Site 2: 190,957 Square Feet of Land Area – Media District Commercial (201 S. Buena Vista Street)**

Residual Land Valuation. The Proposed Use evaluates a Project comprised of 227,000 square feet of medical office GBA. Under that scenario, the RLV equates to $26 million or $137 per square foot of land area. Implementing a TIMS Project reduces the GBA to 70,000 square feet with a resulting RLV of $15.3 million or $80 per square foot of land area. KMA did not analyze the Site under an Alternative TIMS Use.

Employment Generation. Under the TIMS Use, the jobs generated were reduced from 649 to 200.

Public Revenues. The TIMS Use reduced the annual public revenues from $444,000 to $137,000.

The Site 2 analysis indicates that the TIMS implementation has a negative effect on the RLV, employment and public revenue generation.

**Site 3: 21,360 Square Feet of Land Area – Media District Commercial (4001-17 Riverside Drive)**

Residual Land Valuation. The Proposed Use is comprised of 40,000 square feet of office and an 8,000 square foot high turnover restaurant. This Project results in a $4.93 million land value or $231 per square foot of land area. KMA assumes that the extraordinary land value is the result of the Site being located in a high-rent business district combined with the relatively small land area. When the TIMS zoning is applied, the RLV is reduced to $2 million or $97 per square foot of land area. Analyzing an Alternate TIMS Use comprised of approximately 16,000 square feet of office space (without a restaurant), increases the RLV to $2.88 million or $135 per square foot of land area.

Employment Generation. Employment generation is highest under the Proposed Use and is reduced from 122 jobs to 26 and 39 jobs under the TIMS and Alternative TIMS Uses, respectively.

Public Revenues. The annual public revenues are highest under the Proposed Project at $109,000. The TIMS Use and Alternate TIMS Use reduce those revenues to $24,000 and $25,000, respectively.

The results of the Site 3 analyses indicate that both the TIMS and the Alternative TIMS Use are detriments to the Site's RLV, employment and public revenue generation.

**Site 4: 19,474 Square Feet of Land Area – Neighborhood Center (1701 Verdugo Avenue)**

Residual Land Valuation. The Proposed Use for Site 4 is a mixed-use project comprised of 13 residential rental units and 4,900 square feet of street-serving retail resulting in a RLV of $646,000 or $33 per square foot of land area. The TIMS Use equaled the Proposed Use, so there was no comparative analysis performed for the Site.

Employment. The Proposed Use is estimated to produce approximately 40 jobs.

Public Revenues. Public revenues are estimated at $25,000 annually.

**Site 5: 11,659 Square Feet of Land Area – Boulevard Commercial (4201 Magnolia Boulevard)**

Residual Land Valuation. The Project Proposed for this Site is a 19,300 square foot office building. The Site is located in a commercial district that reflects relatively low rents. Consequently, the RLV for this Site under the Proposed program is a negative $633,000 or essentially $0. Evaluating the Site under the TIMS program reduced the building size to 8,000 square feet which also significantly reduced the construction costs. The resulting RLV for the TIMS program increased to a negative $25,000, but still essentially equals to a land value of $0. KMA prepared an Alternative TIMS Use for this Site comprised of approximately 6,200 square feet of retail space. The Alternative TIMS program resulted in a RLV of $434,000 or $37 per square feet of land area.

Employment. Site 5's employment is maximized under the Proposed office use at 47 jobs compared to the TIMS Use at 20 jobs. The Alternative TIMS Use (retail) results in 14 jobs.

Public Revenues. The public revenues are decreased from $22,000 in the Proposed Use to 9,000 under the TIMS Use. The Alternative TIMS Use decreases the public revenues for the Proposed Use to $21,000.

In this case, a TIMS Use actually improves the economics of the Project because a smaller project improved the overall Project economics. Due to Site 5's location and size, an office use appears to be infeasible. The Alternative TIMS program results in a somewhat feasible project.

**Site 6: 86,459 Square Feet of Land Area – Mixed Commercial Industrial (3435 Empire Avenue)**

Residual Land Valuation. The Proposed Project is a 158,000 square foot office building located near the Burbank Airport. The analysis of this Project resulted in a RLV of $4.37 million or $51 per square foot of land area. The TIMS Use reduces the Project to approximately 28,000 square feet which results in a RLV of $2.39 million or $28 per square foot of land area. KMA analyzed the Project as a 42,000 square foot light industrial facility, the Alternative TIMS Use. That analysis also reduced the land value to $3.23 million RLV or $37 per square foot of land area.

Employment. The Proposed Use created 452 jobs, while the TIMS and Alternative TIMS Uses reduced the jobs to 68 and 51, respectively.

Public Revenues. The Proposed Use generated the highest amount of annual public revenues at $217,000 compared to $34,000 for the TIMS Use and $23,000 for the Alternative TIMS Use.

This analysis indicates that Site 6's land value, employment generation and public revenues are negatively impacted under either TIMS scenario.

**Site 7: 55,166 Square Feet of Land Area - Mixed Commercial Industrial (100 W. Alameda Avenue)**

Residual Land Valuation. The Proposed Use for Site 7 is a 60,000 square foot post production/flex facility. KMA's analysis of the Proposed Use resulted in a RLV of approximately $5.94 million or $108 per square foot of land area. The TIMS Use reduces the size of the facility to approximately 23,600 square feet and the resulting RLV to $3.25 million or $59 per square foot of land area. An analysis of an Alternative TIMS Use of 26,900 square feet of light industrial space resulted in a RLV of $2.05 million or $37 per square foot of land area.

Employment. The greatest number of jobs was created with the Proposed Use. The TIMS Use and the Alternative TIMS Use reduce the number of jobs from 146 to 58 and 32, respectively.

Public Revenues. The Proposed Use generates annual public revenues of $72,000 while the TIMS and Alternative TIMS Uses generate annual public revenues of $28,000 and $14,000, respectively.

Application of a TIMS implementation significantly reduces Site 7's land value, employment and public revenue generation.

**Site 8: 953,544 Square Feet of Land Area - Mixed Commercial Industrial (San Fernando Boulevard and Alameda Avenue)**

Residual Land Valuation. The Proposed Use for this Site is a 291,000 square foot shopping center and a 105,000 square foot office building. The Proposed Use results in a RLV of $17.74 million or $19 per square foot of land area. The TIMS implementation slightly reduces the GBA of the Project resulting in a RLV of $16.15 million or $17 per square foot of land area. KMA analyzed the Site assuming a smaller shopping center without any office space (the Alternative TIMS Use). The Alternative TIMS Use resulted in a significantly higher land value than both the Proposed and TIMS Uses at $31.40 million or $33 per square foot of land area.

Employment. The greatest number of jobs was created by the Proposed shopping center / office Project with employment estimated at 610 jobs, compared to 456 and 351 jobs for the TIMS Use and Alternative TIMS Use, respectively.

Public Revenues. The Proposed Use generated public revenues of approximately $1.17 million compared to the Alternative TIMS Use and the TIMS Use which generated public revenues of $1.04 million and $876,000, respectively.

The Alternative TIMS Use improved Site 8's economics by eliminating the office component which significantly reduced the parking construction costs. Thus, the Alternative TIMS Use increased the RLV beyond that of the Proposed and the TIMS Uses. Implementation of either TIMS project negatively impacts both the number of jobs and the public revenues generated by the Site.

**Site 9: 59,014 Square Feet of Land Area - Mixed Commercial Industrial (1204 W. Burbank Boulevard)**

Residual Land Valuation. The Proposed Use for Site 9 is a 60,000 square foot office Project which results in a RLV of negative $121,000 or essentially $0. The TIMS Use reduces the building size to approximately 19,000 square feet resulting in a RLV of negative $177,000 (or $0). KMA analyzed the Site with an Alternative TIMS Use of 10,750 square feet of low turnover restaurant space. The Alternative TIMS Use resulted in a RLV of $2.12 million or $36 per square foot of land area.

Employment. The greatest number of jobs was generated by the Proposed Use of 60,000 square feet of office space. The TIMS and Alternative TIMS Uses reduced the number of jobs from 146 to 46 and 33, respectively.

Public Revenues. The Alternative TIMS Use produced annual public revenues of $64,000 compared to the Proposed Use and TIMS Use with public revenues of $63,000 and $18,000, respectively.

The Proposed Project appears infeasible for this Site due to location, market rents and below grade parking costs. The implementation of a TIMS Use makes the Project even less feasible. Changing the land use, however, improves the Project economics such that the RLV is positive. While office uses are the largest generator of jobs, the Alternative TIMS Use (restaurant) results in public revenues approximating that of the Proposed Use.

**Site 10: 83,951 Square Feet of Land Area - Downtown Commercial (1st and Olive Streets)**

Residual Land Valuation. The Proposed Use and the TIMS Use are identical for Site 10. The Proposed Project is comprised of 119 ownership residential units and approximately 10,900 square feet of ground floor retail space. This Use results in a RLV of $9.34 million or $111 per square foot of land area. KMA did not analyze an alternative use for this Site.

Employment. Employment is estimated at 24 jobs.

Public Revenues. Public revenues are projected to be $171,000 annually.

**Site 10: 83,951 Square Feet of Land Area - Burbank Center Plan, Downtown Commercial (1st and Olive Streets)**

Residual Land Valuation. The Proposed Use under the Burbank Center Plan is 126,000 square feet of office and 15,000 square feet of ground floor retail. Analysis of the Proposed Use results in a RLV of $3.05 million or $36 per square foot of land area. The TIMS Use analysis reduces the office and retail resulting in a slightly improved RLV of $3.33 million or $40 per square foot of land area. KMA did not analyze an Alternative TIMS Use for this Site.

Employment. Employment generation was equal under both scenarios.

Public Revenues. Public revenues decreased slightly from $218,000 to $208,000 under the TIMS analysis.

The Site's RLV is somewhat improved under the TIMS Use due to the decrease in the number of below-grade parking spaces that would be required under the Proposed Use. The reduction in the GBA, however, reduces the public revenues the Site could generate.

**Site 11: 117,023 Square Feet of Land Area - Mixed Commercial / Industrial (110 W. Olive Street)**

Residual Land Valuation. The Proposed Use of a 120,000 square foot office building results in a RLV of negative $1.26 million or essentially $0. The TIMS Use reduces the Project to approximately 37,600 square feet which improves the economics to a RLV of $1.9 million or $16 per square foot of land area. KMA analyzed the Site with an Alternative TIMS Use of 57,200 square feet of light industrial use. At that Use, the Site's RLV equates to $4.39 million or $38 per square foot of land area.

Employment. The Proposed Use generated the greatest number of jobs (343). The TIMS Use and the Alternative TIMS Use reduced the number of jobs to 92 and 69, respectively.

Public Revenues. The Proposed Use resulted in annual public revenues of $140,000 compared to $43,000 and $32,000 for the TIMS Use and the Alternative TIMS Use.

The Proposed Use is for a mid-rise office building located in a commercial/retail area as opposed to a higher rent business district. As such, the Proposed Use does not generate office rents sufficient to support the land value and the resulting Project is infeasible. Reducing the size of the office building to a size compatible with an owner-occupied Project improves the Project's economics such that it supports a land value of approximately $1.9 million. Changing the use to light industrial significantly improves the Project's economics due to reduced construction costs and the market's demand for industrial space. Under the Alternative TIMS Use, the Project's RLV increases to $4.4 million.

## ANALYSIS EVALUATION

KMA performed a high level, conceptual economic analysis for the purpose of analyzing the impact that a TIMS implementation would have on future by-right development in the City. This analysis was based on 12 development Sites provided by the City and 30 Projects refined by the City and KMA.[2] The TIMS Use for two of the Sites (4 and 10 – Downtown Commercial) was not comparatively analyzed because the TIMS Use exactly matched the Project permitted under the existing zoning regulations. KMA's analysis of the remaining 10 Sites indicates, in a majority of cases, that the TIMS implementation could have a negative impact on City land values and hence future development. In seven of the 10 Sites that were compared to TIMS permitted land uses, the TIMS program decreased the Project density such that there was a reduction in land value from that reflected under the existing zoning regulations. The degradation in land value appears to be caused by: (1) decreased density resulting in an inefficient use of the land area; (2) construction and parking costs that do not support the land values; and (3) in some cases, the ability of the Project to generate income sufficient to support the land values. KMA's analysis of the Proposed Use for Sites 5, 9 and 11 resulted in negative ($0) land values, an indication that the Proposed Use is infeasible given the assumptions utilized in the analysis. It is conceivable, however, that these Sites could be developed by an owner intending to occupy the Project. Owner-occupants may accept returns that are lower than those required by the real estate capital markets because the Project has

[2] Site 10 was analyzed under two zoning programs: Downtown Commercial and Burbank Center Plan – Downtown Commercial, resulting in a total of 12 Sites.

utility to them as specific use with an investment return that is not paramount to their objectives. Therefore, an owner user could perceive a Project to be viable while other real estate investors would be disinterested in such a development.

KMA performed additional analyses for the Sites that drastically decreased (or eliminated) land value. For those analyses, KMA evaluated an Alternative TIMS land use that was completely different from the Proposed Use. The Alternative TIMS Use somewhat improved the Project economics over the TIMS Use results (Sites 1, 3, 5, 6, 8, 9 and 11). Although Sites 8 and 10 – BCP Downtown Commercial reflected decreased land values after the TIMS analysis, the changes were minor since the development permitted under the TIMS program was only slightly less than that permitted under the existing zoning designations.

KMA estimated the number of jobs that would be created under the TIMS implementation compared to Proposed Projects and Alternate TIMS Projects. Employment density factors (the number of employees generated per square foot of GBA) are highest for those Projects with office uses. Employment was estimated for all 12 Sites. In 10 of the 12 Sites evaluated, the number of jobs declined significantly with the imposition of the TIMS requirements.

KMA also projected the public revenues that could be generated based on the City's three highest revenue sources: sales tax, property tax and the utility user tax. In each of the Sites analyzed under the TIMS zoning requirements, the public revenues decreased from those that would be generated by the Proposed Project.

**CONCLUSION**

KMA's economic analysis indicates that implementation of the TIMS requirements significantly reduces land value in a majority of the Sites analyzed. This finding appears to be consistent for the number of jobs and public revenues that the Sites could produce under the TIMS Use compared to the existing zoning.

We hope this analysis is helpful to you and are available to discuss it at your convenience.

# APPENDIX A-1

## Summary of Economic Analysis

APPENDIX A-1

SUMMARY OF PROTOTYPE DEVELOPMENT PRO FORMAS
TIMS LAND VALUATION ANALYSIS
CITY OF BURBANK
BURBANK, CALIFORNIA

| | Site 1 - General Industrial | | | Site 2 - Media District Commercial | | | Site 3 - Media District Commercial | | |
|---|---|---|---|---|---|---|---|---|---|
| | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use |
| | H.T. Rests. | H.T. Rests. | Lgt. Industrial | Medical Office | Medical Office | None | Office / H.T.Rest. | Office / H.T.Rest. | Office |
| **Project Description** | | | | | | | | | |
| Land Area (SF) | 193,406 | 193,406 | 193,406 | 190,957 | 190,957 | 190,957 | 21,360 | 21,360 | 21,360 |
| Gross Building Area | 23,695 | 7,017 | 87,700 | 227,000 | 70,000 | N/A | 48,040 | 10,354 | 15,909 |
| Parking | | | | | | | | | |
| Surface | 237 | 70 | 175 | 0 | 350 | N/A | 22 | 33 | 27 |
| Above Grade | 0 | 0 | 0 | 1,135 | 0 | N/A | 0 | 0 | 0 |
| Below Grade | 0 | 0 | 0 | 0 | 0 | N/A | 178 | 10 | 21 |
| Total Parking | 237 | 70 | 175 | 1,135 | 350 | 0 | 200 | 43 | 48 |
| **Total Construction Cost** | **$5,556,000** | **$1,612,000** | **$7,087,000** | **$91,660,000** | **$21,008,000** | N/A | **$13,318,000** | **$1,969,000** | **$3,035,000** |
| Total Cost ($/SF) | $234 | $230 | $81 | $404 | $300 | N/A | $277 | $190 | $191 |
| **Income / Sales Revenue** [1] | | | | | | | | | |
| Retail / Rest. Rent ($/Sf) | $4.00 | $4.00 | N/A | N/A | N/A | N/A | $4.00 | $4.00 | N/A |
| Light Industrial ($/Sf) | N/A | N/A | $1.15 | N/A | N/A | N/A | N/A | N/A | N/A |
| Office Rent ($/Sf) | N/A | N/A | N/A | $3.00 | $3.00 | N/A | $3.00 | $3.00 | $3.00 |
| Residential Rent ($/SF) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking ($/Space/Mo.) [2] | N/A | N/A | N/A | $115 | $115 | N/A | $115 | $115 | $115 |
| **Net Operating Income** | **$1,044,000** | **$309,000** | **$1,106,000** | **$10,014,000** | **$3,088,000** | N/A | **$1,498,000** | **$323,000** | **$473,000** |
| Return on Investment [3] | 8.00% | 8.00% | 8.00% | 8.50% | 8.50% | N/A | 8.21% | 8.00% | 8.00% |
| Residential Sales ($/Unit) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Return on Sales | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Supportable Project Value** | **$13,050,000** | **$3,863,000** | **$13,825,000** | **$117,812,000** | **$36,329,000** | N/A | **$18,250,000** | **$4,038,000** | **$5,913,000** |
| **Supportable Land Value** | **$7,494,000** | **$2,251,000** | **$6,738,000** | **$26,152,000** | **$15,321,000** | N/A | **$4,932,000** | **$2,069,000** | **$2,878,000** |
| Land Value ($/SF) | $39 | $12 | $35 | $137 | $80 | N/A | $231 | $97 | $135 |
| **Employment** [4] | | | | | | | | | |
| Number of Jobs | 56 | 17 | 106 | 649 | 200 | N/A | 122 | 26 | 39 |
| Sf / Employee | 420 | 420 | 830 | 350 | 350 | N/A | 394 | 395 | 410 |
| **Stabilized Pub. Revenues** [5] | $151,000 | $45,000 | $49,000 | $444,000 | $137,000 | N/A | $109,000 | $24,000 | $25,000 |

APPENDIX A-1 - CONTINUED

SUMMARY OF PROTOTYPE DEVELOPMENT PRO FORMAS
TIMS LAND VALUATION ANALYSIS
CITY OF BURBANK
BURBANK, CALIFORNIA

| | Site 4 - Neighborhood Center | | | Site 5 - Boulevard Commercial | | | Site 6 - Mixed Commercial Industrial | | |
|---|---|---|---|---|---|---|---|---|---|
| | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use |
| | MF / Retail | MF / Retail | None | Office | Office | Retail | Office | Office | Lgt. Industrial |
| **Project Description** | | | | | | | | | |
| Lot Size (SF) | 19,474 | 19,474 | 19,474 | 11,659 | 11,659 | 11,659 | 86,459 | 86,459 | 86,459 |
| Gross Building Area | 17,915 | 17,915 | N/A | 19,300 | 8,000 | 6,256 | 158,202 | 27,811 | 42,000 |
| Parking | | | | | | | | | |
| Surface | 0 | 0 | N/A | 0 | 5 | 9 | 54 | 83 | 84 |
| Above Grade | 20 | 20 | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Below Grade | 25 | 25 | N/A | 58 | 19 | 12 | 419 | 0 | 0 |
| Total Parking | 45 | 45 | 0 | 58 | 24 | 21 | 474 | 83 | 84 |
| **Total Construction Cost** | **$3,542,000** | **$3,542,000** | N/A | **$4,621,000** | **$1,675,000** | **$1,288,000** | **$46,026,000** | **$4,661,000** | **$3,393,000** |
| Total Cost ($/SF) | $198 | $198 | N/A | $239 | $209 | $206 | $291 | $168 | $81 |
| **Income / Sales Revenue** [1] | | | | | | | | | |
| Retail / Rest. Rent ($/Sf) | $3.50 | $3.50 | N/A | N/A | N/A | $2.25 | N/A | N/A | N/A |
| Light Industrial ($/Sf) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $1.15 |
| Office Rent ($/Sf) | N/A | N/A | N/A | $2.10 | $2.10 | N/A | $3.00 | $2.50 | N/A |
| Res. Rent ($/Sf / Mo) | $1.76 | $1.76 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking / Misc. Income [2] | | | | | | | | | |
| ($/Space/Mo. or Unit/Mo.) | $15 | $15 | N/A | $0 | $0 | N/A | $65 | $0 | N/A |
| **Net Operating Income** | **$335,000** | **$335,000** | N/A | **$319,000** | **$132,000** | **$155,000** | **$4,284,000** | **$582,000** | **$530,000** |
| Return on Investment [3] | 8.00% | 8.00% | N/A | 8.00% | 8.00% | 9.00% | 8.50% | 8.25% | 8.00% |
| Residential Sales ($/Unit) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Return on Sales | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Supportable Project Value** | **$4,188,000** | **$4,188,000** | N/A | **$3,988,000** | **$1,650,000** | **$1,722,000** | **$50,400,000** | **$7,055,000** | **$6,625,000** |
| **Supportable Land Value** | **$646,000** | **$646,000** | N/A | **($633,000)** | **($25,000)** | **$434,000** | **$4,374,000** | **$2,394,000** | **$3,232,000** |
| Land Value ($/SF) | $33 | $33 | N/A | ($54) | ($2) | $37 | $51 | $28 | $37 |
| **Employment** [4] | | | | | | | | | |
| Number of Jobs | 40 | 40 | N/A | 47 | 20 | 14 | 452 | 68 | 51 |
| Sf / Employee | 450 | 450 | N/A | 410 | 410 | 450 | 350 | 410 | 830 |
| **Stabilized Pub. Revenues** [5] | $25,000 | $25,000 | N/A | $22,000 | $9,000 | $21,000 | $217,000 | $34,000 | $23,000 |

APPENDIX A-1 - CONTINUED

SUMMARY OF PROTOTYPE DEVELOPMENT PRO FORMAS
TIMS LAND VALUATION ANALYSIS
CITY OF BURBANK
BURBANK, CALIFORNIA

| | Site 7 - Mixed Commercial Industrial | | | Site 8 - Mixed Commercial Industrial | | | Site 9 - Mixed Commercial Industrial | | |
|---|---|---|---|---|---|---|---|---|---|
| | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use | Proposed Use | TIMS Use | Alt. TIMS Use |
| | P. Prod./Flex | P. Prod./Flex | Lgt. Industrial | Shop.Cntr./Off. | Shop.Cntr./Off. | Shop. Cntr. | Office | Office | L.T. Rest. |
| **Project Description** | | | | | | | | | |
| Lot Size (SF) | 55,166 | 55,166 | 55,166 | 953,544 | 953,544 | 953,544 | 59,014 | 59,014 | 59,014 |
| Gross Building Area | 60,000 | 23,606 | 26,900 | 395,472 | 296,072 | 287,500 | 60,000 | 18,980 | 10,750 |
| Parking | | | | | | | | | |
| Surface | 73 | 71 | 54 | 785 | 785 | 1,440 | 82 | 57 | 108 |
| Above Grade | 0 | 0 | 0 | 983 | 539 | 0 | 0 | 0 | 0 |
| Below Grade | 107 | 0 | 0 | 0 | 0 | 0 | 98 | 0 | 0 |
| Total Parking | 180 | 71 | 54 | 1,768 | 1,324 | 1,440 | 180 | 57 | 108 |
| **Total Construction Cost** | **$8,803,000** | **$2,538,000** | **$2,173,000** | **$89,370,000** | **$65,126,000** | **$51,511,000** | **$11,274,000** | **$3,077,000** | **$2,398,000** |
| Total Cost ($/SF) | $147 | $108 | $81 | $226 | $220 | $179 | $188 | $162 | $223 |
| **Income / Sales Revenue** [1] | | | | | | | | | |
| Retail / Rest. Rent ($/Sf) | N/A | N/A | N/A | $2.50 | $2.50 | $2.50 | N/A | N/A | $3.25 |
| Light Industrial ($/Sf) | $1.80 | $1.80 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Office Rent ($/Sf) | N/A | N/A | $1.15 | $2.50 | $2.50 | N/A | $1.90 | $1.70 | N/A |
| Residential Rent ($/SF) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking ($/Space/Mo.) [2] | $0 | $0 | N/A | $60 | $60 | N/A | $60 | $0 | N/A |
| **Net Operating Income** | **$1,179,000** | **$463,000** | **$338,000** | **$9,892,000** | **$7,506,000** | **$7,876,000** | **$948,000** | **$232,000** | **$384,000** |
| Return on Investment [3] | 8.00% | 8.00% | 8.00% | 9.24% | 9.24% | 9.50% | 8.50% | 8.00% | 8.50% |
| Residential Sales ($/Unit) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Return on Sales | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Supportable Project Value** | **$14,738,000** | **$5,788,000** | **$4,225,000** | **$107,106,000** | **$81,272,000** | **$82,905,000** | **$11,153,000** | **$2,900,000** | **$4,518,000** |
| **Supportable Land Value** | **$5,935,000** | **$3,250,000** | **$2,052,000** | **$17,736,000** | **$16,146,000** | **$31,394,000** | **($121,000)** | **($177,000)** | **$2,120,000** |
| Land Value ($/SF) | $108 | $59 | $37 | $19 | $17 | $33 | ($2) | ($3) | $36 |
| **Employment** [4] | | | | | | | | | |
| Number of Jobs | 146 | 58 | 32 | 610 | 456 | 351 | 146 | 46 | 33 |
| Sf / Employee | 410 | 410 | 830 | 649 | 649 | 820 | 410 | 410 | 330 |
| **Stabilized Pub. Revenues** [5] | $72,000 | $28,000 | $14,000 | $1,166,000 | $876,000 | $1,036,000 | $63,000 | $18,000 | $64,000 |

APPENDIX A-1 - CONTINUED

SUMMARY OF PROTOTYPE DEVELOPMENT PRO FORMAS
TIMS LAND VALUATION ANALYSIS
CITY OF BURBANK
BURBANK, CALIFORNIA

| | Site 10 - Downtown Commercial | | | Site 10 - BCP - Downtown Commercial | | | Site 11 - Mixed Commercial / Industrial | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Proposed Use** | **TIMS Use** | **Alt. TIMS Use** | **Proposed Use** | **TIMS Use** | **Alt. TIMS Use** | **Proposed Use** | **TIMS Use** | **Alt. TIMS Use** |
| | Condos / Retail | Condos / Retail | None | Office / Retail | Office / Retail | None | Office | Office | Lgt. Industrial |
| **Project Description** | | | | | | | | | |
| Lot Size (SF) | 83,951 | 83,951 | 83,951 | 83,951 | 83,951 | 83,951 | 117,023 | 117,023 | 117,023 |
| Gross Building Area | 182,130 | 182,130 | N/A | 140,927 | 134,030 | N/A | 120,000 | 37,644 | 57,200 |
| Parking | | | | | | | | | |
| Surface | 0 | 0 | N/A | 128 | 127 | N/A | 191 | 113 | 114 |
| Above Grade | 0 | 0 | N/A | 0 | 0 | N/A | 0 | 0 | 0 |
| Below Grade | 300 | 300 | N/A | 366 | 342 | N/A | 169 | 0 | 0 |
| Total Parking | 300 | 300 | 0 | 493 | 469 | 0 | 360 | 113 | 114 |
| **Total Construction Cost** | **$50,426,000** | **$50,426,000** | N/A | **$40,464,000** | **$38,104,000** | N/A | **$29,310,000** | **$6,239,000** | **$4,620,000** |
| Total Cost ($/SF) | $277 | $277 | N/A | $287 | $284 | N/A | $244 | $166 | $81 |
| **Income / Sales Revenue** [1] | | | | | | | | | |
| Retail / Rest. Rent ($/Sf) | $4.00 | $4.00 | N/A | $4.00 | $4.00 | N/A | N/A | N/A | N/A |
| Light Industrial ($/Sf) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $1.15 |
| Office Rent ($/Sf) | N/A | N/A | N/A | $2.60 | $2.60 | N/A | $2.25 | $2.00 | N/A |
| Residential Sales ($/SF) | $433 | $433 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking Income ($/Space/Mo.) [2] | N/A | N/A | N/A | $82 | $82 | N/A | $65 | $65 | N/A |
| **Net Operating Income** | N/A | N/A | N/A | **$3,699,000** | **$3,522,000** | N/A | **$2,384,000** | **$673,000** | **$721,000** |
| Return on Investment [3] | N/A | N/A | N/A | 8.50% | 8.50% | N/A | 8.50% | 8.25% | 8.00% |
| **Sales Revenue** | | | | | | | | | |
| Residential Sales | $62,896,000 | $62,896,000 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Retail Sale | $7,413,000 | $7,413,000 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Supportable Project Value** | **$70,309,000** | **$70,309,000** | N/A | **$43,518,000** | **$41,435,000** | N/A | **$28,047,000** | **$8,158,000** | **$9,013,000** |
| Profit on Sale | $10,546,000 | $10,546,000 | | N/A | N/A | N/A | N/A | N/A | N/A |
| Return on Sales [3] | 15.00% | 15.00% | | N/A | N/A | N/A | N/A | N/A | N/A |
| **Supportable Land Value** | **$9,337,000** | **$9,337,000** | N/A | **$3,054,000** | **$3,331,000** | N/A | **($1,263,000)** | **$1,919,000** | **$4,393,000** |
| Land Value ($/SF) | $111 | $111 | N/A | $36 | $40 | N/A | ($11) | $16 | $38 |
| **Employment** [4] | 24 | 24 | N/A | 340 | 324 | N/A | 343 | 92 | 69 |
| Sf / Employee | 450 | 450 | N/A | 414 | 414 | N/A | 350 | 410 | 830 |
| **Stabilized Pub. Revenues** [5] | $171,000 | $171,000 | N/A | $218,000 | $208,000 | N/A | $140,000 | $43,000 | $32,000 |

- Retail rents are triple net; general office rents are full service gross.
- Parking rates represent a blended monthly rate for reserved/unreserved spaces. Does not consider valet/transient parking income.
- May reflect a blended return on investment / sale for projects containing a mix of uses with differing return requirements.
- Employment projections are based on data from the Southern California Association of Governments, 2001 Employment Density Study, Los Angeles data, prepared by The Natelson Company, Inc., the U.S. Energy Information Administration, 1995 Commercial Buildings Energy Consumption Survey Report, Released 2000, and other KMA projects. Employment for residential components is not projected.
- Public revenue projections are comprised of estimated stabilized sales, property and utility user revenues. The projections are provided for illustrative purposes only and do not consider the impact of Burbank Redevelopment Agency property tax revenues.

# APPENDIX A-2

## Public Revenue Analysis

APPENDIX A-2

**STABILIZED YEAR ESTIMATED ANNUAL MAJOR PUBLIC REVENUES**
**TIMS LAND VALUATION ANALYSIS**
**CITY OF BURBANK**
**BURBANK, CALIFORNIA**

| | Land Use | SF | Estimated Sales Tax Revenues | Estimated Property Tax Revenues [1] | Estimated Utility User Tax Revenues | Total Estimated Revenues |
|---|---|---|---|---|---|---|
| Site 1 | | | | | | |
| Proposed Use | H.T. Rests. | 23,695 | $113,000 | $32,000 | $6,000 | $151,000 |
| TIMS Use | H.T. Rests. | 7,017 | $33,000 | $10,000 | $2,000 | $45,000 |
| Alternative TIMS Use | Light Industrial | 87,700 | $0 | $34,000 | $15,000 | $49,000 |
| Site 2 | | | | | | |
| Proposed Use | Medical Office | 227,000 | $0 | $285,000 | $159,000 | $444,000 |
| TIMS Use | Medical Office | 70,000 | $0 | $88,000 | $49,000 | $137,000 |
| Alternative TIMS Use | None | 0 | $0 | $0 | $0 | $0 |
| Site 3 | | | | | | |
| Proposed Use | Office/H.T. Rest. | 48,040 | $38,000 | $45,000 | $26,000 | $109,000 |
| TIMS Use | Office/H.T. Rest. | 10,354 | $8,000 | $10,000 | $6,000 | $24,000 |
| Alternative TIMS Use | Office | 15,909 | $0 | $15,000 | $10,000 | $25,000 |
| Site 4 [1] | | | | | | |
| Proposed Use | Apts./Retail | 17,915 | $13,000 | $10,000 | $2,000 | $25,000 |
| TIMS Use | Apts./Retail | 17,915 | $13,000 | $10,000 | $2,000 | $25,000 |
| Alternative TIMS Use | None | 0 | $0 | $0 | $0 | $0 |
| Site 5 | | | | | | |
| Proposed Use | Office | 19,300 | $0 | $10,000 | $12,000 | $22,000 |
| TIMS Use | Office | 8,000 | $0 | $4,000 | $5,000 | $9,000 |
| Alternative TIMS Use | Retail | 6,256 | $16,000 | $4,000 | $1,000 | $21,000 |
| Site 6 | | | | | | |
| Proposed Use | Office | 158,202 | $0 | $122,000 | $95,000 | $217,000 |
| TIMS Use | Office | 27,811 | $0 | $17,000 | $17,000 | $34,000 |
| Alternative TIMS Use | Light Industrial | 42,000 | $0 | $16,000 | $7,000 | $23,000 |
| Site 7 | | | | | | |
| Proposed Use | Post Prod./Flex | 60,000 | $0 | $36,000 | $36,000 | $72,000 |
| TIMS Use | Post Prod./Flex | 23,606 | $0 | $14,000 | $14,000 | $28,000 |
| Alternative TIMS Use | Light Industrial | 26,900 | $0 | $10,000 | $4,000 | $14,000 |
| Site 8 [2] | | | | | | |
| Proposed Use | Shop.Cntr./Office | 395,472 | $808,000 | $253,000 | $105,000 | $1,166,000 |
| TIMS Use | Shop.Cntr./Office | 296,072 | $605,000 | $192,000 | $79,000 | $876,000 |
| Alternative TIMS Use | Shopping Center | 292,420 | $799,000 | $194,000 | $43,000 | $1,036,000 |
| Site 9 | | | | | | |
| Proposed Use | Office | 60,000 | $0 | $27,000 | $36,000 | $63,000 |
| TIMS Use | Office | 18,980 | $0 | $7,000 | $11,000 | $18,000 |
| Alternative TIMS Use | L. T. Restaurant | 28,300 | $51,000 | $11,000 | $2,000 | $64,000 |

APPENDIX A-2

**STABILIZED YEAR ESTIMATED ANNUAL MAJOR PUBLIC REVENUES**
**TIMS LAND VALUATION ANALYSIS**
**CITY OF BURBANK**
**BURBANK, CALIFORNIA**

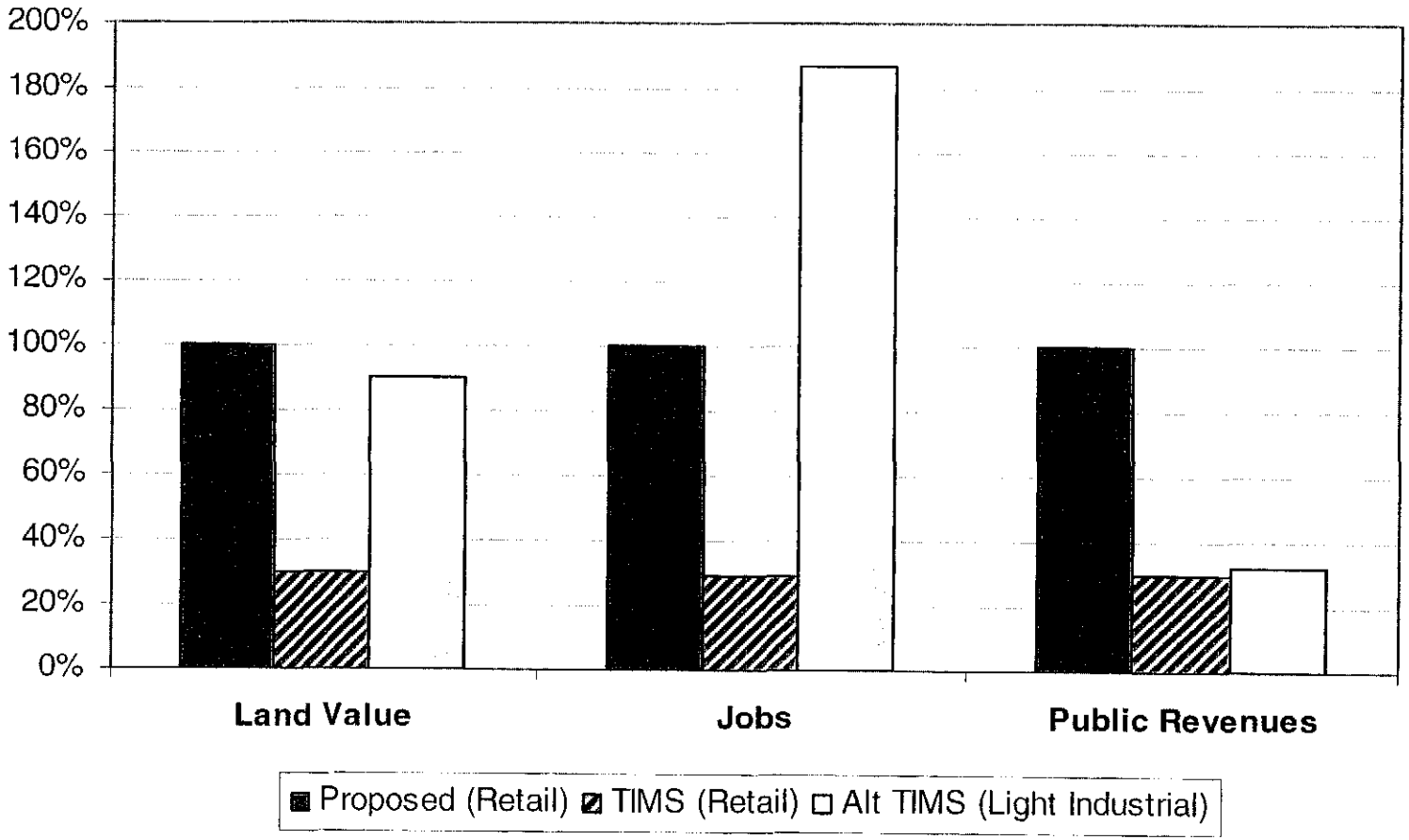
| | Land Use | SF | Estimated Sales Tax Revenues | Estimated Property Tax Revenues [1] | Estimated Utility User Tax Revenues | Total Estimated Revenues |
|---|---|---|---|---|---|---|
| Site 10 [3] | Condos/Retail | | | | | |
| Proposed Use | Condos/Retail | 200,930 | $26,000 | $130,000 | $15,000 | $171,000 |
| TIMS Use | None | 200,930 | $26,000 | $130,000 | $15,000 | $171,000 |
| Alternative TIMS Use | | 0 | $0 | $0 | $0 | $0 |
| Site 10 - Burbank Center Plan [4] | | | | | | |
| Proposed Use | Office/Retail | 140,927 | $35,000 | $105,000 | $78,000 | $218,000 |
| TIMS Use | Office/Retail | 134,030 | $34,000 | $100,000 | $74,000 | $208,000 |
| Alternative TIMS Use | None | 0 | $0 | $0 | $0 | $0 |
| Site 11 | | | | | | |
| Proposed Use | Office | 120,000 | $0 | $68,000 | $72,000 | $140,000 |
| TIMS Use | Office | 37,643 | $0 | $20,000 | $23,000 | $43,000 |
| Alternative TIMS Use | Light Industrial | 57,200 | $0 | $22,000 | $10,000 | $32,000 |

[1] Projections assume the parcels are not located in redevelopment project areas. The projections are shown for illustrative purposes only and do not consider the impact of Burbank Redevelopment Agency property tax increment revenues.

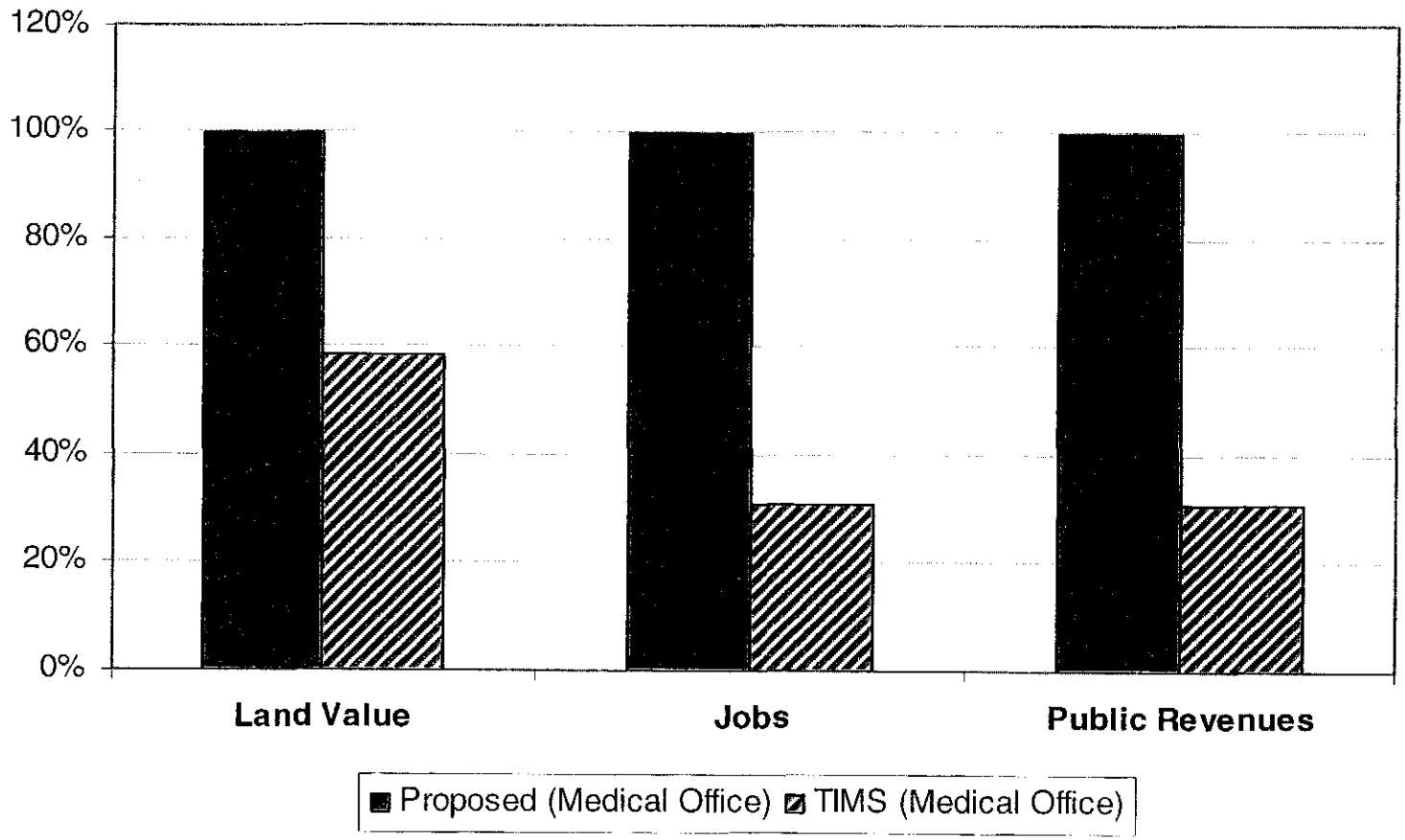
# APPENDIX A-3

## Comparative Illustrations (Graphs)

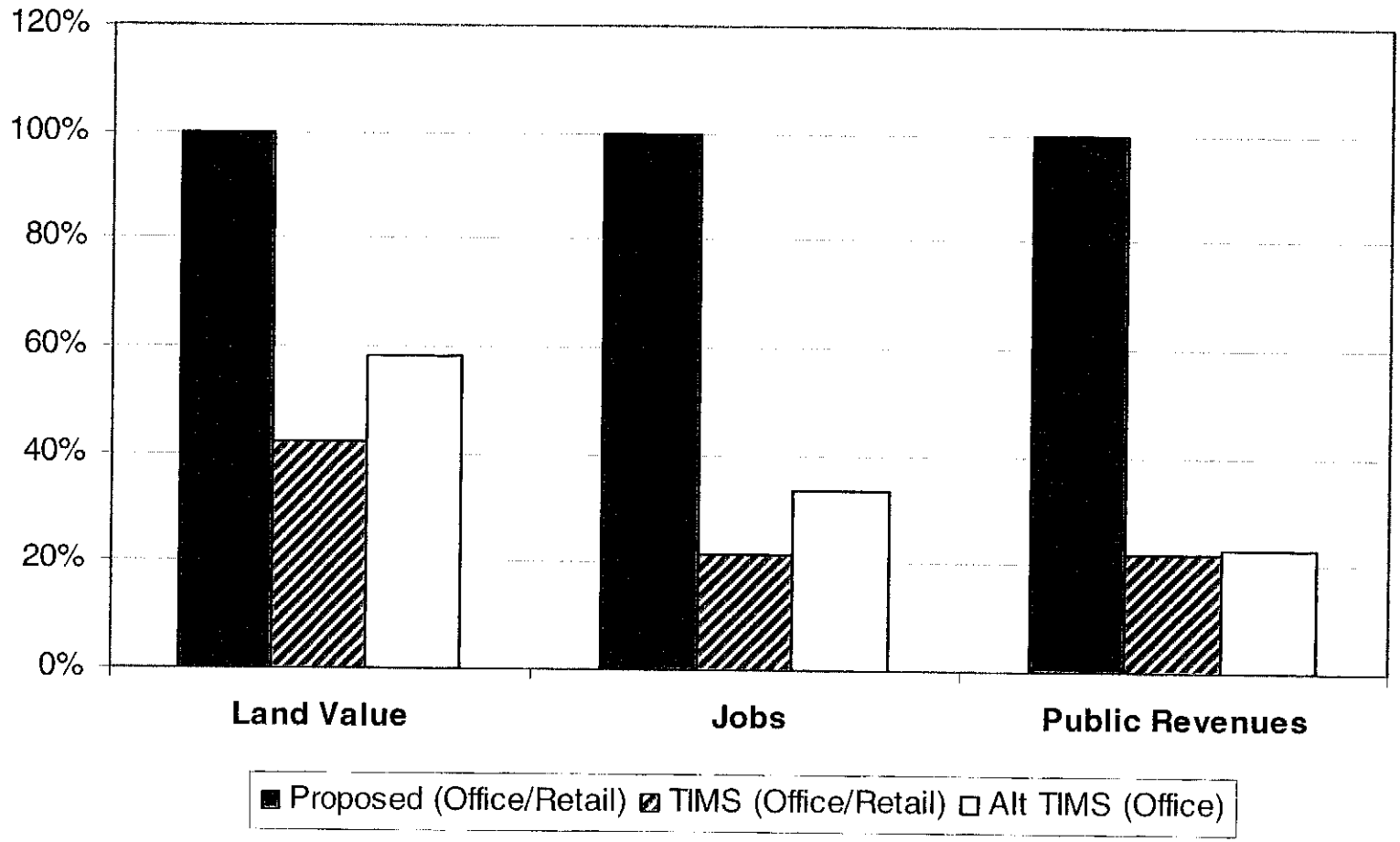
# Site 1 - General Industrial



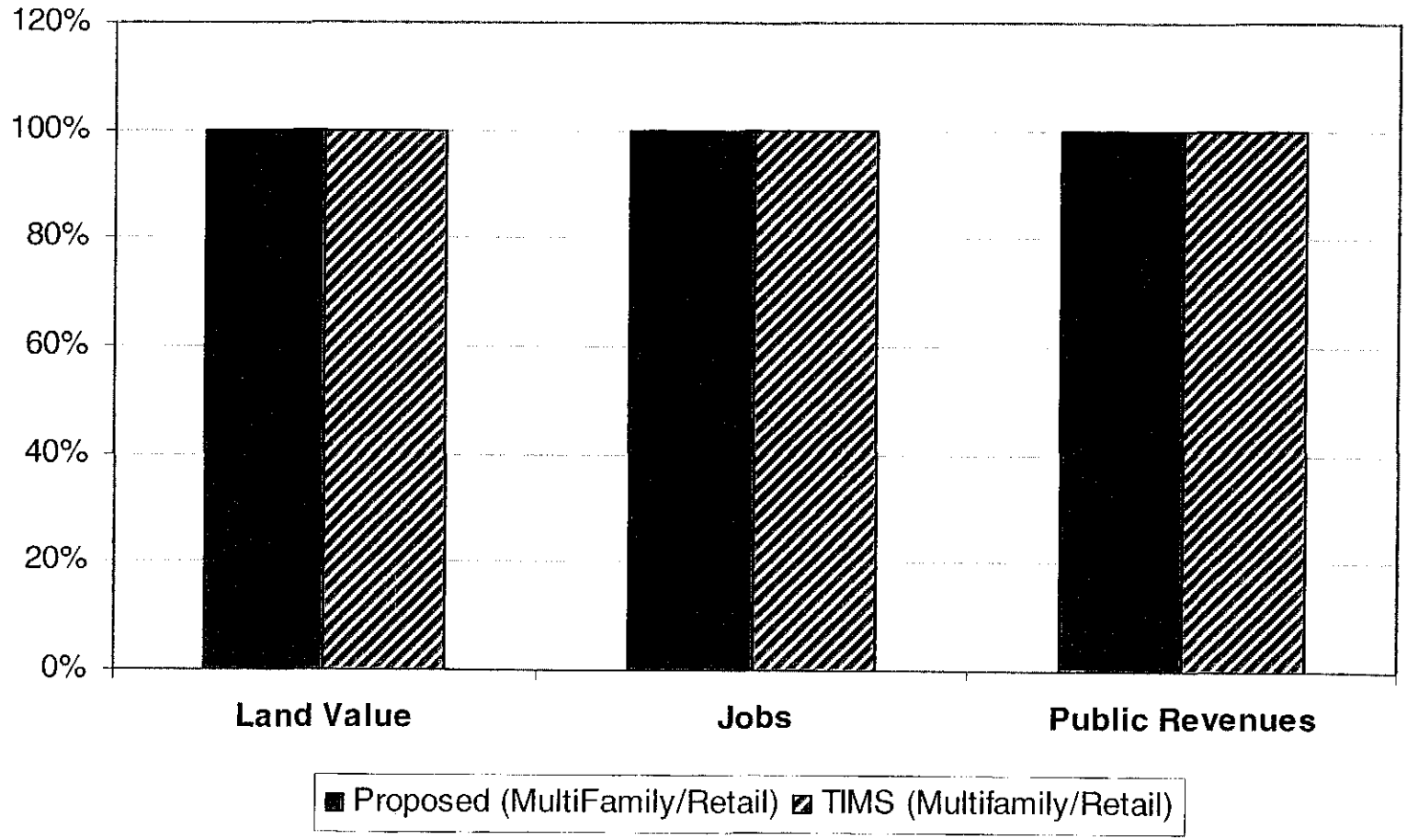
# Site 2 – Media District Commercial



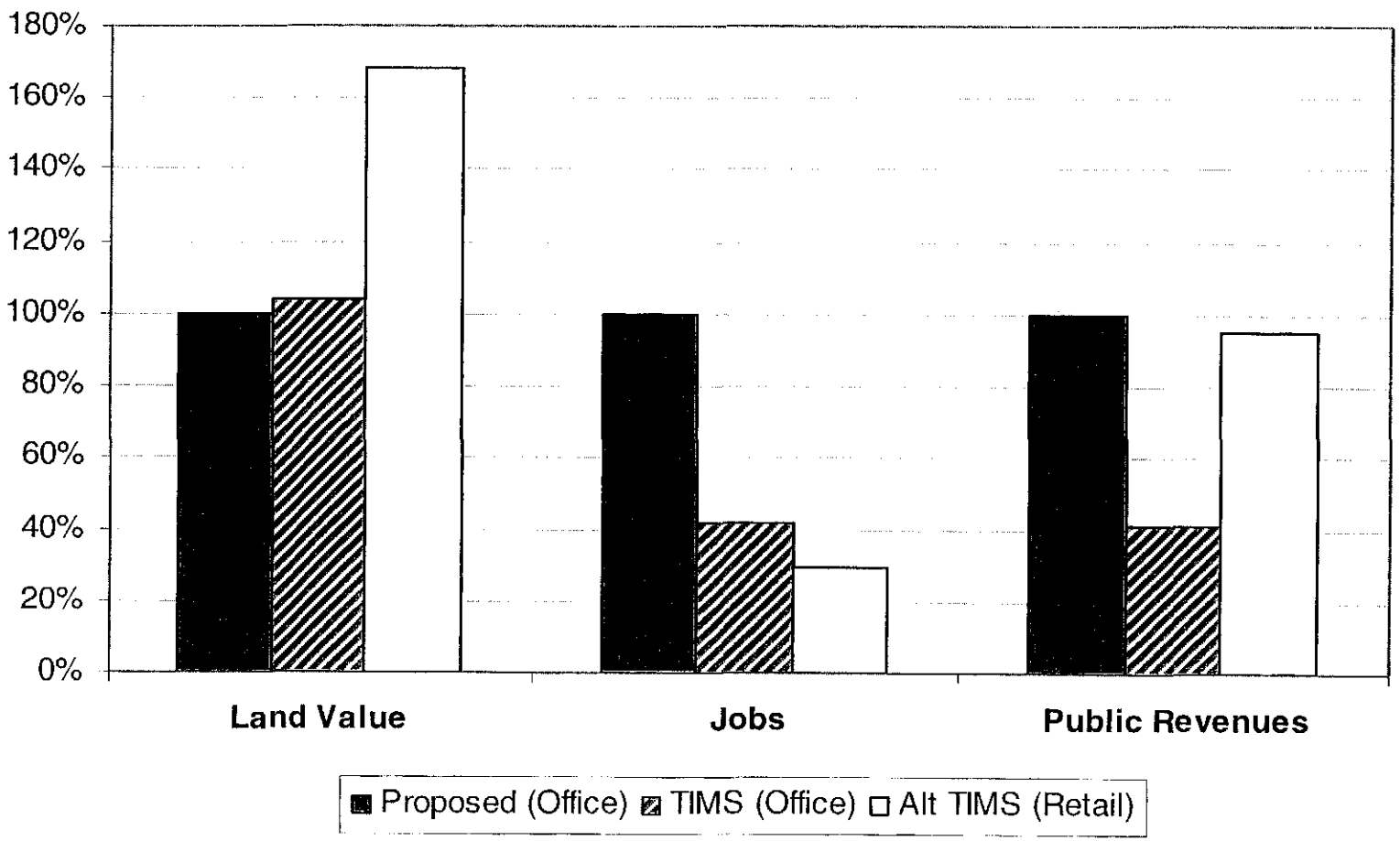
# Site 3 – Media District Commercial



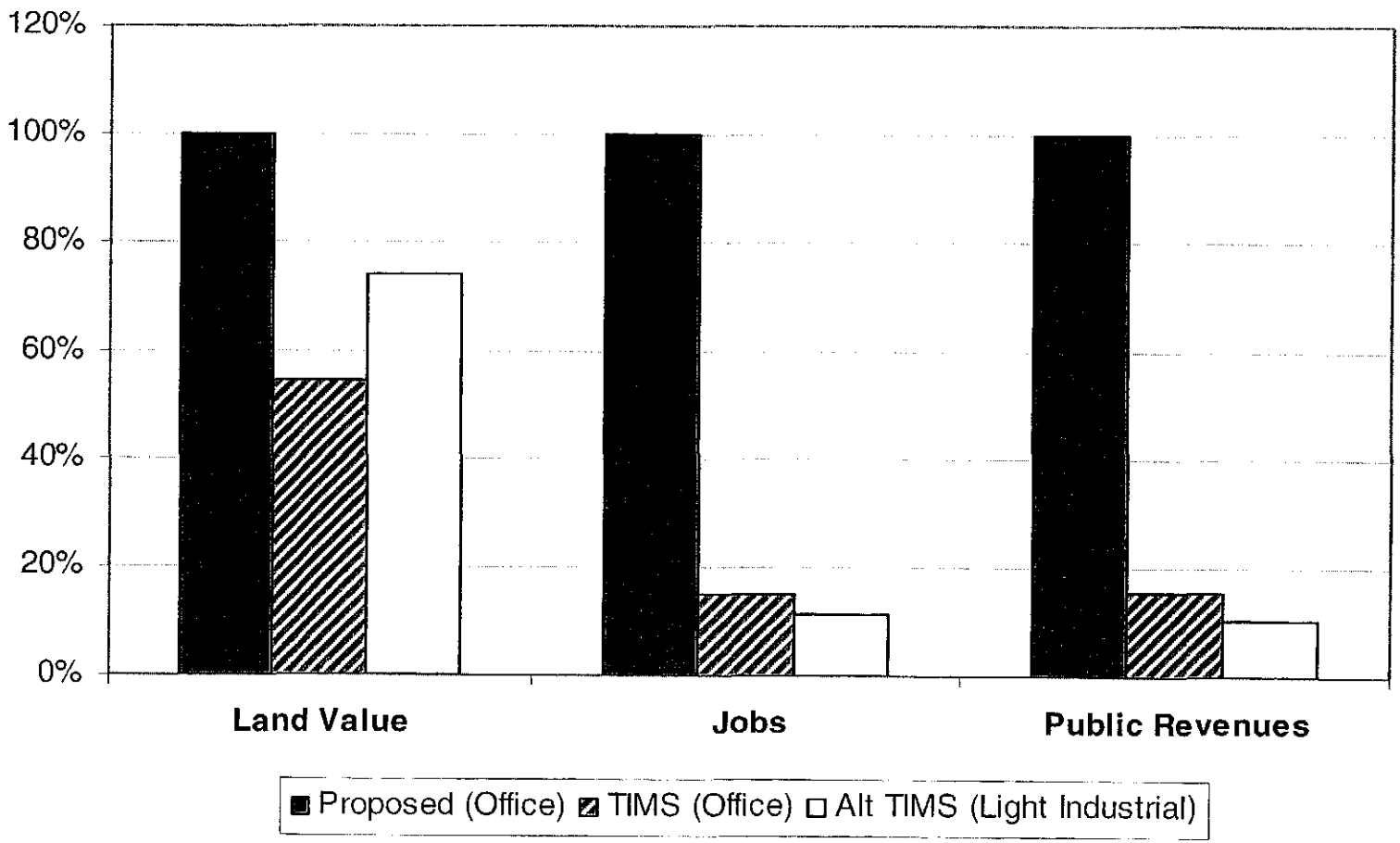
# Site 4 – Neighborhood Center



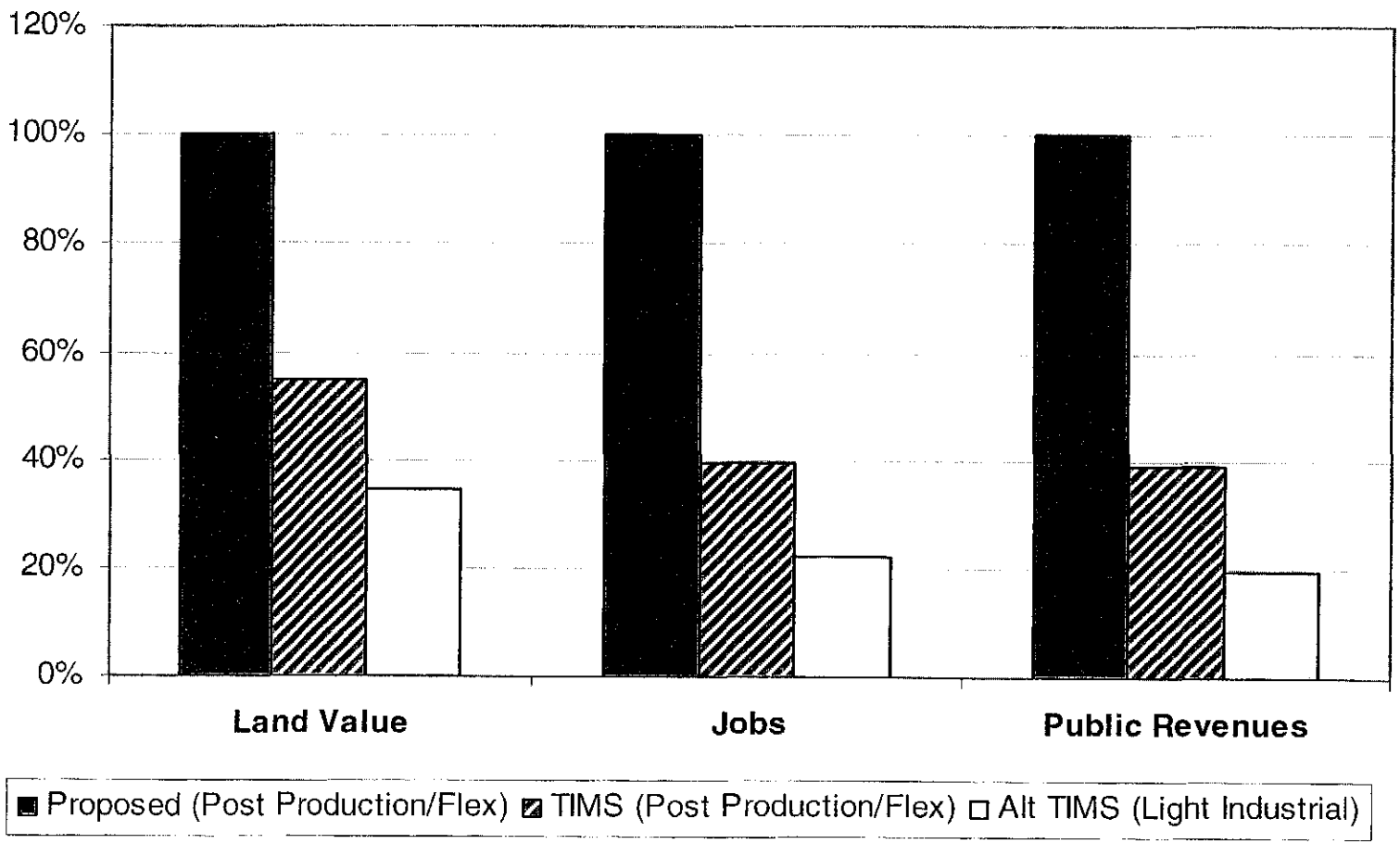
# Site 5 – Boulevard Commercial



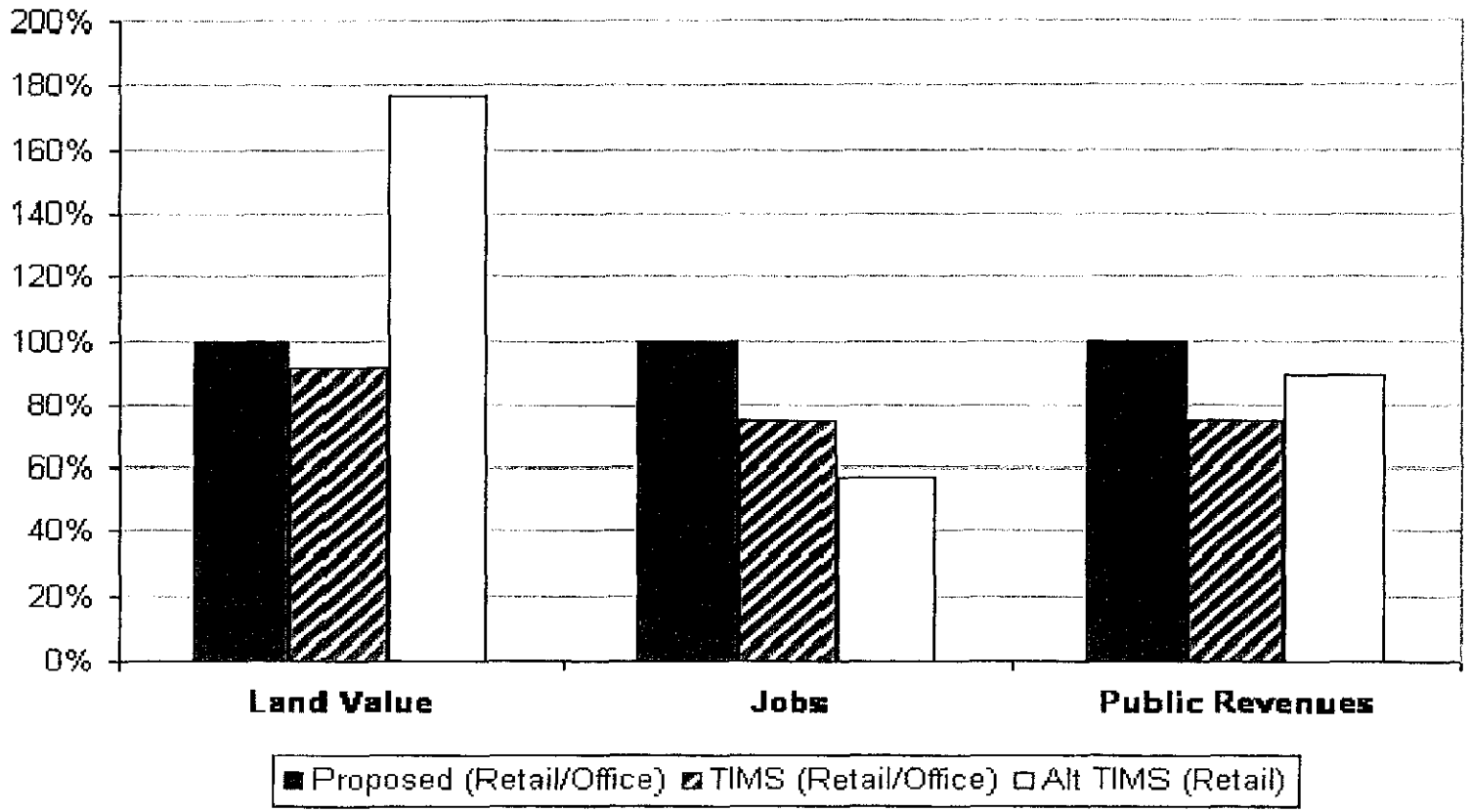
# Site 6 – Mixed Commercial/Industrial



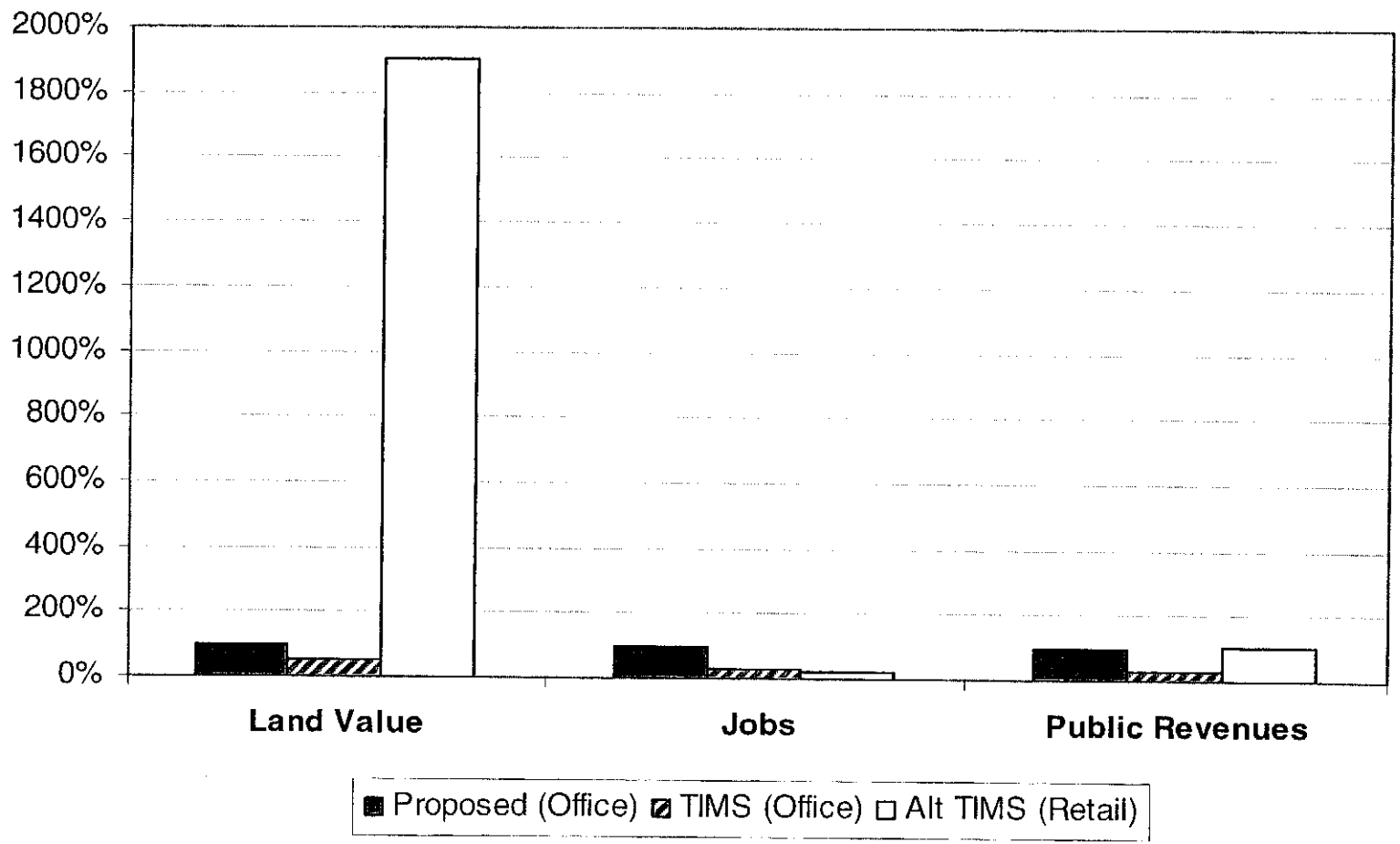
# Site 7 – Mixed Commercial/Industrial



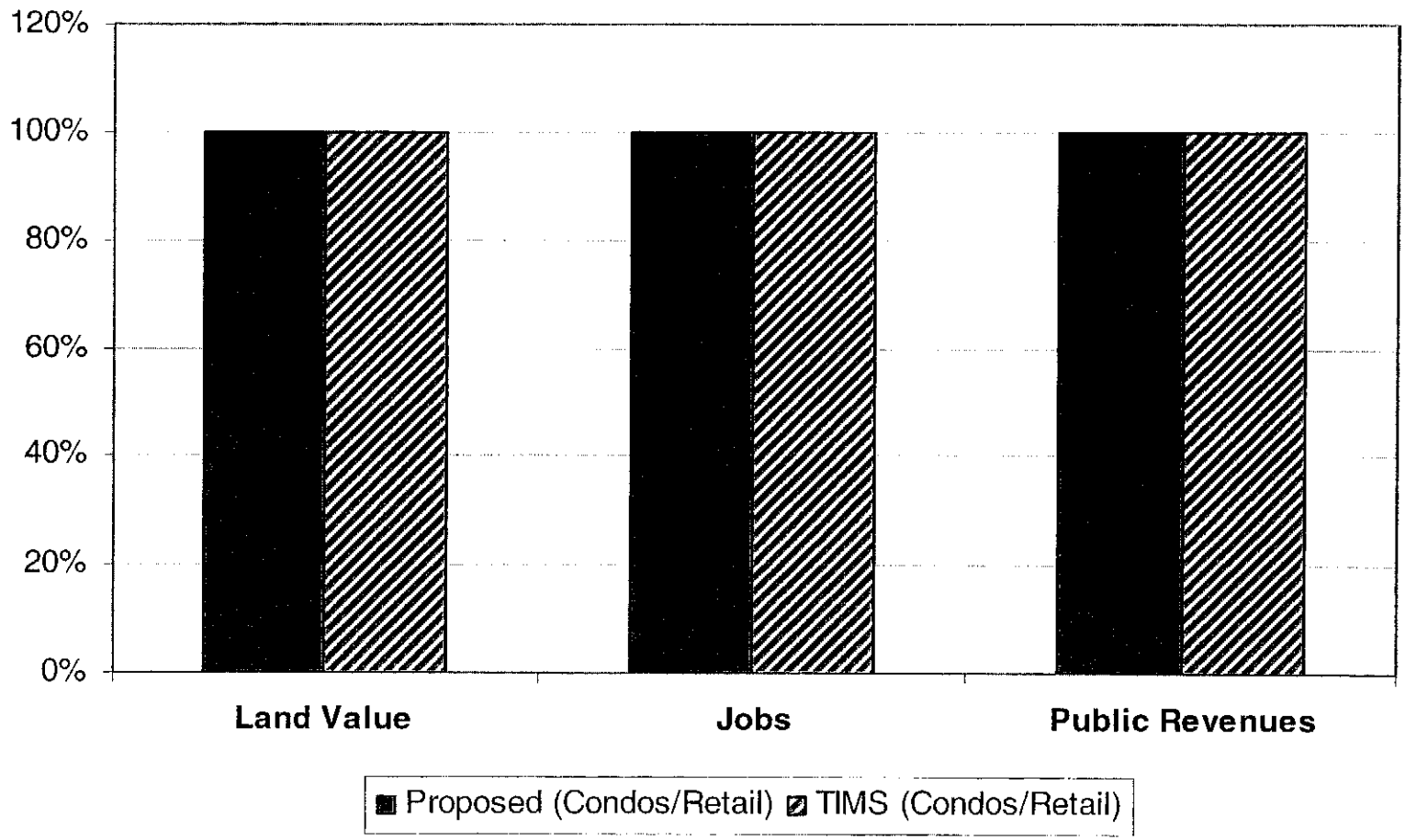
# Site 8 – Mixed Commercial/Industrial



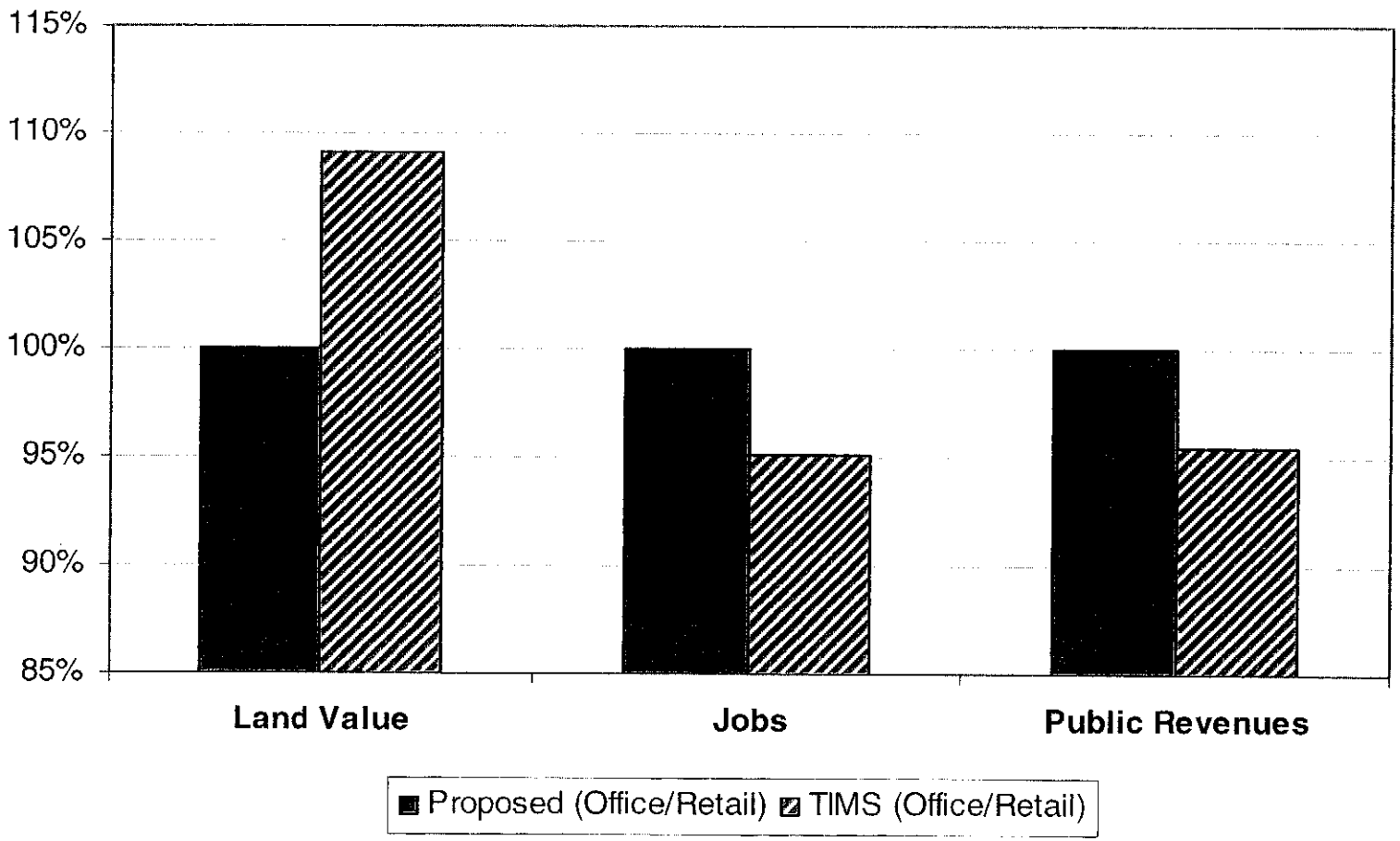
# Site 9 – Mixed Commercial/Industrial



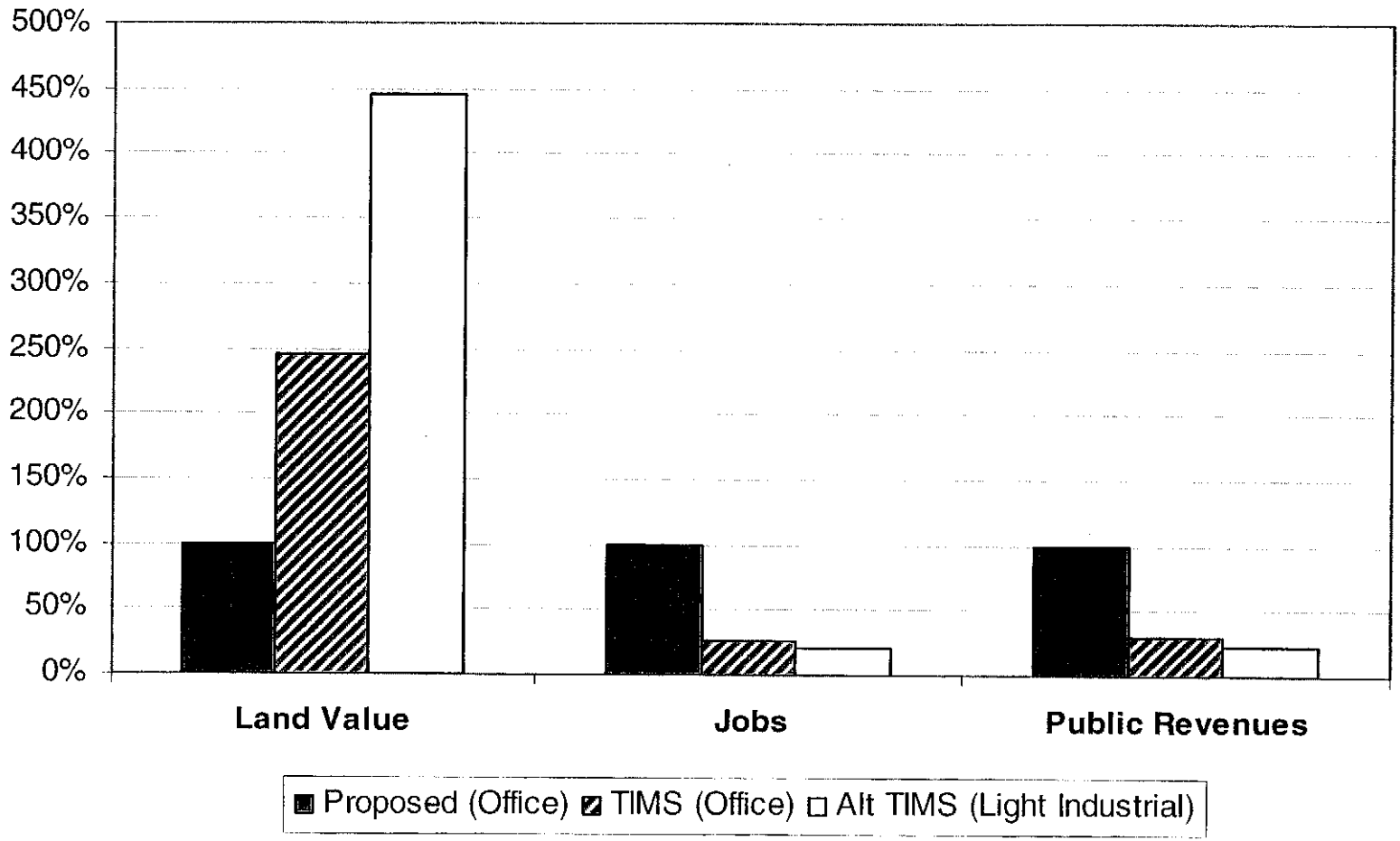
# Site 10 – Downtown Commercial



# Site 10 – BCP – Downtown Commercial



# Site 11 – Mixed Commercial/Industrial



# APPENDIX B

## Analysis Sites / Conceptual Development Projects

APPENDIX B

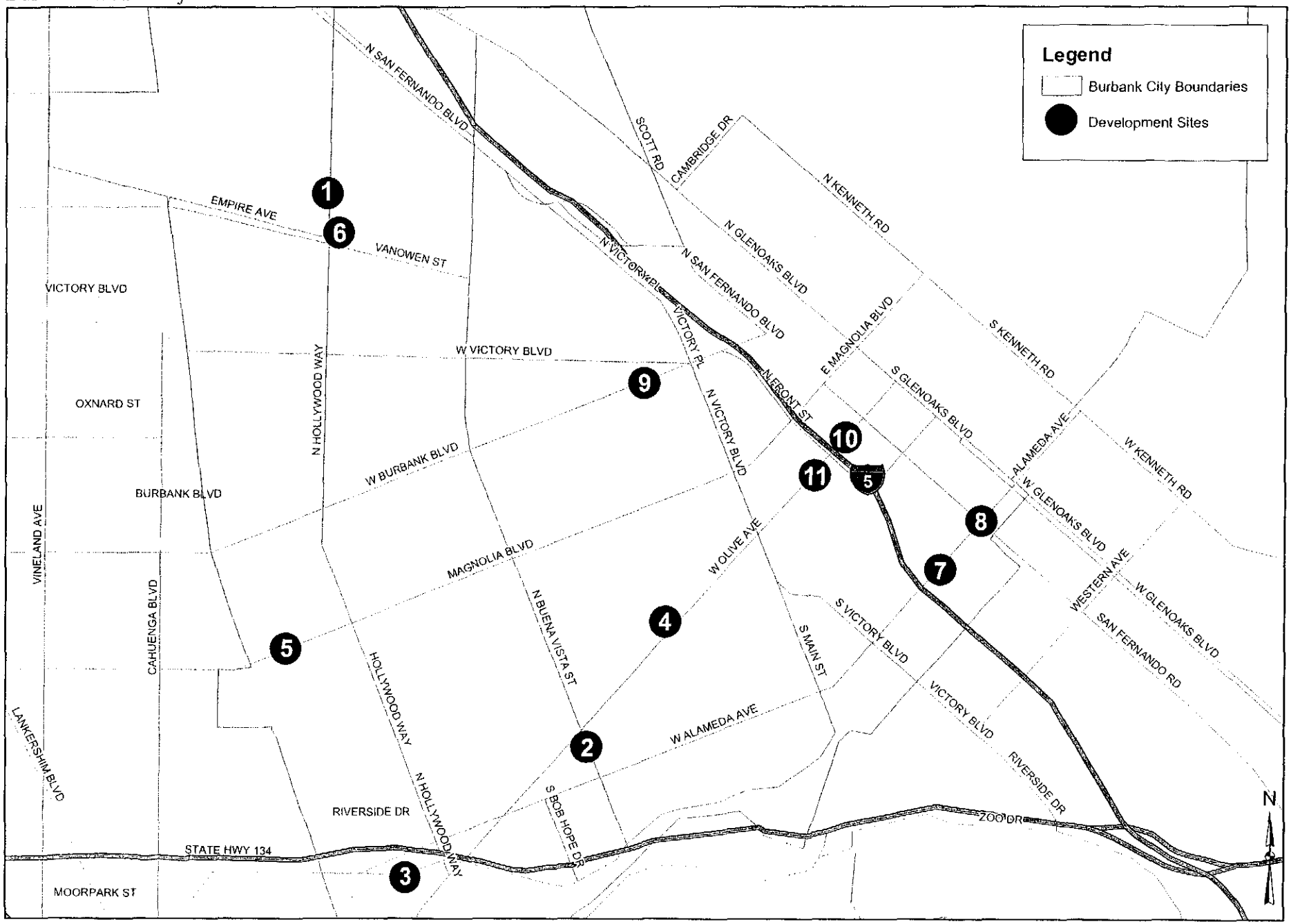
ANALYSIS SITES / PROJECTS
TIMS LAND VALUATION ANALYSIS
CITY OF BURBANK
BURBANK, CALIFORNIA

| Site No | Name | Address | Zip Code | Land Area - Sf | Current Use | Proposed Use | TIMS Use | Alt. TIMS Use |
|---|---|---|---|---|---|---|---|---|
| 1 | A-1 North | 2555 N Hollywood Way | 91505 | 193,406 | Vacant | H.T. Rests. | H.T. Rests. | Lgt. Industrial |
| 2 | Burbank Medical Plaza | 201 S Buena Vista St | 91505 | 190,957 | SF / MF Res. | Medical Office | Medical Office | None |
| 3 | Office/Restaurant Project | 4001-4017 Riverside Dr | 91505 | 21,360 | Strip Comm. | Office / H.T.Rest. | Office / H.T.Rest. | Office |
| 4 | Mixed Use Project | 1701 Verdugo Ave | 91505 | 19,474 | SF Res. | MF / Retail | MF / Retail | None |
| 5 | Office Building | 4201 W Magnolia Blvd | 91506 | 11,659 | Comm./ Pkng. | Office | Office | Retail |
| 6 | M. David Paul Avon Parcel | 3435 Empire Ave | 91504 | 86,459 | Vacant | Office | Office | Lgt. Industrial |
| 7 | Westwind Media | 100 W Alameda Ave | 91502 | 55,166 | P.Prod./Ind. | P. Prod./Flex | P. Prod./Flex | Lgt. Industrial |
| 8 | Crown-Menasco | San Fernando Blvd & Alameda Ave | 91502 | 953,544 | Vacant Ind. / Storage | Shop.Cntr./Off. | Shop.Cntr./Off. | Shop. Cntr. |
| 9 | D'Argenzio Property | 1204 W Burbank Blvd | 91506 | 59,014 | Lgt. Industrial | Office | Office | L.T. Rest. |
| 10 | Opportunity Site 5 | 1st St & Olive St | 91502 | 83,951 | Pkng./Comm / Office | Condos / Retail | Condos / Retail | None |
| 10 | Opportunity Site 5 - Burbank Center Plan | 1st St & Olive St | 91502 | 83,951 | Pkng./Comm / Office | Office / Retail | Office / Retail | None |
| 11 | Borman Steel | 110 W Olive Ave | 91502 | 117,023 | Heavy Ind. | Office | Office | Lgt. Industrial |

# APPENDIX C

## Map of Analysis Sites

Appendix C
Burbank TIMS Project Sites




Prepared by: Keyser Marston Associates, Inc.
Filename: Project Sites.ai; 12/21/06; cb

0 0.5 1 2Miles

General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 1
A-1 North
2555 N. Hollywood Way

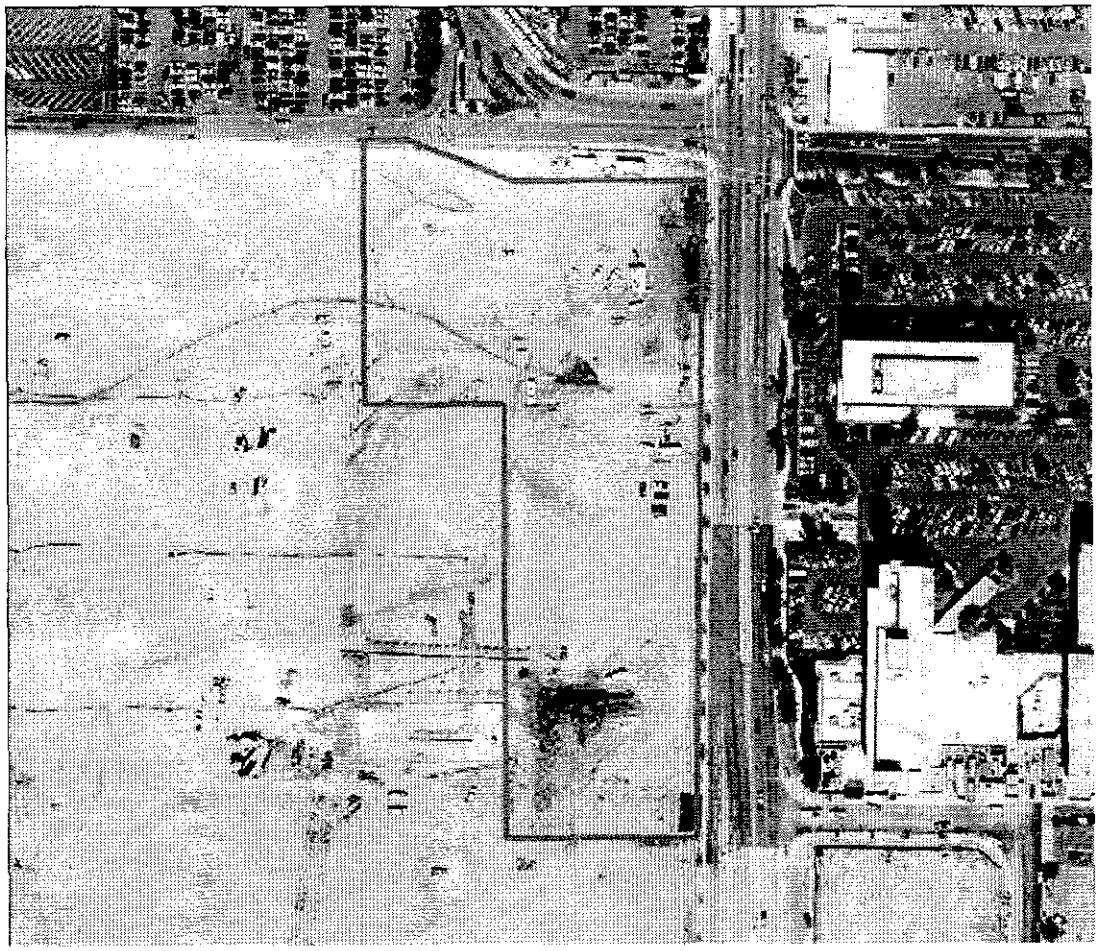
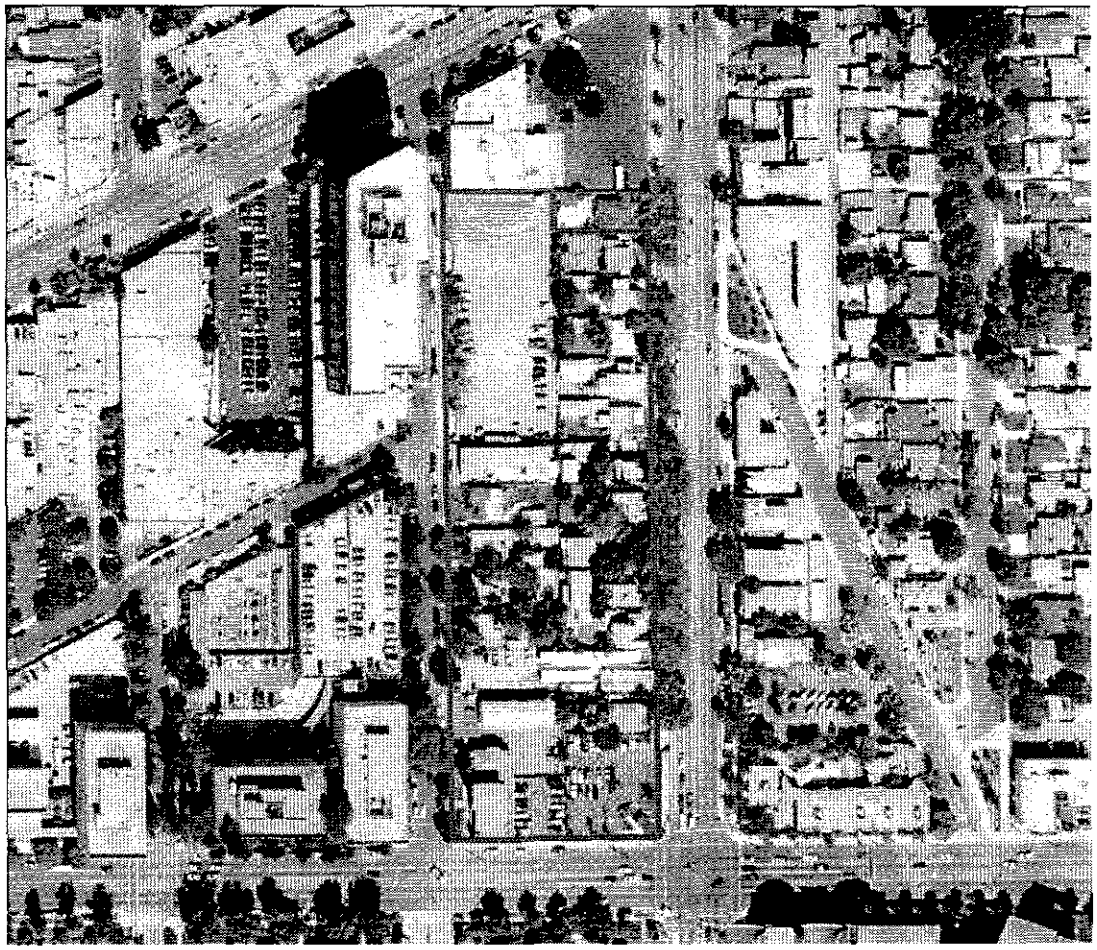


EXHIBIT B (1)

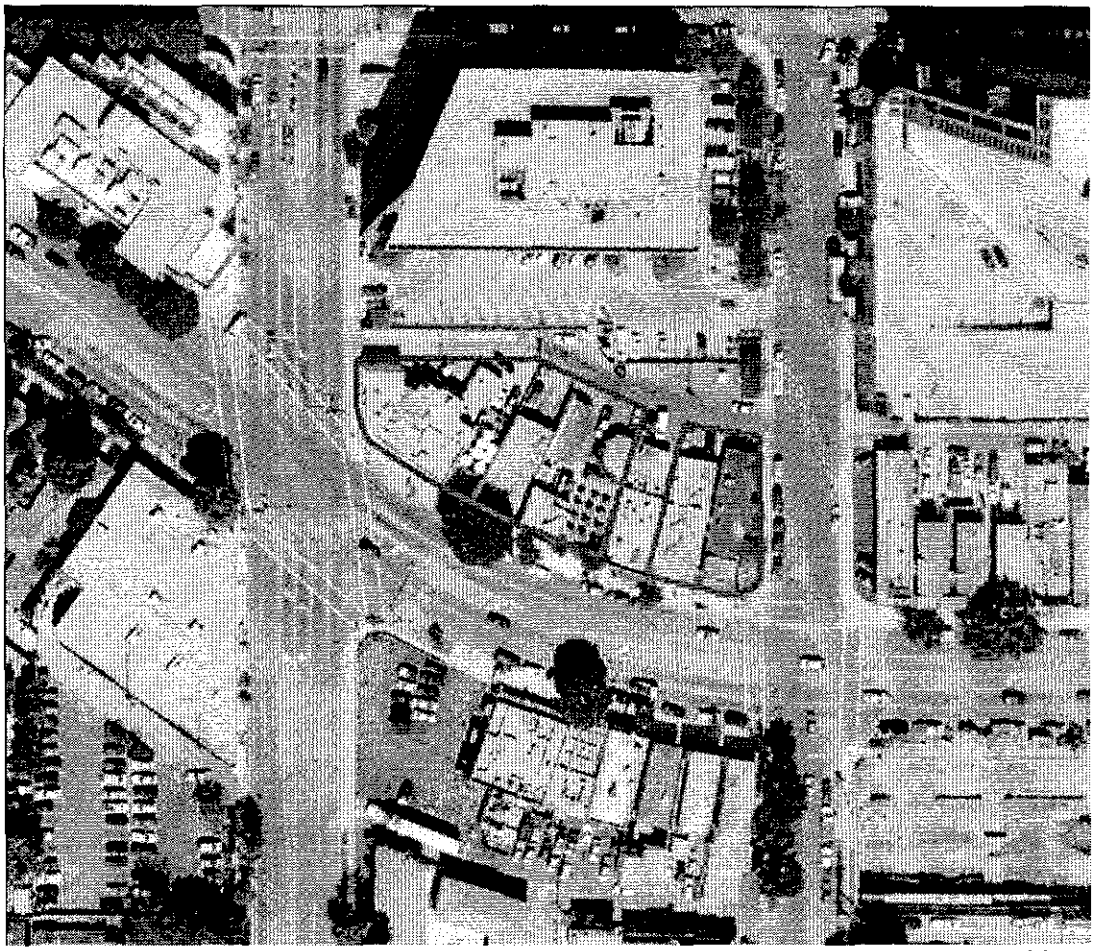
General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 2
Burbank Medical Plaza
201 S. Buena Vista St.



General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

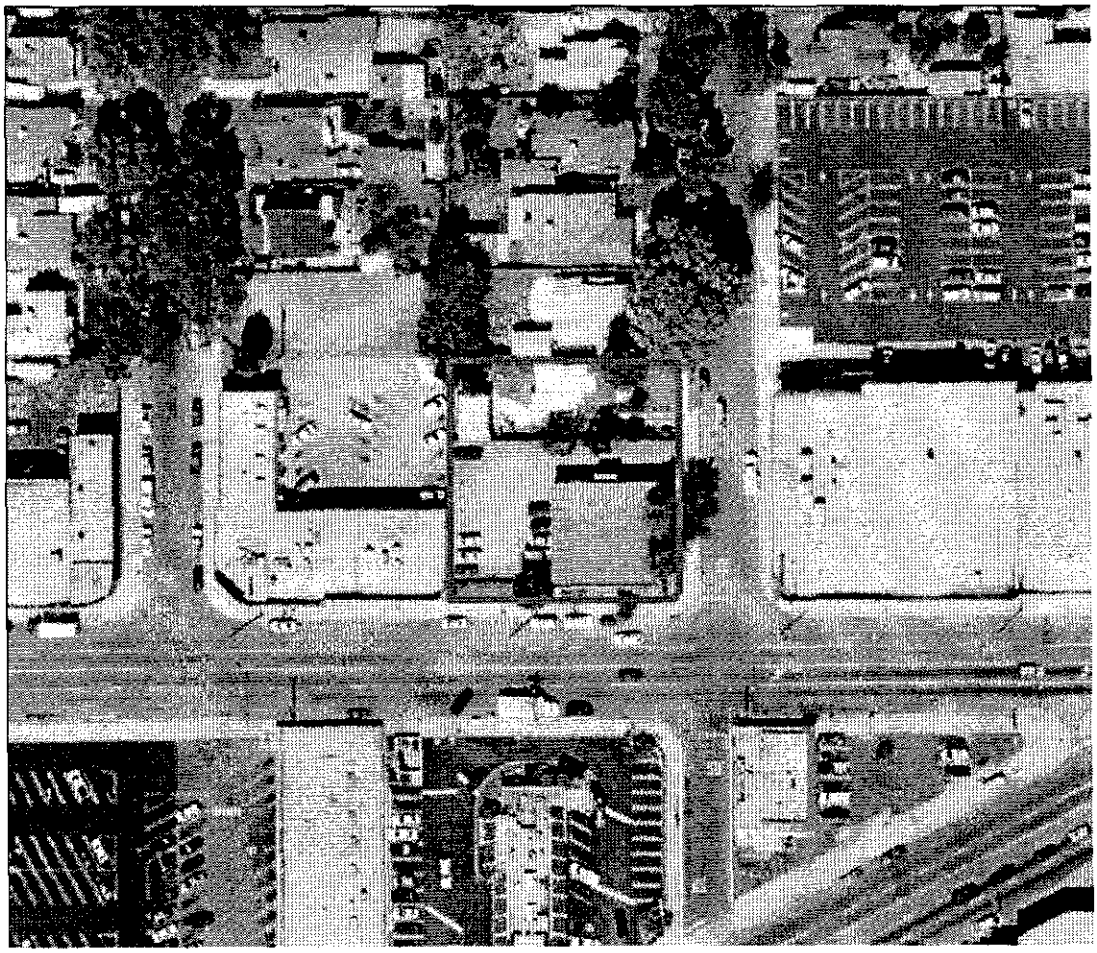
Site 3
Office/Restaurant Project
4001-4017 Riverside Dr.



Note: Proposed Project parcel area does not include single "holdout" parcel depicted in the aerial photo above. Proposed project places all square footage and subterranean parking on the larger parcel to the west and a surface parking lot on the smaller parcel to the east.

General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 4
Mixed Use Project
1701 Verdugo Ave.

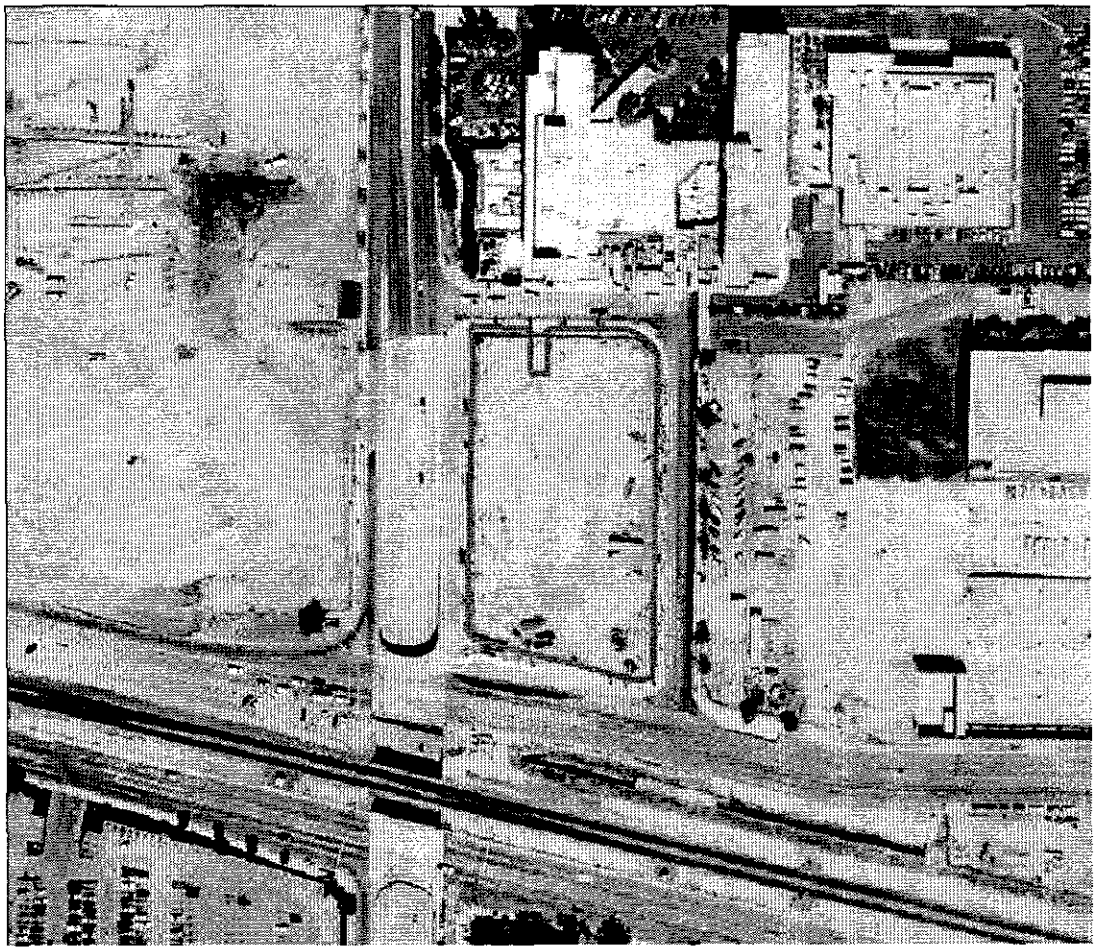


General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 5
Office Building
4201 W. Magnolia Blvd.

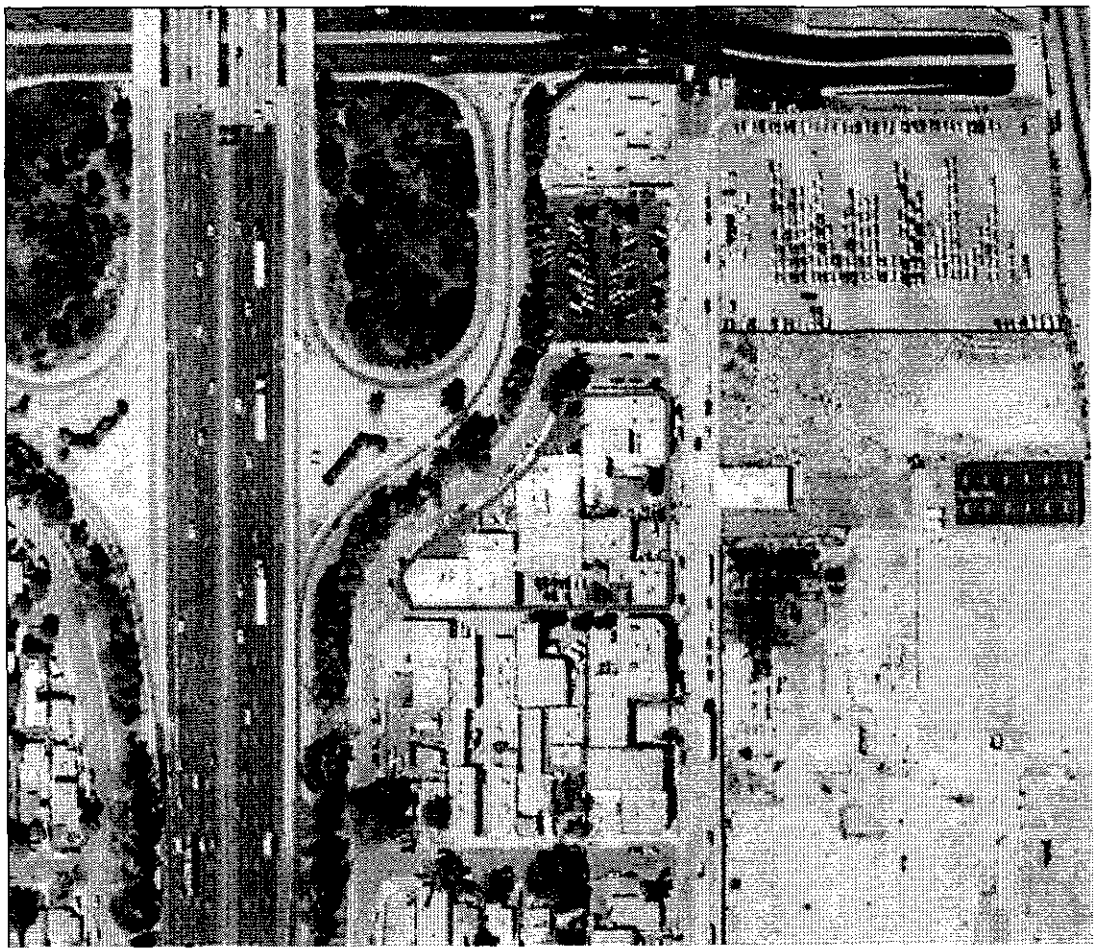
General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 6
M. David Paul Avon Parcel
3435 Empire Ave.



General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

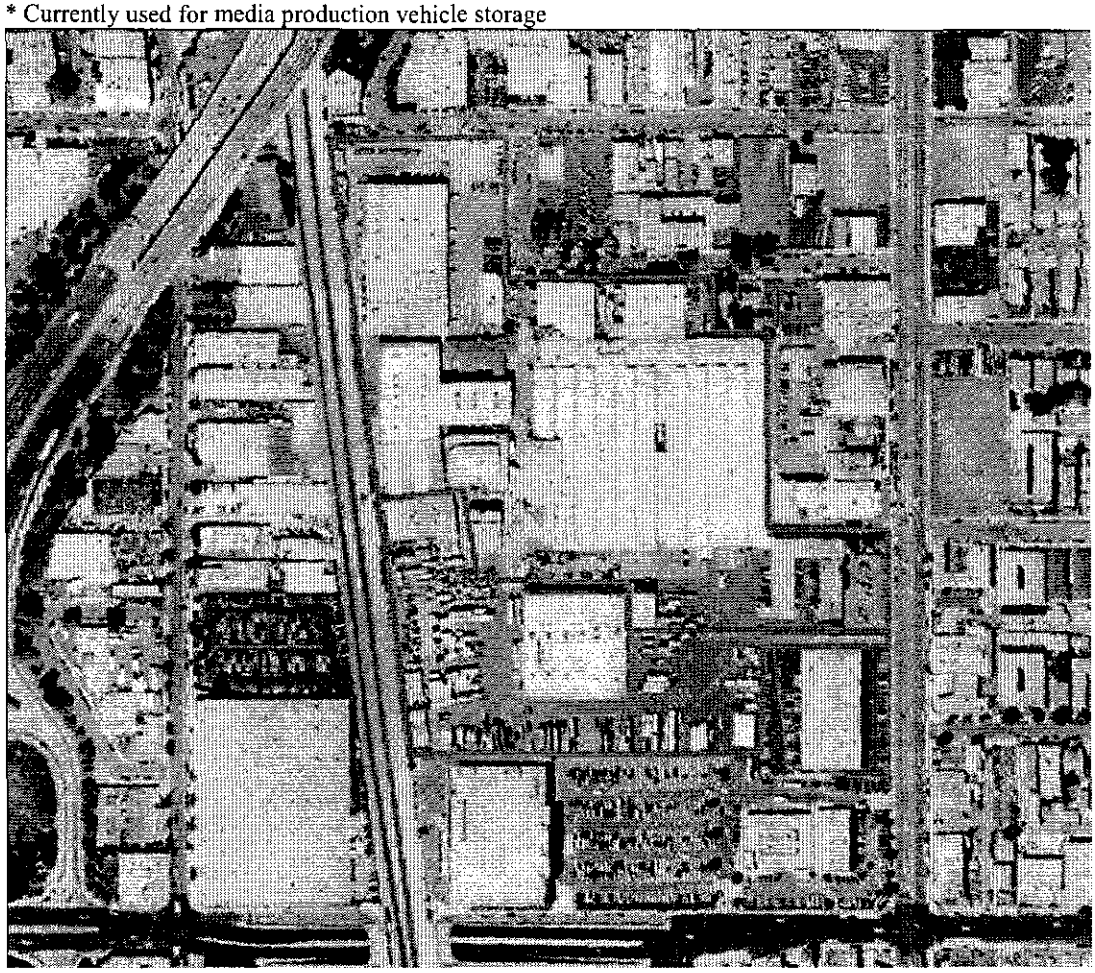
Site 7
Westwind Media
100 W. Alameda Ave.



General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 8
Crown-Menasco
Southwest Quadrant of San Fernando Blvd. and Alameda Ave.

* Currently used for media production vehicle storage

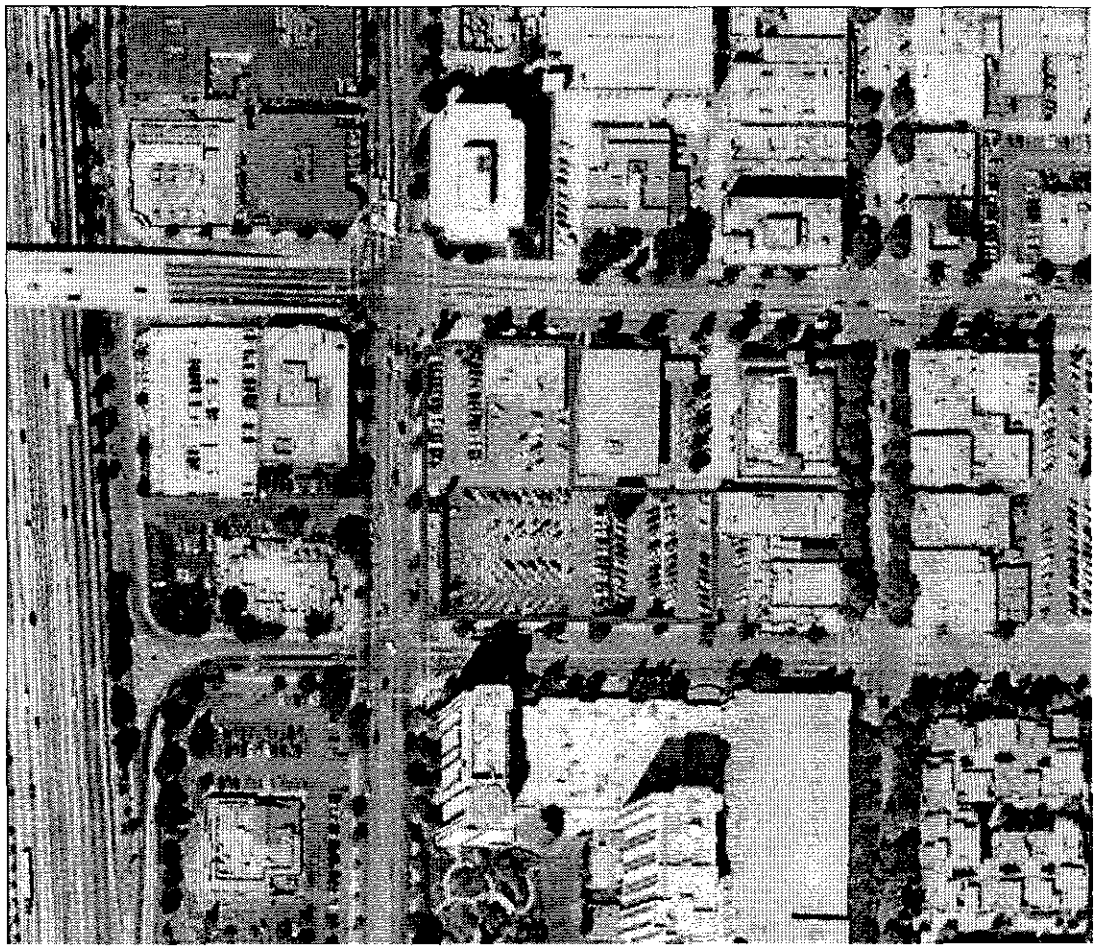


General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 9
D'Argenzio Property
1204 W. Burbank Blvd.

General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

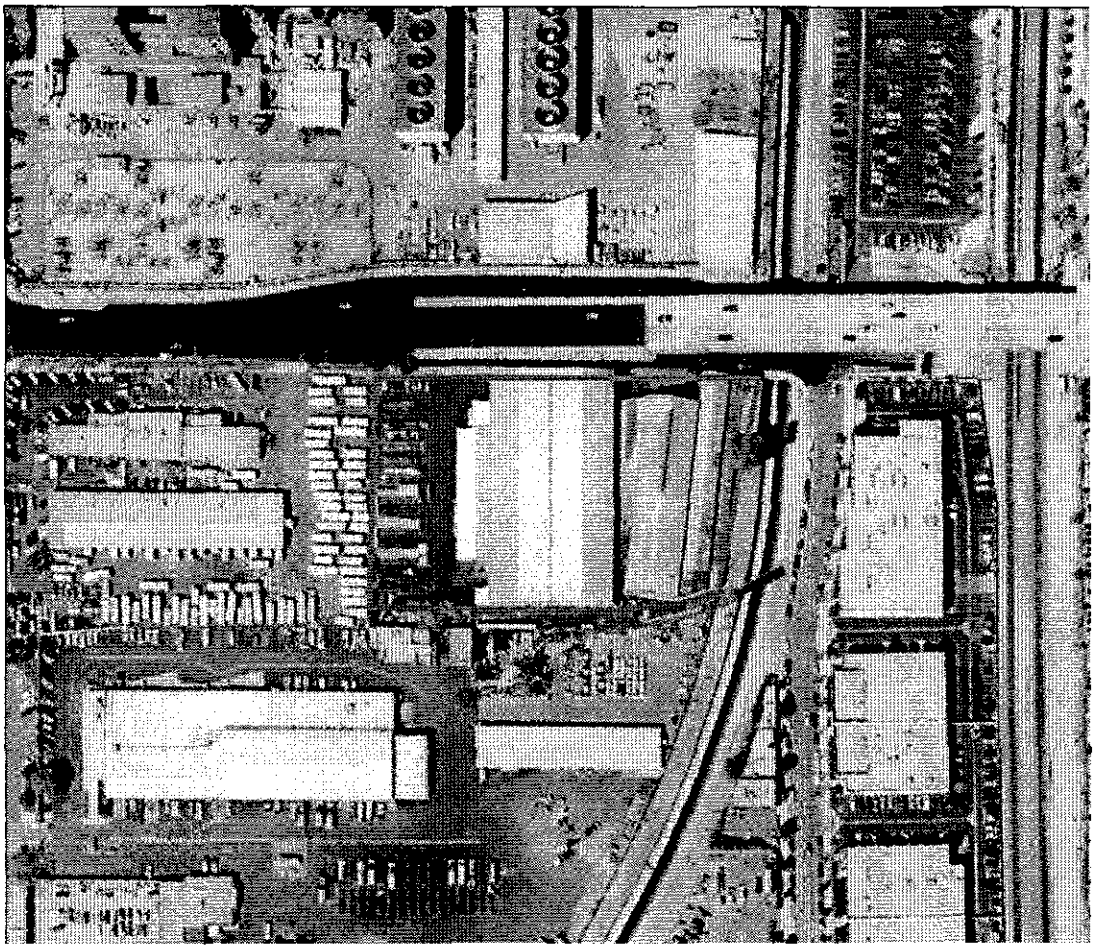
Site 10
Opportunity Site 5
Southeast Corner First St. and Olive Ave.



Note: Site does not include existing bank building but does include (and replaces) the bank parking area.

General Plan Update Land Use Control Economic Analysis
Sites Studied by Keyser Marston Associates

Site 11
Borman Steel
110 W Olive Ave.



Note: This site should be contrasted to the BCP office project shown on Site 10 above.

# APPENDIX D-1

## Site 1

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 1 - GENERAL INDUSTRIAL
PROPOSED USE - 23,695 SF HIGH TURN OVER RESTAURANT PROJECT
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements | | Allowance | | | $0 | |
| On Site Improvements | 193,406 | Sf of Land | $5 | /Sf Land | 967,000 | |
| Parking Costs [2] | 237 | Spaces | $1,500 | /Space | 355,000 | |
| Building Shell Costs | | | | | | |
| High Traffic Restaurant | 15,470 | Sf of GBA | $85 | /Sf GBA | 1,315,000 | |
| Fast Food - Drive Thru | 5,875 | Sf of GBA | $80 | /Sf GBA | 470,000 | |
| Fast Food | 2,350 | Sf of GBA | $80 | /Sf GBA | 188,000 | |
| Tenant Improvement Costs | | | | | | |
| High Traffic Restaurant | 15,470 | Sf of GLA | $30 | /Sf GLA | 464,000 | |
| Fast Food - Drive Thru | 5,875 | Sf of GLA | $20 | /Sf GLA | 118,000 | |
| Fast Food | 2,350 | Sf of GLA | $20 | /Sf GLA | 47,000 | |
| Contingency | 5% | of Other Direct Costs | | | 196,000 | |
| **Total Direct Costs** | 23,695 | Sf of GBA | $174 | /Sf GBA | | $4,120,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $247,000 | |
| Public Permits & Fees [3] | 23,695 | Sf of GBA | $9 | /Sf GBA | 213,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 82,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 23,695 | Sf of GLA | $10 | /Sf GLA | 237,000 | |
| Development Management | 3% | of Direct Costs | | | 124,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 39,000 | |
| **Total Indirect Costs** | | | | | | 942,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $5,556,000 | Financed @ | 7.8% | Interest | $233,000 | |
| Loan Points & Fees | $13,050,000 | Supp. Value | 2.0 | Points | 261,000 | |
| **Total Financing Costs** | | | | | | 494,000 |
| IV. **Total Construction Costs** | 23,695 | Sf of GBA | $234 | /Sf GBA | | **$5,556,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes cost for surface parking.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 1 - GENERAL INDUSTRIAL**
**PROPOSED USE - 23,695 SF HIGH TURN OVER RESTAURANT PROJECT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** [1] | | | | |
| | Base Rental Income | 23,695 Sf of GLA | $48 /Sf GLA | $1,137,000 | |
| | **Potential Gross Income** | | | $1,137,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (57,000) | |
| | **Effective Gross Income** | | | | $1,080,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($32,000) | |
| | Operating & Capital Reserves | 23,695 Sf of GBA | $0.15 / Sf GBA | (4,000) | |
| | **Total Expenses** | | | | (36,000) |
| III. | **Stabilized Net Operating Income** | | | | **$1,044,000** |

[1] Restaurant rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Rents equate to $4.00 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_Proposed; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 1 - GENERAL INDUSTRIAL**
**PROPOSED USE - 23,695 SF HIGH TURN OVER RESTAURANT PROJECT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $1,044,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $13,050,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $13,050,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (5,556,000) | |

III. **Residual Land Value** **$7,494,000**

193,406 Sf of Land $39 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 1 - GENERAL INDUSTRIAL**
**TIMS USE - 7,017 SF HIGH TURN OVER RESTAURANT PROJECT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements | | Allowance | | | $0 | |
| On Site Improvements [2] | 48,352 | Sf of Land | $5 | /Sf Land | 242,000 | |
| Parking Costs [3] | 70 | Spaces | $1,500 | /Space | 105,000 | |
| Building Shell Costs | | | | | | |
| High Traffic Restaurant | 4,581 | Sf of GBA | $85 | /Sf GBA | 389,000 | |
| Fast Food - Drive Thru | 1,740 | Sf of GBA | $80 | /Sf GBA | 139,000 | |
| Fast Food | 696 | Sf of GBA | $80 | /Sf GBA | 56,000 | |
| Tenant Improvement Costs | | | | | | |
| High Traffic Restaurant | 4,581 | Sf of GLA | $30 | /Sf GLA | 137,000 | |
| Fast Food - Drive Thru | 1,740 | Sf of GLA | $20 | /Sf GLA | 35,000 | |
| Fast Food | 696 | Sf of GLA | $20 | /Sf GLA | 14,000 | |
| Contingency | 5% | of Other Direct Costs | | | 56,000 | |
| **Total Direct Costs** | 7,017 | Sf of GBA | $167 | /Sf GBA | | $1,173,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $70,000 | |
| Public Permits & Fees [4] | 7,017 | Sf of GBA | $9 | /Sf GBA | 63,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 23,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 7,017 | Sf of GLA | $13 | /Sf GLA | 91,000 | |
| Development Management | 3% | of Direct Costs | | | 35,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 12,000 | |
| **Total Indirect Costs** | | | | | | 294,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $1,612,000 | Financed @ | 7.8% | Interest | $68,000 | |
| Loan Points & Fees | $3,863,000 | Supp. Value | 2.0 | Points | 77,000 | |
| **Total Financing Costs** | | | | | | 145,000 |
| **IV. Total Construction Costs** | 7,017 | Sf of GBA | $230 | /Sf GBA | | **$1,612,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes development requires 1/4 of the land area; remaining land would be undeveloped.
[3] Assumes cost for surface parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 1 - GENERAL INDUSTRIAL**
**TIMS USE - 7,017 SF HIGH TURN OVER RESTAURANT PROJECT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| I. **Rental Income** [1] | | | | |
| Base Rental Income | 7,017 Sf of GLA | $48 /Sf GLA | $337,000 | |
| **Potential Gross Income** | | | $337,000 | |
| (Less) Vacancy & Collections | 5% Potential Gross Income | | (17,000) | |
| **Effective Gross Income** | | | | $320,000 |
| II. **Operating Expenses** | | | | |
| Management | 3% of EGI | | ($10,000) | |
| Operating & Capital Reserves | 4,581 Sf of GBA | $0.15 / Sf GBA | (1,000) | |
| **Total Expenses** | | | | (11,000) |
| III. **Stabilized Net Operating Income** | | | | **$309,000** |

[1] Restaurant rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Rents equate to $4.00 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_TIMS; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 1 - GENERAL INDUSTRIAL
TIMS USE - 7,017 SF HIGH TURN OVER RESTAURANT PROJECT
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $309,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $3,863,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $3,863,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (1,612,000) | |

III. **Residual Land Value** **$2,251,000**

193,406 Sf of Land $12 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_TIMS; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 1 - GENERAL INDUSTRIAL**
**ALTERNATIVE TIMS USE - 87,700 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| Parking Costs [3] | 175 | Spaces | $1,500 | /Space | 263,000 | |
| Building Shell Costs | 87,700 | Sf of GBA | $50 | /Sf GBA | 4,385,000 | |
| Tenant Improvement Costs | 8,770 | Sf of GLA | $15 | /Sf GLA | 132,000 | |
| Contingency | 5% | of Other Direct Costs | | | 239,000 | |
| **Total Direct Costs** | 87,700 | Sf of GBA | | /Sf GBA | | $5,019,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $301,000 | |
| Public Permits & Fees [4] | 87,700 | Sf of GBA | $6 | /Sf GBA | 526,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 100,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 87,700 | Sf of GLA | $4 | /Sf GLA | 351,000 | |
| Development Management | 3% | of Direct Costs | | | 151,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 64,000 | |
| **Total Indirect Costs** | | | | | | 1,493,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $7,087,000 | Financed @ | 7.8% | Interest | $298,000 | |
| Loan Points & Fees | $13,825,000 | Supp. Value | 2.0 | Points | 277,000 | |
| **Total Financing Costs** | | | | | | 575,000 |
| **IV. Total Construction Costs** | 87,700 | Sf of GBA | $81 | /Sf GBA | | **$7,087,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_Alt; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 1 - GENERAL INDUSTRIAL**
**ALTERNATIVE TIMS USE - 87,700 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** | | | | |
| | Base Rental Income [1] | 87,700 Sf of GLA | $14 /Sf GLA | $1,210,000 | |
| | **Potential Gross Income** | | | $1,210,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (61,000) | |
| | **Effective Gross Income** | | | | $1,149,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($34,000) | |
| | Operating & Capital Reserves | 87,700 Sf of GBA | $0.10 / Sf GBA | (9,000) | |
| | **Total Expenses** | | | | (43,000) |
| III. | **Stabilized Net Operating Income** | | | | **$1,106,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.15 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_Alt; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 1 - GENERAL INDUSTRIAL**
**ALTERNATIVE TIMS USE - 87,700 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $1,106,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $13,825,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $13,825,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (7,087,000) | |

III. **Residual Land Value** **$6,738,000**

193,406 Sf of Land $35 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 1_Alt; de 4/17/2007

# APPENDIX D-2

## Site 2

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 2 - MEDIA DISTRICT COMMERCIAL
PROPOSED USE - 227,000 SF MEDICAL CENTER
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements | | Allowance | | | $0 | |
| On Site Improvements | 190,957 | Sf of Land | $5 | /Sf Land | 955,000 | |
| Parking Costs [2] | 1,135 | Spaces | $15,000 | /Space | 17,025,000 | |
| Building Shell Costs | 227,000 | Sf of GBA | $155 | /Sf GBA | 35,185,000 | |
| Tenant Improvement Costs | 221,893 | Sf of GLA | $65 | /Sf GLA | 14,423,000 | |
| Contingency | 5% | of Other Direct Costs | | | 3,379,000 | |
| **Total Direct Costs** | 227,000 | Sf of GBA | $313 | /Sf GBA | | $70,967,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $4,258,000 | |
| Public Permits & Fees [3] | 227,000 | Sf of GBA | $9 | /Sf GBA | 2,043,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 1,419,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 221,893 | Sf of GLA | $10 | /Sf GLA | 2,219,000 | |
| Development Management | 3% | of Direct Costs | | | 2,129,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 497,000 | |
| **Total Indirect Costs** | | | | | | 12,565,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $91,660,000 | Financed @ | 7.8% | Interest | $5,772,000 | |
| Loan Points & Fees | $117,812,000 | Supp. Value | 2.0 | Points | 2,356,000 | |
| **Total Financing Costs** | | | | | | 8,128,000 |
| IV. **Total Construction Costs** | 227,000 | Sf of GBA | $404 | /Sf GBA | | **$91,660,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes costs for above ground parking structures.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 2_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 2 - MEDIA DISTRICT COMMERCIAL**
**PROPOSED USE - 227,000 SF MEDICAL CENTER**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Rental Income** [1] | | | | | | |
| Base Rental Income [2] | 221,893 | Sf of GLA | $36 | /Sf GLA | $7,988,000 | |
| Parking Income | | | | | | |
| Transient Income | 734,913 | Visits/Yr | $4 | /Visit | 2,940,000 | |
| Monthly Income | 170 | Spaces | $115 | /Sp./Mo. | 235,000 | |
| **Potential Gross Income** | | | | | $11,163,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (558,000) | |
| **Effective Gross Income** | | | | | | $10,605,000 |
| **II. Operating Expenses** [3] | | | | | | |
| Parking Expenses | 1,135 | Spaces | $500 | /Space | ($568,000) | |
| Op. & Capital Reserves | 227,000 | Sf of GBA | $0.10 | / Sf GBA | (23,000) | |
| **Total Expenses** | | | | | | (591,000) |
| **III. Stabilized Net Operating Income** | | | | | | **$10,014,000** |

[1] Based on KMA's experience with similar projects and discussions with medical project developers.
[2] Rents equate to $3.00 per square foot per month.
[3] Based on discussions with medical project developers.

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 2 - MEDIA DISTRICT COMMERCIAL
PROPOSED USE - 227,000 SF MEDICAL CENTER
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | |
|---|---|---|---|---|---|
| I. | **Supportable Private Investment** | | | | |
| | Net Operating Income | See TABLE 2 | | $10,014,000 | |
| | Threshold Return on Investment | | | 8.50% | |
| | Supportable Private Investment | | | | $117,812,000 |
| II. | **Residual Land Value Calculation** | | | | |
| | Supportable Private Investment | | | $117,812,000 | |
| | (Less) Total Construction Costs | See TABLE 1 | | (91,660,000) | |
| III. | **Residual Land Value** | | | | **$26,152,000** |
| | 190,957 | Sf of Land | $137 /Sf Land | | |

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 2 - MEDIA DISTRICT COMMERCIAL**
**TIMS USE - 70,000 SF MEDICAL CENTER**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements | | Allowance | | | $0 | |
| On Site Improvements | 190,957 | Sf of Land | $5 | /Sf Land | 955,000 | |
| Parking Costs [2] | 350 | Spaces | $1,500 | /Space | 525,000 | |
| Building Shell Costs | 70,000 | Sf of GBA | $130 | /Sf GBA | 9,100,000 | |
| Tenant Improvement Costs | 68,425 | Sf of GLA | $65 | /Sf GLA | 4,448,000 | |
| Contingency | 5% | of Other Direct Costs | | | 751,000 | |
| **Total Direct Costs** | 70,000 | Sf of GBA | $225 | /Sf GBA | | $15,779,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $947,000 | |
| Public Permits & Fees [3] | 70,000 | Sf of GBA | $9 | /Sf GBA | 630,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 316,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 68,425 | Sf of GLA | $10 | /Sf GLA | 684,000 | |
| Development Management | 3% | of Direct Costs | | | 473,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 129,000 | |
| **Total Indirect Costs** | | | | | | 3,179,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $21,008,000 | Financed @ | 7.8% | Interest | $1,323,000 | |
| Loan Points & Fees | $36,329,000 | Supp. Value | 2.0 | Points | 727,000 | |
| **Total Financing Costs** | | | | | | 2,050,000 |
| **IV. Total Construction Costs** | 70,000 | Sf of GBA | $300 | /Sf GBA | | **$21,008,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes surface parking.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 2_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 2 - MEDIA DISTRICT COMMERCIAL**
**TIMS USE - 70,000 SF MEDICAL CENTER**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Rental Income** [1] | | | | | | |
| Base Rental Income [2] | 68,425 | Sf of GLA | $36 | /Sf GLA | $2,463,000 | |
| Parking Income | | | | | | |
| Transient Income | 226,625 | Visits/Yr | $4 | /Visit | 907,000 | |
| Monthly Income | 53 | Spaces | $115 | /Sp./Mo. | 72,000 | |
| **Potential Gross Income** | | | | | $3,442,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (172,000) | |
| **Effective Gross Income** | | | | | | $3,270,000 |
| **II. Operating Expenses** | | | | | | |
| Parking Expenses | 350 | Spaces | $500 | /Space | ($175,000) | |
| Op. & Capital Reserves [3] | 70,000 | Sf of GBA | $0.10 | / Sf GBA | (7,000) | |
| **Total Expenses** | | | | | | (182,000) |
| **III. Stabilized Net Operating Income** | | | | | | **$3,088,000** |

[1] Based on KMA's experience with similar projects and discussions with medical project developers.
[2] Rents equate to $3.00 per square foot per month.
[3] Based on discussions with medical project developers.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 2_TIMS; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 2 - MEDIA DISTRICT COMMERCIAL
TIMS USE - 70,000 SF MEDICAL CENTER
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | |
|---|---|---|---|---|
| I. **Supportable Private Investment** | | | | |
| Net Operating Income | See TABLE 2 | | $3,088,000 | |
| Threshold Return on Investment | | | 8.5% | |
| Supportable Private Investment | | | | $36,329,000 |
| II. **Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $36,329,000 | |
| (Less) Total Construction Costs | See TABLE 1 | | (21,008,000) | |
| III. **Residual Land Value** | | | | **$15,321,000** |
| 190,957 | Sf of Land | $80 /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 2_TIMS; de 4/17/2007

# APPENDIX D-3

## Site 3

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**PROPOSED USE - 40,000 SF OFFICE BUILDING AND 8,040 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 21,360 | Sf of Land | $5 | /Sf Land | 107,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 22 | Spaces | $1,500 | /Space | 33,000 | |
| Below Grade Spaces [3] | 178 | Spaces | $27,500 | /Space | 4,890,000 | |
| Building Shell Costs | | | | | | |
| Office | 40,000 | Sf of GBA | $80 | /Sf GBA | 3,200,000 | |
| Restaurant | 8,040 | Sf of GBA | $80 | /Sf GBA | 643,000 | |
| Tenant Improvement Costs | | | | | | |
| Office | 39,100 | Sf of GLA | $20 | /Sf GLA | 800,000 | |
| Restaurant | 8,040 | Sf of GLA | $30 | /Sf GLA | 241,000 | |
| Contingency | 5% | of Other Direct Costs | | | 496,000 | |
| **Total Direct Costs** | 48,040 | Sf of GBA | $217 | /Sf GBA | | $10,410,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $625,000 | |
| Public Permits & Fees [4] | 48,040 | Sf of GBA | $6 | /Sf GBA | 288,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 208,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 47,140 | Sf of GLA | $10 | /Sf GLA | 471,000 | |
| Development Management | 3% | of Direct Costs | | | 312,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 80,000 | |
| **Total Indirect Costs** | | | | | | 1,984,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $13,318,000 | Financed @ | 7.8% | Interest | $559,000 | |
| Loan Points & Fees | $18,250,000 | Supp. Value | 2.0 | Points | 365,000 | |
| **Total Financing Costs** | | | | | | 924,000 |
| **IV. Total Construction Costs** | 48,040 | Sf of GBA | $277 | /Sf GBA | | **$13,318,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Reflects a blended cost for below grade parking of $20,000 and $30,000, respectively. Site plan reflected 166 required parking spaces, rather than the 200 spaces utilized in this analysis.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**PROPOSED USE - 40,000 SF OFFICE BUILDING AND 8,040 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1, 2] | | | | | |
| Office Income | 39,100 | Sf GLA | $36 /Sf GLA | $1,408,000 | |
| Restaurant Income | 8,040 | Sf GLA | $48 /Sf GLA | 386,000 | |
| Parking Income | | | | | |
| Monthly Income [3] | 132 | Spaces | $115 /Sp./Mo. | 181,000 | |
| **Potential Gross Income** | | | | $1,975,000 | |
| (Less) Vacancy & Collections | 5% | Excludes Restaurant | | (79,000) | |
| **Effective Gross Income** | | | | | $1,896,000 |
| **II. Operating Expenses** | | | | | |
| Unreimbursed Off. Expenses | 40,000 | Sf of GLA | $6.00 / Sf GLA | ($240,000) | |
| Parking Expense [4] | 178 | Spaces | $500 /Space | (89,000) | |
| Management | 3% | of EGI | | (57,000) | |
| Operating & Capital Reserves | 48,040 | Sf of GBA | $0.25 / Sf GBA | (12,000) | |
| **Total Expenses** | | | | | (398,000) |
| **III. Stabilized Net Operating Income** | | | | | **$1,498,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Restaurant rents are based on KMA Burbank retail survey and KMA's experience with similar projects.

[2] Office and restaurant rents equate to $3.00 and $4.00 per square foot per month, respectively.

[3] Monthly parking income based on rental of 110% of office spaces. Assumes a blended rate for reserved and unreserved spaces. Assumes no income for restaurant parking.

[4] Reflects parking expense for below grade structure.

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**PROPOSED USE - 40,000 SF OFFICE BUILDING AND 8,040 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Supportable Private Investment** | | | | |
| Net Operating Income | | See TABLE 2 | $1,498,000 | |
| Threshold Return on Investment [1] | | | 8.2% | |
| Supportable Private Investment | | | | $18,250,000 |
| **II. Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $18,250,000 | |
| (Less) Total Construction Costs | | See TABLE 1 | (13,318,000) | |
| **III. Residual Land Value** | | | | **$4,932,000** |
| | 21,360 Sf of Land | $231 /Sf Land | | |

[1] Represents a blended return on investment of 8.25% and 8.00% for office and restaurant respectively.

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**TIMS USE - 8,485 SF OFFICE BUILDING AND 1,674 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 21,360 | Sf of Land | $5 | /Sf Land | 107,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 33 | Spaces | $1,500 | /Space | 50,000 | |
| Below Grade Spaces | 10 | Spaces | $20,000 | /Space | 200,000 | |
| Building Shell Costs | | | | | | |
| Office | 8,680 | Sf of GBA | $80 | /Sf GBA | 694,000 | |
| Restaurant | 1,674 | Sf of GBA | $80 | /Sf GBA | 134,000 | |
| Tenant Improvement Costs | | | | | | |
| Office | 8,485 | Sf of GLA | $20 | /Sf GLA | 170,000 | |
| Restaurant | 1,674 | Sf of GLA | $30 | /Sf GLA | 50,000 | |
| Contingency | 5% | of Other Direct Costs | | | 70,000 | |
| **Total Direct Costs** | 10,354 | Sf of GBA | $142 | /Sf GBA | | $1,475,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $89,000 | |
| Public Permits & Fees [3] | 10,354 | Sf of GBA | $6 | /Sf GBA | 62,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 30,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 10,159 | Sf of GLA | $9 | /Sf GLA | 91,000 | |
| Development Management | 3% | of Direct Costs | | | 44,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 14,000 | |
| **Total Indirect Costs** | | | | | | 330,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $1,969,000 | Financed @ | 7.8% | Interest | $83,000 | |
| Loan Points & Fees | $4,038,000 | Supp. Value | 2.0 | Points | 81,000 | |
| **Total Financing Costs** | | | | | | 164,000 |
| **IV. Total Construction Costs** | 10,354 | Sf of GBA | $190 | /Sf GBA | | **$1,969,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 3_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**TIMS USE - 8,485 SF OFFICE BUILDING AND 1,674 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1, 2] | | | | | |
| Office Income | 8,485 | Sf GLA | $36 | /Sf GLA | $305,000 |
| Restaurant Income | 1,674 | Sf GLA | $48 | /Sf GLA | 80,000 |
| Parking Income [3] | | | | | |
| Uncovered Spaces | 18 | Spaces | $115 | /Sp./Mo. | 25,000 |
| Covered Spaces | 17 | Spaces | $0 | /Sp./Mo. | 0 |
| **Potential Gross Income** | | | | | $410,000 |
| (Less) Vacancy & Collections | 5% | Excludes Restaurant | | | (15,000) |
| **Effective Gross Income** | | | | | $395,000 |
| **II. Operating Expenses** | | | | | |
| Unreimbursed Off. Expenses | 8,680 | Sf of GLA | $6.00 | / Sf GLA | ($52,000) |
| Parking Expense [4] | 10 | Spaces | $500 | /Space | (5,000) |
| Management | 3% | of EGI | | | (12,000) |
| Operating & Capital Reserves | 10,354 | Sf of GBA | $0.25 | / Sf GBA | (3,000) |
| **Total Expenses** | | | | | (72,000) |
| **III. Stabilized Net Operating Income** | | | | | **$323,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Restaurant rents are based on KMA Burbank retail survey and KMA's experience with similar projects.

[2] Office and restaurant rents equate to $3.00 and $4.00 per square foot per month, respectively.

[3] Office spaces are rented at 110% of capacity. Assumes a blended rate for reserved and unreserved spaces. Assumes no income for restaurant parking

[4] Reflects parking expense for below grade parking structure.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 3_TIMS; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**TIMS USE - 8,485 SF OFFICE BUILDING AND 1,674 SF RESTAURANT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| I. **Supportable Private Investment** | | | | |
| Net Operating Income | See TABLE 2 | | $323,000 | |
| Threshold Return on Investment | | | 8.0% | |
| Supportable Private Investment | | | | $4,038,000 |
| II. **Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $4,038,000 | |
| (Less) Total Construction Costs | See TABLE 1 | | (1,969,000) | |
| III. **Residual Land Value** | | | | **$2,069,000** |
| | 21,360 Sf of Land | $97 /Sf Land | | |

[1] Represents a blended return on investment of 8.00% and 8.00% for office and restaurant respectively.

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 3 - MEDIA DISTRICT COMMERCIAL
ALTERNATIVE TIMS USE - 15,909 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 21,360 | Sf of Land | $5 | /Sf Land | 107,000 | |
| Parking Costs | | | | | | |
| Surface | 27 | Spaces | $1,500 | /Space | 41,000 | |
| Below Grade | 21 | Spaces | $20,000 | /Space | 415,000 | |
| Building Shell Costs | 15,909 | Sf of GBA | $80 | /Sf GBA | 1,273,000 | |
| Tenant Improvement Costs | 15,551 | Sf of GLA | $20 | /Sf GLA | 311,000 | |
| Contingency | 5% | of Other Direct Costs | | | 107,000 | |
| **Total Direct Costs** | 15,909 | Sf of GBA | $142 | /Sf GBA | | $2,254,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $135,000 | |
| Public Permits & Fees [3] | 15,909 | Sf of GBA | $6 | /Sf GBA | 95,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 45,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 15,551 | Sf of GLA | $11 | /Sf GLA | 171,000 | |
| Development Management | 3% | of Direct Costs | | | 68,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 22,000 | |
| **Total Indirect Costs** | | | | | | 536,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $3,035,000 | Financed @ | 7.8% | Interest | $127,000 | |
| Loan Points & Fees | $5,913,000 | Supp. Value | 2.0 | Points | 118,000 | |
| **Total Financing Costs** | | | | | | 245,000 |
| **IV. Total Construction Costs** | 15,909 | Sf of GBA | $191 | /Sf GBA | | **$3,035,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 3_Alt.; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 3 - MEDIA DISTRICT COMMERCIAL**
**ALTERNATIVE TIMS USE - 15,909 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1] | | | | | |
| Office Income | 15,551 | Sf GLA | $36 /Sf GLA | $560,000 | |
| Parking Income | | | | | |
| Uncovered Spaces | 52 | Spaces | $115 /Sp./Mo. | 72,000 | |
| Covered Spaces | 0 | Spaces | $0 /Sp./Mo. | 0 | |
| **Potential Gross Income** | | | | $632,000 | |
| (Less) Vacancy & Collections | 5% | PGI | | (32,000) | |
| **Effective Gross Income** | | | | | $600,000 |
| **II. Operating Expenses** | | | | | |
| Unreimbursed Off. Expenses | 15,909 | Sf of GBA | $6.00 / Sf GBA | ($95,000) | |
| Parking Expense [2] | 21 | Spaces | $500 /Space | (10,000) | |
| Management | 3% | of EGI | | (18,000) | |
| Operating & Capital Reserves | 15,909 | Sf of GBA | $0.25 / Sf GBA | (4,000) | |
| **Total Expenses** | | | | | (127,000) |
| **III. Stabilized Net Operating Income** | | | | | **$473,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents equate to $3.00 per square foot per month.

[2] Reflects parking expense for below grade parking spaces.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 3_Alt.; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 3 - MEDIA DISTRICT COMMERCIAL
ALTERNATIVE TIMS USE - 15,909 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $473,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $5,913,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $5,913,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (3,035,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **$2,878,000** |
| | 21,360 Sf of Land | $135 /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 3_Alt.; de 4/17/2007

# APPENDIX D-4

## Site 4

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 4 - NEIGHBORHOOD CENTER**
**PROPOSED USE - 13 RENTAL RESIDENTIAL UNITS AND 4,915 SF OF RETAIL**
**DENSITY OF 29 UNITS / ACRE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 19,474 | Sf of Land | $5 | /Sf Land | 97,000 | |
| Parking Costs [3] | | | | | | |
| Surface Parking | 20 | Spaces | $15,000 | /Space | 297,000 | |
| Below Grade Parking | 25 | Spaces | $20,000 | /Space | 500,000 | |
| Building Shell Costs | 17,915 | Sf of GBA | $90 | /Sf GBA | 1,612,000 | |
| Tenant Improvement Costs | 4,915 | Sf of GLA | $15 | /Sf GLA | 74,000 | |
| Contingency | 5% | of Other Direct Costs | | | 129,000 | |
| **Total Direct Costs** | 17,915 | Sf of GBA | $151 | /Sf GBA | | $2,709,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $163,000 | |
| Public Permits & Fees [4] | | | | | | |
| Residential | 13 | /Unit | $9,000 | / Unit | 117,000 | |
| Retail | 4,915 | Sf of GBA | $9 | /Sf GBA | 44,000 | |
| Taxes, Ins., Legal & Acctng. | 3% | of Direct Costs | | | 81,000 | |
| Marketing | | | | | | |
| Residential | 13 | Unit | $1,000 | / Unit | 13,000 | |
| Leasing Commissions | 4,915 | Sf of GLA | $10 | /Sf GLA | 49,000 | |
| Development Management | 3% | of Direct Costs | | | 81,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 23,000 | |
| **Total Indirect Costs** | | | | | | 571,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $3,542,000 | Financed @ | 7.8% | Interest | $178,000 | |
| Loan Points & Fees | $4,188,000 | Supp. Value | 2.0 | Points | 84,000 | |
| **Total Financing Costs** | | | | | | 262,000 |
| IV. **Total Construction Costs** | 17,915 | Sf of GBA | $198 | / Sf GBA | | **$3,542,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Reflects a blended cost for surface and below grade parking of $15,000 and $20,000, respectively.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 12-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site_4_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 4 - NEIGHBORHOOD CENTER**
**PROPOSED USE - 13 RENTAL RESIDENTIAL UNITS AND 4,915 SF OF RETAIL**
**DENSITY OF 29 UNITS / ACRE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. **Residential Net Operating Income** | | | | | |
| Residential Income [1, 2] | 13 | Units | $1,500 | /Unit/Mo. | $234,000 |
| Laundry & Miscellaneous | 13 | Units | $15 | /Unit/Mo. | 2,300 |
| **Potential Gross Income** | 13 | Units | $1,515 | /Unit/Mo. | $236,300 |
| (Less) Vacancy & Collections | 5% | | | | (11,800) |
| **Effective Gross Income** | | | | | $224,500 |
| **Operating Expenses** | | | | | |
| General Operating Expenses | 13 | Units | $3,800 | / Unit /Yr | ($49,400) |
| Real Estate Taxes | 1.1% | Supportable Value | | | (26,400) |
| Operating & Capital Reserves | 13 | Units | $200 | / Unit /Yr | (2,600) |
| Total Operating Expenses | 13 | Units | $6,000 | / Unit /Yr | (78,400) |
| **Residential Net Operating Income** | | | | | $146,000 |
| II. **Retail Net Operating Income** | | | | | |
| Retail Income | 4,915 | Sf of GLA | $42 | / SF GLA | 206,400 |
| **Potential Gross Income** | | | | | $206,400 |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (10,300) |
| **Effective Gross Income** | | | | | $196,000 |
| **Operating Expenses** | | | | | |
| Management | 3% | of EGI | | | ($5,900) |
| Operating & Capital Reserves | 4,915 | Sf of GBA | $0.15 | / Sf GBA | (700) |
| **Total Operating Expenses** | | | | | (6,600) |
| **Retail Net Operating Income** | | | | | $189,000 |
| III. **Project Net Operating Income** | | | | | $335,000 |

[1] Residential and retail rents are based on KMA's market survey and its experience with similar projects.
[2] Average unit size is 850 square feet. The market rent equates to $1.76 per square foot per month.
[3] Retail rents equate to $3.50 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site_4_Proposed; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 4 - NEIGHBORHOOD CENTER
PROPOSED USE - 13 RENTAL RESIDENTIAL UNITS AND 4,915 SF OF RETAIL
DENSITY OF 29 UNITS / ACRE
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | |
|---|---|---|---|---|
| **I. Supportable Private Investment** | | | | |
| Net Operating Income | | See TABLE 2 | $335,000 | |
| Blended Threshold Return [1] | | | 8.00% | |
| Supportable Private Investment | | | | $4,188,000 |
| **II. Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $4,188,000 | |
| (Less) Total Construction Costs | | See TABLE 1 | (3,542,000) | |
| **III. Residual Land Value** | | | | **$646,000** |
| | 19,474 Sf of Land | $33 /Sf Land | | |

[1] Reflects blended return of 8% and 8% for the residential and retail components, respectively.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site_4_Proposed; de 4/17/2007

# APPENDIX D-5

## Site 5

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 5 - BOULEVARD COMMERCIAL**
**PROPOSED USE - 19,300 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 11,659 | Sf of Land | $5 | /Sf Land | 58,000 | |
| Parking Costs | | | | | | |
| Level B1 | 24 | Spaces | $20,000 | /Space | 480,000 | |
| Level B2 | 24 | Spaces | $30,000 | /Space | 720,000 | |
| Level B3 | 10 | Spaces | $30,000 | /Space | 297,000 | |
| Building Shell Costs | 19,300 | Sf of GBA | $80 | /Sf GBA | 1,544,000 | |
| Tenant Improvement Costs | 18,866 | Sf of GLA | $20 | /Sf GLA | 377,000 | |
| Contingency | 5% | of Other Direct Costs | | | 174,000 | |
| **Total Direct Costs** | 19,300 | Sf of GBA | $189 | /Sf GBA | | $3,650,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $219,000 | |
| Public Permits & Fees [3] | 19,300 | Sf of GBA | $6 | /Sf GBA | 116,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 73,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 18,866 | Sf of GLA | $8 | /Sf GLA | 151,000 | |
| Development Management | 3% | of Direct Costs | | | 110,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 28,000 | |
| **Total Indirect Costs** | | | | | | 697,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $4,621,000 | Financed @ | 7.8% | Interest | $194,000 | |
| Loan Points & Fees | $3,988,000 | Supp. Value | 2.0 | Points | 80,000 | |
| **Total Financing Costs** | | | | | | 274,000 |
| **IV. Total Construction Costs** | 19,300 | Sf of GBA | $239 | /Sf GBA | | **$4,621,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 5 - BOULEVARD COMMERCIAL**
**PROPOSED USE - 19,300 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I.** | **Rental Income** | | | | |
| | Base Rental Income [1, 2] | 18,866 Sf of GLA | $25 /Sf GLA | $475,000 | |
| | **Potential Gross Income** | | | $475,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (24,000) | |
| | **Effective Gross Income** | | | | $451,000 |
| **II.** | **Operating Expenses** | | | | |
| | Unreimbursed Op. Expenses | 18,866 Sf of GLA | $6.00 / Sf GLA | ($113,000) | |
| | Management | 3% of EGI | | (14,000) | |
| | Operating & Capital Reserves | 19,300 Sf of GBA | $0.25 / Sf GBA | (5,000) | |
| | **Total Expenses** | | | | (132,000) |
| **III.** | **Stabilized Net Operating Income** | | | | **$319,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents based on $1.75 per square foot plus 20% new construction premium.

[2] Rent equates to 2.10 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_Proposed; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 5 - BOULEVARD COMMERCIAL**
**PROPOSED USE - 19,300 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $319,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $3,988,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $3,988,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (4,621,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **($633,000)** |
| | 11,659 | Sf of Land | ($54) /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_Proposed; de 4/17/2007

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 5 - BOULEVARD COMMERCIAL
TIMS USE - 8,000 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 11,659 | Sf of Land | $5 | /Sf Land | 58,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 5 | Spaces | $1,500 | /Space | 7,000 | |
| Below Grade Spaces | 19 | Spaces | $20,000 | /Space | 384,000 | |
| Building Shell Costs | 8,000 | Sf of GBA | $80 | /Sf GBA | 640,000 | |
| Tenant Improvement Costs | 7,820 | Sf of GLA | $20 | /Sf GLA | 156,000 | |
| Contingency | 5% | of Other Direct Costs | | | 62,000 | |
| **Total Direct Costs** | 8,000 | Sf of GBA | | /Sf GBA | | $1,307,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $78,000 | |
| Public Permits & Fees [3] | 8,000 | Sf of GBA | $6 | /Sf GBA | 48,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 26,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 7,820 | Sf of GLA | $8 | /Sf GLA | 63,000 | |
| Development Management | 3% | of Direct Costs | | | 39,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 11,000 | |
| **Total Indirect Costs** | | | | | | 265,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $1,675,000 | Financed @ | 7.8% | Interest | $70,000 | |
| Loan Points & Fees | $1,650,000 | Supp. Value | 2.0 | Points | 33,000 | |
| **Total Financing Costs** | | | | | | 103,000 |
| **IV. Total Construction Costs** | 8,000 | Sf of GBA | $209 | /Sf GBA | | **$1,675,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 5 - BOULEVARD COMMERCIAL**
**TIMS USE - 8,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1, 2] | 7,820 | Sf of GLA | $25 /Sf GLA | $197,000 | |
| **Potential Gross Income** | | | | $197,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | (10,000) | |
| **Effective Gross Income** | | | | | $187,000 |
| **II. Operating Expenses** | | | | | |
| Unreimbursed Op. Expenses. | 7,820 | Sf of GLA | $6.00 / Sf GLA | ($47,000) | |
| Management | 3% | of EGI | | (6,000) | |
| Operating & Capital Reserves | 8,000 | Sf of GBA | $0.25 / Sf GBA | (2,000) | |
| **Total Expenses** | | | | | (55,000) |
| **III. Stabilized Net Operating Income** | | | | | **$132,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents based on $1.75 per square foot plus 20% new construction premium.

[2] Rent equate to $2.10 per square foot per month.

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 5 - BOULEVARD COMMERCIAL**
**TIMS USE - 8,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| I. **Supportable Private Investment** | | | | |
| Net Operating Income | | See TABLE 2 | $132,000 | |
| Threshold Return on Investment | | | 8.0% | |
| Supportable Private Investment | | | | $1,650,000 |
| II. **Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $1,650,000 | |
| (Less) Total Construction Costs | | See TABLE 1 | (1,675,000) | |
| III. **Residual Land Value** | | | | **($25,000)** |
| | 11,659 Sf of Land | ($2) /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_TIMS; de 4/17/2007

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 5 - BOULEVARD COMMERCIAL
ALTERNATIVE TIMS USE - 6,256 SF OF RETAIL
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 11,659 | Sf of Land | $5 | /Sf Land | 58,000 | |
| Parking Costs [3] | | | | | | |
| Surface Parking | 9 | Spaces | $1,500 | /Space | 14,000 | |
| Below Grade Parking | 12 | Spaces | $20,000 | /Space | 233,000 | |
| Building Shell Costs | 6,256 | Sf of GBA | $80 | /Sf GBA | 500,000 | |
| Tenant Improvement Costs | 6,256 | Sf of GLA | $20 | /Sf GLA | 125,000 | |
| Contingency | 5% | of Other Direct Costs | | | 47,000 | |
| **Total Direct Costs** | 6,256 | Sf of GBA | | /Sf GBA | | $977,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $59,000 | |
| Public Permits & Fees [4] | 6,256 | Sf of GBA | $9 | /Sf GBA | 56,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 20,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 6,256 | Sf of GLA | $8 | /Sf GLA | 50,000 | |
| Development Management | 3% | of Direct Costs | | | 29,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 9,000 | |
| **Total Indirect Costs** | | | | | | 223,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $1,288,000 | Financed @ | 7.8% | Interest | $54,000 | |
| Loan Points & Fees | $1,722,000 | Supp. Value | 2.0 | Points | 34,000 | |
| **Total Financing Costs** | | | | | | 88,000 |
| **IV. Total Construction Costs** | 6,256 | Sf of GBA | $206 | /Sf GBA | | **$1,288,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 5 - BOULEVARD COMMERCIAL**
**ALTERNATIVE TIMS USE - 6,256 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** | | | | |
| | Base Rental Income [1] | 6,256 Sf of GLA | $27 /Sf GLA | $169,000 | |
| | **Potential Gross Income** | | | $169,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (8,000) | |
| | **Effective Gross Income** | | | | $161,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($5,000) | |
| | Operating & Capital Reserves | 6,256 Sf of GBA | $0.15 / Sf GBA | (1,000) | |
| | **Total Expenses** | | | | (6,000) |
| III. | **Stabilized Net Operating Income** | | | | **$155,000** |

[1] Based on discussions with Staff and KMA Burbank retail rent survey, October 2006. Rents equate to $2.25 per square foot per month.

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 5 - BOULEVARD COMMERCIAL
ALTERNATIVE TIMS USE - 6,256 SF OF RETAIL
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | |
|---|---|---|---|---|
| **I. Supportable Private Investment** | | | | |
| Net Operating Income | See TABLE 2 | | $155,000 | |
| Threshold Return on Investment | | | 9.0% | |
| Supportable Private Investment | | | | $1,722,000 |
| **II. Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $1,722,000 | |
| (Less) Total Construction Costs | See TABLE 1 | | (1,288,000) | |
| **III. Residual Land Value** | | | | **$434,000** |
| | 11,659 Sf of Land | $37 /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 5_Alt; de 4/17/2007

# APPENDIX D-6

## Site 6

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 158,202 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 86,459 | Sf of Land | $5 | /Sf Land | 432,000 | |
| Parking Costs [3] | | | | | | |
| Surface Spaces | 54 | Spaces | $1,500 | /Space | 82,000 | |
| Level B1 Spaces | 179 | Spaces | $20,000 | /Space | 3,588,000 | |
| Level B2 Spaces | 179 | Spaces | $30,000 | /Space | 5,370,000 | |
| Level B3 Spaces | 61 | Spaces | $30,000 | /Space | 1,830,000 | |
| Building Shell Costs | 158,202 | Sf of GBA | $110 | /Sf GBA | 17,402,000 | |
| Tenant Improvement Costs | 154,642 | Sf of GLA | $30 | /Sf GLA | 4,639,000 | |
| Contingency | 5% | of Other Direct Costs | | | 1,667,000 | |
| **Total Direct Costs** | 158,202 | Sf of GBA | $221 | /Sf GBA | | $35,010,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $2,101,000 | |
| Public Permits & Fees [4] | 158,202 | Sf of GBA | $9 | /Sf GBA | 1,424,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 700,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 154,642 | Sf of GLA | $10 | /Sf GLA | 1,546,000 | |
| Development Management | 3% | of Direct Costs | | | 1,050,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 289,000 | |
| **Total Indirect Costs** | | | | | | 7,110,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $46,026,000 | Financed @ | 7.8% | Interest | $2,898,000 | |
| Loan Points & Fees | $50,400,000 | Supp. Value | 2.0 | Points | 1,008,000 | |
| **Total Financing Costs** | | | | | | 3,906,000 |
| IV. **Total Construction Costs** | 158,202 | Sf of GBA | $291 | /Sf GBA | | **$46,026,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Site plan reflected all below grade parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 158,202 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I.** | **Rental Income** | | | | | |
| | Base Rental Income [1] | 154,642 | Sf of GLA | $36 /Sf GLA | $5,567,000 | |
| | Parking Income [2] | | | | | |
| | Uncovered Spaces | 60 | Spaces | $0 /Sp./Mo. | 0 | |
| | Covered Spaces | 461 | Spaces | $65 /Sp./Mo. | 360,000 | |
| | **Potential Gross Income** | | | | $5,927,000 | |
| | (Less) Vacancy & Collections | 5% | Potential Gross Income | | (296,000) | |
| | **Effective Gross Income** | | | | | $5,631,000 |
| **II.** | **Operating Expenses** | | | | | |
| | Unreimbursed Op. Expenses | 154,642 | Sf of GLA | $6.00 / Sf GLA | ($928,000) | |
| | Parking Expenses [3] | 419 | Spaces | $500 /Space | (210,000) | |
| | Management | 3% | of EGI | | (169,000) | |
| | Operating & Capital Reserves | 158,202 | Sf of GBA | $0.25 / Sf GBA | (40,000) | |
| | **Total Expenses** | | | | | (1,347,000) |
| **III.** | **Stabilized Net Operating Income** | | | | | **$4,284,000** |

[1] Based on KMA market rent survey. Rents equate to $3.00 per square foot per month.
[2] Assumes covered spaces are rented at 110% of capacity.
[3] Reflects expenses for below grade spaces.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_Proposed; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 158,202 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $4,284,000 | |
| Threshold Return on Investment | | 8.5% | |
| Supportable Private Investment | | | $50,400,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $50,400,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (46,026,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **$4,374,000** |
| | 86,459 Sf of Land | | $51 /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_Proposed; de 4/17/2007

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 6 - MIXED COMMERCIAL / INDUSTRIAL
TIMS USE - 27,811 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 86,459 | Sf of Land | $5 | /Sf Land | 432,000 | |
| Parking Costs [3] | 83 | Spaces | $1,500 | /Space | 125,000 | |
| Building Shell Costs | 27,811 | Sf of GBA | $80 | /Sf GBA | 2,225,000 | |
| Tenant Improvement Costs | 27,185 | Sf of GLA | $20 | /Sf GLA | 544,000 | |
| Contingency | 5% | of Other Direct Costs | | | 166,000 | |
| **Total Direct Costs** | 27,811 | Sf of GBA | $126 | /Sf GBA | | $3,492,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $210,000 | |
| Public Permits & Fees [4] | 27,811 | Sf of GBA | $6 | /Sf GBA | 167,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 70,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 27,185 | Sf of GLA | $9 | /Sf GLA | 245,000 | |
| Development Management | 3% | of Direct Costs | | | 105,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 35,000 | |
| **Total Indirect Costs** | | | | | | 832,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $4,661,000 | Financed @ | 7.8% | Interest | $196,000 | |
| Loan Points & Fees | $7,055,000 | Supp. Value | 2.0 | Points | 141,000 | |
| **Total Financing Costs** | | | | | | 337,000 |
| **IV. Total Construction Costs** | 27,811 | Sf of GBA | $168 | /Sf GBA | | **$4,661,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 27,811 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | 27,185 Sf of GLA | $30 /Sf GLA | $816,000 | |
| **Potential Gross Income** | | | $816,000 | |
| (Less) Vacancy & Collections | 5% Potential Gross Income | | (41,000) | |
| **Effective Gross Income** | | | | $775,000 |
| **II. Operating Expenses** | | | | |
| Unreimbursed Expenses | 27,185 Sf of GLA | $6.00 / Sf GLA | ($163,000) | |
| Management | 3% of EGI | | (23,000) | |
| Operating & Capital Reserves | 27,811 Sf of GBA | $0.25 / Sf GBA | (7,000) | |
| **Total Expenses** | | | | (193,000) |
| **III. Stabilized Net Operating Income** | | | | **$582,000** |

[1] Based on KMA Burbank office rent survey. Rent equates to $2.50 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_TIMS; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 6 - MIXED COMMERCIAL / INDUSTRIAL
TIMS USE - 27,811 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $582,000 | |
| Threshold Return on Investment | | 8.25% | |
| Supportable Private Investment | | | $7,055,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $7,055,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (4,661,000) | |

III. **Residual Land Value** **$2,394,000**

86,459 Sf of Land $28 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_TIMS; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 42,000 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| Parking Costs [3] | 84 | Spaces | $1,500 | /Space | 126,000 | |
| Building Shell Costs | 42,000 | Sf of GBA | $50 | /Sf GBA | 2,100,000 | |
| Tenant Improvement Costs | 4,200 | Sf of GLA | $15 | /Sf GLA | 63,000 | |
| Contingency | 5% | of Other Direct Costs | | | 114,000 | |
| **Total Direct Costs** | 42,000 | Sf of GBA | | /Sf GBA | | $2,403,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $144,000 | |
| Public Permits & Fees [4] | 42,000 | Sf of GBA | $6 | /Sf GBA | 252,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 48,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 42,000 | Sf of GLA | $4 | /Sf GLA | 168,000 | |
| Development Management | 3% | of Direct Costs | | | 72,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 31,000 | |
| **Total Indirect Costs** | | | | | | 715,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $3,393,000 | Financed @ | 7.8% | Interest | $142,000 | |
| Loan Points & Fees | $6,625,000 | Supp. Value | 2.0 | Points | 133,000 | |
| **Total Financing Costs** | | | | | | 275,000 |
| **IV. Total Construction Costs** | 42,000 | Sf of GBA | $81 | /Sf GBA | | **$3,393,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_Alt; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 6 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 42,000 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** | | | | |
| | Base Rental Income [1] | 42,000 Sf of GLA | $14 /Sf GLA | $580,000 | |
| | **Potential Gross Income** | | | $580,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (29,000) | |
| | **Effective Gross Income** | | | | $551,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($17,000) | |
| | Operating & Capital Reserves | 42,000 Sf of GBA | $0.10 / Sf GBA | (4,000) | |
| | **Total Expenses** | | | | (21,000) |
| III. | **Stabilized Net Operating Income** | | | | **$530,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.15 per square foot per month.

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 6 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 42,000 SF OF LIGHT INDUSTRIAL
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $530,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $6,625,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $6,625,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (3,393,000) | |

III. **Residual Land Value** **$3,232,000**

86,459 Sf of Land $37 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 6_Alt; de 4/17/2007

# APPENDIX D-7

## Site 7

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 60,000 SF POST PRODUCTION FACILITY - FLEX**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 55,166 | Sf of Land | $0 | /Sf Land | 0 | |
| Parking Costs | | | | | | |
| Surface Spaces | 73 | Spaces | $1,500 | /Space | 110,000 | |
| Below Grade Spaces | 107 | Spaces | $20,000 | /Space | 2,140,000 | |
| Building Shell Costs | 60,000 | Sf of GBA | $50 | /Sf GBA | 3,000,000 | |
| Tenant Improvement Costs | 60,000 | Sf of GLA | $15 | /Sf GLA | 900,000 | |
| Contingency | 5% | of Other Direct Costs | | | 307,000 | |
| **Total Direct Costs** | 60,000 | Sf of GBA | $108 | /Sf GBA | | $6,457,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $387,000 | |
| Public Permits & Fees [3] | 60,000 | Sf of GBA | $9 | /Sf GBA | 540,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 129,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 60,000 | Sf of GLA | $6 | /Sf GLA | 360,000 | |
| Development Management | 3% | of Direct Costs | | | 194,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 71,000 | |
| **Total Indirect Costs** | | | | | | 1,681,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $8,803,000 | Financed @ | 7.8% | Interest | $370,000 | |
| Loan Points & Fees | $14,738,000 | Supp. Value | 2.0 | Points | 295,000 | |
| **Total Financing Costs** | | | | | | 665,000 |
| IV. **Total Construction Costs** | 60,000 | Sf of GBA | $147 | /Sf GBA | | **$8,803,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 60,000 SF POST PRODUCTION FACILITY - FLEX**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1] | 60,000 | Sf of GLA | $22 /Sf GLA | $1,296,000 | |
| **Potential Gross Income** | | | | $1,296,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | (65,000) | |
| **Effective Gross Income** | | | | | $1,231,000 |
| **II. Operating Expenses** | | | | | |
| Unreimbursed Expenses | 60,000 | Sf of GLA | $0.00 / Sf GLA | $0 | |
| Management | 3% | of EGI | | (37,000) | |
| Operating & Capital Reserves | 60,000 | Sf of GBA | $0.25 / Sf GBA | (15,000) | |
| **Total Expenses** | | | | | (52,000) |
| **III. Stabilized Net Operating Income** | | | | | **$1,179,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.80 per square foot per month.

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 60,000 SF POST PRODUCTION FACILITY - FLEX**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I.** | **Supportable Private Investment** | | | |
| | Net Operating Income | See TABLE 2 | $1,179,000 | |
| | Threshold Return on Investment | | 8.0% | |
| | Supportable Private Investment | | | $14,738,000 |
| **II.** | **Residual Land Value Calculation** | | | |
| | Supportable Private Investment | | $14,738,000 | |
| | (Less) Total Construction Costs | See TABLE 1 | (8,803,000) | |
| **III.** | **Residual Land Value** | | | **$5,935,000** |
| | 55,166 Sf of Land | $108 /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 23,606 SF POST PRODUCTION FACILITY - FLEX**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 55,166 | Sf of Land | $0 | /Sf Land | 0 | |
| Parking Costs [3] | 71 | Spaces | $1,500 | /Space | 107,000 | |
| Building Shell Costs | 23,606 | Sf of GBA | $50 | /Sf GBA | 1,180,000 | |
| Tenant Improvement Costs | 23,606 | Sf of GLA | $15 | /Sf GLA | 354,000 | |
| Contingency | 5% | of Other Direct Costs | | | 82,000 | |
| **Total Direct Costs** | 23,606 | Sf of GBA | $73 | /Sf GBA | | $1,723,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $103,000 | |
| Public Permits & Fees [4] | 23,606 | Sf of GBA | $9 | /Sf GBA | 212,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 34,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 23,606 | Sf of GLA | $7 | /Sf GLA | 165,000 | |
| Development Management | 3% | of Direct Costs | | | 52,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 26,000 | |
| **Total Indirect Costs** | | | | | | 592,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $2,538,000 | Financed @ | 7.8% | Interest | $107,000 | |
| Loan Points & Fees | $5,788,000 | Supp. Value | 2.0 | Points | 116,000 | |
| **Total Financing Costs** | | | | | | 223,000 |
| IV. **Total Construction Costs** | 23,606 | Sf of GBA | $108 | /Sf GBA | | **$2,538,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 23,606 SF POST PRODUCTION FACILITY - FLEX**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | 23,606 Sf of GLA | $22 /Sf GLA | $510,000 | |
| **Potential Gross Income** | | | $510,000 | |
| (Less) Vacancy & Collections | 5% Potential Gross Income | | (26,000) | |
| **Effective Gross Income** | | | | $484,000 |
| **II. Operating Expenses** | | | | |
| Unreimbursed Expenses | 23,606 Sf of GLA | $0.00 / Sf GLA | $0 | |
| Management | 3% of EGI | | (15,000) | |
| Operating & Capital Reserves | 23,606 Sf of GBA | $0.25 / Sf GBA | (6,000) | |
| **Total Expenses** | | | | (21,000) |
| **III. Stabilized Net Operating Income** | | | | **$463,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.80 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_TIMS; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 7 - MIXED COMMERCIAL / INDUSTRIAL
TIMS USE - 23,606 SF POST PRODUCTION FACILITY - FLEX
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $463,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $5,788,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $5,788,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (2,538,000) | |

III. **Residual Land Value** **$3,250,000**

55,166 Sf of Land $59 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_TIMS; de 4/17/2007

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 7 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 26,900 SF OF LIGHT INDUSTRIAL
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| Parking Costs [3] | 54 | Spaces | $1,500 | /Space | 81,000 | |
| Building Shell Costs | 26,900 | Sf of GBA | $50 | /Sf GBA | 1,345,000 | |
| Tenant Improvement Costs | 2,690 | Sf of GLA | $15 | /Sf GLA | 40,000 | |
| Contingency | 5% | of Other Direct Costs | | | 73,000 | |
| **Total Direct Costs** | 26,900 | Sf of GBA | | /Sf GBA | | $1,539,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $92,000 | |
| Public Permits & Fees [4] | 26,900 | Sf of GBA | $6 | /Sf GBA | 161,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 31,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 26,900 | Sf of GLA | $4 | /Sf GLA | 108,000 | |
| Development Management | 3% | of Direct Costs | | | 46,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 20,000 | |
| **Total Indirect Costs** | | | | | | 458,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $2,173,000 | Financed @ | 7.8% | Interest | $91,000 | |
| Loan Points & Fees | $4,225,000 | Supp. Value | 2.0 | Points | 85,000 | |
| **Total Financing Costs** | | | | | | 176,000 |
| **IV. Total Construction Costs** | 26,900 | Sf of GBA | $81 | /Sf GBA | | **$2,173,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_Alt ; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 26,900 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** | | | | |
| | Base Rental Income [1] | 26,900 Sf of GLA | $14 /Sf GLA | $371,000 | |
| | **Potential Gross Income** | | | $371,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (19,000) | |
| | **Effective Gross Income** | | | | $352,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($11,000) | |
| | Operating & Capital Reserves | 26,900 Sf of GBA | $0.10 / Sf GBA | (3,000) | |
| | **Total Expenses** | | | | (14,000) |
| III. | **Stabilized Net Operating Income** | | | | **$338,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.15 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_Alt ; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 7 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 26,900 SF OF LIGHT INDUSTRIAL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | |
|---|---|---|---|
| I. **Supportable Private Investment** | | | |
| Net Operating Income | See TABLE 2 | $338,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $4,225,000 |
| II. **Residual Land Value Calculation** | | | |
| Supportable Private Investment | | $4,225,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (2,173,000) | |
| III. **Residual Land Value** | | | **$2,052,000** |
| 55,166 Sf of Land | $37 /Sf Land | | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 7_Alt ; de 4/17/2007

# APPENDIX D-8

## Site 8

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 8 - MIXED COMMERCIAL / INDUSTRIAL
PROPOSED USE - 290,947 SF SHOPPING CENTER AND 104,525 SF OF OFFICE
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 953,544 | Sf of Land | $5 | /Sf Land | 4,768,000 | |
| Parking Costs | | | | | | |
| Retail - Surface | 785 | Spaces | $1,500 | / Space | 1,178,000 | |
| Retail - Structured | 670 | Spaces | $15,000 | / Space | 10,046,000 | |
| Office - Structured | 314 | Spaces | $15,000 | / Space | 4,704,000 | |
| Building Shell Costs | | | | | | |
| Shopping Center | 290,947 | Sf of GBA | $80 | /Sf GBA | 23,276,000 | |
| Office | 104,525 | Sf of GBA | $110 | /Sf GBA | 11,498,000 | |
| Tenant Improvement Costs | | | | | | |
| Shopping Center | 290,947 | Sf of GLA | $20 | /Sf GLA | 5,819,000 | |
| Office | 102,173 | Sf of GLA | $30 | /Sf GLA | 3,065,000 | |
| Contingency | 5% | of Other Direct Costs | | | 3,218,000 | |
| **Total Direct Costs** | 290,947 | Sf of GBA | $232 | /Sf GBA | | $67,572,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $4,054,000 | |
| Public Permits & Fees [3] | 395,472 | Sf of GBA | $9 | /Sf GBA | 3,559,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 1,351,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 393,120 | Sf of GLA | $9 | /Sf GLA | 3,538,000 | |
| Development Management | 3% | of Direct Costs | | | 2,027,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 625,000 | |
| **Total Indirect Costs** | | | | | | 15,154,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $89,370,000 | Financed @ | 7.8% | Interest | $4,502,000 | |
| Loan Points & Fees | $107,106,000 | Supp. Value | 2.0 | Points | 2,142,000 | |
| **Total Financing Costs** | | | | | | 6,644,000 |
| **IV. Total Construction Costs** | 395,472 | Sf of GBA | $226 | /Sf GBA | | **$89,370,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 12-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 8 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 290,947 SF SHOPPING CENTER AND 104,525 SF OF OFFICE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1, 2] | | | | | |
| Retail Income | 290,947 | Sf of GLA | $30 | /Sf GLA | $8,728,000 |
| Office Income | 102,173 | Sf of GLA | $30 | /Sf GLA | 3,065,000 |
| Office Parking Income [3] | 345 | Spaces | $60 | /Sp./Mo. | 248,000 |
| **Potential Gross Income** | | | | | $12,041,000 |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (602,000) |
| **Effective Gross Income** | | | | | $11,439,000 |
| **II. Operating Expenses** | | | | | |
| Unreimb. Office Op. Expenses | 102,173 | Sf of GLA | $6.00 | / Sf GLA | ($613,000) |
| Parking Expenses [4] | 983 | Spaces | $500 | /Space | (492,000) |
| Management | 3% | of EGI | | | (343,000) |
| Operating & Capital Reserves | 395,472 | Sf of GBA | $0.25 | / Sf GBA | (99,000) |
| **Total Expenses** | | | | | (1,547,000) |
| **III. Stabilized Net Operating Income** | | | | | **$9,892,000** |

1 Retail rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Office rents are based on KMA's Burbank market survey and the Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker.
Retail rents assume an average across shopping center tenants.

2 Office and retail rents equate to $2.50 and $2.50 per square foot per month, respectively.

3 Office spaces are rented at 110% of capacity.

4 Reflects parking expenses for all structured parking spaces.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Proposed; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 8 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 290,947 SF SHOPPING CENTER AND 104,525 SF OF OFFICE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | |
|---|---|---|---|
| **I. Supportable Private Investment** | | | |
| Net Operating Income | See TABLE 2 | $9,892,000 | |
| Threshold Return on Investment [1] | | 9.24% | |
| Supportable Private Investment | | | $107,106,000 |
| **II. Residual Land Value Calculation** | | | |
| Supportable Private Investment | | $107,106,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (89,370,000) | |
| **III. Residual Land Value** | | | **$17,736,000** |
| | 953,544 Sf of Land | $19 /Sf Land | |

[1] Represents a blended return on investment of 8.50% and 9.50% for office and retail respectively.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 8 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 217,819 SF SHOPPING CENTER AND 78,253 SF OF OFFICE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 953,544 | Sf of Land | $5 | /Sf Land | 4,768,000 | |
| Parking Costs | | | | | | |
| Retail Surface Spaces | 785 | Spaces | $1,500 | / Space | 1,178,000 | |
| Retail Above Grade Spaces | 304 | Spaces | $15,000 | / Space | 4,561,000 | |
| Office Above Grade Spaces | 235 | Spaces | $15,000 | / Space | 3,521,000 | |
| Building Shell Costs | | | | | | |
| Shopping Center | 217,819 | Sf of GBA | $80 | /Sf GBA | 17,426,000 | |
| Office | 78,253 | Sf of GBA | $110 | /Sf GBA | 8,608,000 | |
| Tenant Improvement Costs | | | | | | |
| Shopping Center | 217,819 | Sf of GLA | $20 | /Sf GLA | 4,356,000 | |
| Office | 76,492 | Sf of GLA | $30 | /Sf GLA | 2,295,000 | |
| Contingency | 5% | of Other Direct Costs | | | 2,336,000 | |
| **Total Direct Costs** | 217,819 | Sf of GBA | $225 | /Sf GBA | | $49,049,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $2,943,000 | |
| Public Permits & Fees [3] | 296,072 | Sf of GBA | $9 | /Sf GBA | 2,665,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 981,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 294,311 | Sf of GLA | $9 | /Sf GLA | 2,649,000 | |
| Development Management | 3% | of Direct Costs | | | 1,471,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 462,000 | |
| **Total Indirect Costs** | | | | | | 11,171,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $65,126,000 | Financed @ | 7.8% | Interest | $3,281,000 | |
| Loan Points & Fees | $81,272,000 | Supp. Value | 2.0 | Points | 1,625,000 | |
| **Total Financing Costs** | | | | | | 4,906,000 |
| **IV. Total Construction Costs** | 296,072 | Sf of GBA | $220 | /Sf GBA | | **$65,126,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 12-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 8 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 217,819 SF SHOPPING CENTER AND 78,253 SF OF OFFICE**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1, 2] | | | | | |
| Retail Income | 217,819 | Sf of GLA | $30 | /Sf GLA | $6,535,000 |
| Office Income | 76,492 | Sf of GLA | $30 | /Sf GLA | 2,295,000 |
| Office Parking Income [3] | 258 | Spaces | $60 | /Sp./Mo. | 186,000 |
| **Potential Gross Income** | | | | | $9,016,000 |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (451,000) |
| **Effective Gross Income** | | | | | $8,565,000 |
| **II. Operating Expenses** | | | | | |
| Unreimb. Office Expenses | 76,492 | Sf of GLA | $6.00 | / Sf GLA | ($459,000) |
| Parking Expenses [4] | 539 | Spaces | $500 | /Space | (269,000) |
| Management | 3% | of EGI | | | (257,000) |
| Operating & Capital Reserves | 296,072 | Sf of GBA | $0.25 | / Sf GBA | (74,000) |
| **Total Expenses** | | | | | (1,059,000) |
| **III. Stabilized Net Operating Income** | | | | | **$7,506,000** |

[1] Retail rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Office rents are based on KMA's Burbank market survey and the Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker.

Retail rents assume an average across shopping center tenants.

[2] Office and retail rents equate to $2.50 and $2.50 per square foot per month, respectively.

[3] Office spaces are rented at 110% of capacity.

[4] Reflects parking expenses for all structured parking spaces.

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 8 - MIXED COMMERCIAL / INDUSTRIAL
TIMS USE - 217,819 SF SHOPPING CENTER AND 78,253 SF OF OFFICE
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. Supportable Private Investment

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $7,506,000 | |
| Threshold Return on Investment [1] | | 9.24% | |
| Supportable Private Investment | | | $81,272,000 |

II. Residual Land Value Calculation

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $81,272,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (65,126,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **$16,146,000** |
| | 953,544 Sf of Land | | $17 /Sf Land | |

[1] Represents a blended return on investment of 8.50% 9.50% for office and retail respectively.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_TIMS; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 8 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 287,500 SF SHOPPING CENTER**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 953,544 | Sf of Land | $5 | /Sf Land | 4,768,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 1,440 | Spaces | $1,500 | /Space | 2,160,000 | |
| Building Shell Costs | 287,500 | Sf of GBA | $80 | /Sf GBA | 23,000,000 | |
| Tenant Improvement Costs | 287,500 | Sf of GLA | $20 | /Sf GLA | 5,750,000 | |
| Contingency | 5% | of Other Direct Costs | | | 1,784,000 | |
| **Total Direct Costs** | 287,500 | Sf of GBA | $130 | /Sf GBA | | $37,462,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $2,248,000 | |
| Public Permits & Fees [3] | 287,500 | Sf of GBA | $9 | /Sf GBA | 2,588,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 749,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 287,500 | Sf of GLA | $9 | /Sf GLA | 2,674,000 | |
| Development Management | 3% | of Direct Costs | | | 1,124,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 413,000 | |
| **Total Indirect Costs** | | | | | | 9,796,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $51,511,000 | Financed @ | 7.8% | Interest | $2,595,000 | |
| Loan Points & Fees | $82,905,000 | Supp. Value | 2.0 | Points | 1,658,000 | |
| **Total Financing Costs** | | | | | | 4,253,000 |
| IV. **Total Construction Costs** | 287,500 | Sf of GBA | $179 | /Sf GBA | | **$51,511,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 12-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Alt; de 4/17/2007

TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME
SITE 8 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 287,500 SF SHOPPING CENTER
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | |
|---|---|---|---|---|---|
| **I. Rental Income** | | | | | |
| Base Rental Income [1] | 287,500 | Sf of GLA | $30 /Sf GLA | $8,625,000 | |
| **Potential Gross Income** | | | | $8,625,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | (431,000) | |
| **Effective Gross Income** | | | | | $8,194,000 |
| **II. Operating Expenses** | | | | | |
| Management | 3% | of EGI | | ($246,000) | |
| Operating & Capital Reserves | 287,500 | Sf of GBA | $0.25 / Sf GBA | (72,000) | |
| **Total Expenses** | | | | | (318,000) |
| **III. Stabilized Net Operating Income** | | | | | **$7,876,000** |

[1] Retail rents are based on KMA Burbank retail survey and KMA's experience with similar projects.

[2] Rents equate to $2.50 per square foot per month

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Alt; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 8 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 287,500 SF SHOPPING CENTER
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $7,876,000 | |
| Threshold Return on Investment | | 9.5% | |
| Supportable Private Investment | | | $82,905,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $82,905,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (51,511,000) | |

III. **Residual Land Value** **$31,394,000**

953,544 Sf of Land $33 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 8_Alt; de 4/17/2007

# APPENDIX D-9

## Site 9

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 60,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 59,014 | Sf of Land | $5 | /Sf Land | 295,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 82 | Spaces | $1,500 | /Space | 123,000 | |
| Below Grade Spaces | 98 | Spaces | $20,000 | /Space | 1,960,000 | |
| Building Shell Costs | 60,000 | Sf of GBA | $80 | /Sf GBA | 4,800,000 | |
| Tenant Improvement Costs | 58,650 | Sf of GLA | $20 | /Sf GLA | 1,173,000 | |
| Contingency | 5% | of Other Direct Costs | | | 418,000 | |
| **Total Direct Costs** | 60,000 | Sf of GBA | $146 | /Sf GBA | | $8,769,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $526,000 | |
| Public Permits & Fees [3] | 60,000 | Sf of GBA | $6 | /Sf GBA | 360,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 175,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 58,650 | Sf of GLA | $7 | /Sf GLA | 411,000 | |
| Development Management | 3% | of Direct Costs | | | 263,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 74,000 | |
| **Total Indirect Costs** | | | | | | 1,809,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $11,274,000 | Financed @ | 7.8% | Interest | $473,000 | |
| Loan Points & Fees | $11,153,000 | Supp. Value | 2.0 | Points | 223,000 | |
| **Total Financing Costs** | | | | | | 696,000 |
| IV. **Total Construction Costs** | 60,000 | Sf of GBA | $188 | /Sf GBA | | **$11,274,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 60,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | | | | |
| Office Income | 58,650 Sf GLA | $23 /Sf GLA | $1,337,000 | |
| Parking Income [2] | | | | |
| Monthly Income - Covered | 108 Spaces | $60 /Sp./Mo. | 78,000 | |
| Monthly Income - Uncovered | 90 Spaces | $60 /Sp./Mo. | 65,000 | |
| **Potential Gross Income** | | | $1,480,000 | |
| (Less) Vacancy & Collections | 5% of PGI | | (74,000) | |
| **Effective Gross Income** | | | | $1,406,000 |
| **II. Operating Expenses** | | | | |
| Unreimb. Operating Expenses | 58,650 Sf of GLA | $6.00 / Sf GLA | ($352,000) | |
| Parking Expense [3] | 98 Spaces | $500 /Space | (49,000) | |
| Management | 3% of EGI | | (42,000) | |
| Operating & Capital Reserves | 60,000 Sf of GBA | $0.25 / Sf GBA | (15,000) | |
| **Total Expenses** | | | | (458,000) |
| **III. Stabilized Net Operating Income** | | | | **$948,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents based on $1.60 plus a 20% new construction premium which equates to $1.90 per square foot per month.

[2] Assumes spaces rent at 110% of capacity at a blended reserve/unreserved rate of $60 per month.

[3] Assumes parking expense for structured spaces only.

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 9 - MIXED COMMERCIAL / INDUSTRIAL
PROPOSED USE - 60,000 SF OFFICE BUILDING
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. Supportable Private Investment

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $948,000 | |
| Threshold Return on Investment | | 8.5% | |
| Supportable Private Investment | | | $11,153,000 |

II. Residual Land Value Calculation

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $11,153,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (11,274,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **($121,000)** |
| | 59,014 | Sf of Land | ($2) /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 18,980 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 59,014 | Sf of Land | $5 | /Sf Land | 295,000 | |
| Parking Costs [3] | 57 | Spaces | $1,500 | /Space | 85,000 | |
| Building Shell Costs | 18,980 | Sf of GBA | $80 | /Sf GBA | 1,518,000 | |
| Tenant Improvement Costs | 18,553 | Sf of GLA | $20 | /Sf GLA | 371,000 | |
| Contingency | 5% | of Other Direct Costs | | | 113,000 | |
| **Total Direct Costs** | 18,980 | Sf of GBA | $126 | /Sf GBA | | $2,382,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $143,000 | |
| Public Permits & Fees [4] | 18,980 | Sf of GBA | $6 | /Sf GBA | 114,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 48,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 18,553 | Sf of GLA | $6 | /Sf GLA | 111,000 | |
| Development Management | 3% | of Direct Costs | | | 71,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 21,000 | |
| **Total Indirect Costs** | | | | | | 508,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $3,077,000 | Financed @ | 7.8% | Interest | $129,000 | |
| Loan Points & Fees | $2,900,000 | Supp. Value | 2.0 | Points | 58,000 | |
| **Total Financing Costs** | | | | | | 187,000 |
| **IV. Total Construction Costs** | 18,980 | Sf of GBA | $162 | /Sf GBA | | **$3,077,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Assumes surface parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 18,980 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | | | | |
| Office Income | 18,553 Sf GLA | $20 /Sf GLA | $378,000 | |
| **Potential Gross Income** | | | $378,000 | |
| (Less) Vacancy & Collections | 5% of PGI | | (19,000) | |
| **Effective Gross Income** | | | | $359,000 |
| **II. Operating Expenses** | | | | |
| Unreimb. Oper. Expenses | 18,553 Sf of GLA | $5.98 / Sf GLA | ($111,000) | |
| Management | 3% of EGI | | (11,000) | |
| Operating & Capital Reserves | 18,980 Sf of GBA | $0.25 / Sf GBA | (5,000) | |
| **Total Expenses** | | | | (127,000) |
| **III. Stabilized Net Operating Income** | | | | **$232,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents are reduced 10% from the proposed project rents due to smaller project; rents equate to $1.70 per square foot per month.

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 18,980 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $232,000 | |
| Threshold Return on Investment | | 8.0% | |
| Supportable Private Investment | | | $2,900,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $2,900,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (3,077,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **($177,000)** |
| | 59,014 | Sf of Land | ($3) /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_TIMS; de 4/17/2007

TABLE 1

ESTIMATED CONSTRUCTION COSTS
SITE 9 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 10,750 SF RESTAURANT PROJECT
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements | | Allowance | | | $0 | |
| On Site Improvements | 59,014 | Sf of Land | $5 | /Sf Land | 295,000 | |
| Parking Costs [2] | 108 | Spaces | $1,500 | /Space | 161,000 | |
| Building Shell Costs | | | | | | |
| Sit Down Restaurant | 10,750 | Sf of GBA | $85 | /Sf GBA | 914,000 | |
| Tenant Improvement Costs | | | | | | |
| Sit Down Restaurant | 10,750 | Sf of GLA | $30 | /Sf GLA | 323,000 | |
| Contingency | 5% | of Other Direct Costs | | | 85,000 | |
| **Total Direct Costs** | 10,750 | Sf of GBA | $165 | /Sf GBA | | $1,778,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $107,000 | |
| Public Permits & Fees [3] | 10,750 | Sf of GBA | $9 | /Sf GBA | 97,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 36,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 10,750 | Sf of GLA | $11 | /Sf GLA | 118,000 | |
| Development Management | 3% | of Direct Costs | | | 53,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 18,000 | |
| **Total Indirect Costs** | | | | | | 429,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $2,398,000 | Financed @ | 7.8% | Interest | $101,000 | |
| Loan Points & Fees | $4,518,000 | Supp. Value | 2.0 | Points | 90,000 | |
| **Total Financing Costs** | | | | | | 191,000 |
| **IV. Total Construction Costs** | 10,750 | Sf of GBA | $223 | /Sf GBA | | **$2,398,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes cost for surface parking.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_Alt._Rest.; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 9 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 10,750 SF RESTAURANT PROJECT**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| I. | **Rental Income** [1] | | | | |
| | Base Rental Income | 10,750 Sf of GLA | $39 /Sf GLA | $419,000 | |
| | **Potential Gross Income** | | | $419,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (21,000) | |
| | **Effective Gross Income** | | | | $398,000 |
| II. | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($12,000) | |
| | Operating & Capital Reserves | 10,750 Sf of GBA | $0.15 / Sf GBA | (2,000) | |
| | **Total Expenses** | | | | (14,000) |
| III. | **Stabilized Net Operating Income** | | | | **$384,000** |

[1] Restaurant rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Rents equate to $3.25 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_Alt._Rest.; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 9 - MIXED COMMERCIAL / INDUSTRIAL
ALTERNATIVE TIMS USE - 10,750 SF RESTAURANT PROJECT
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | |
|---|---|---|---|---|
| I. **Supportable Private Investment** | | | | |
| Net Operating Income | See TABLE 2 | | $384,000 | |
| Threshold Return on Investment [1] | | | 8.5% | |
| Supportable Private Investment | | | | $4,518,000 |
| II. **Residual Land Value Calculation** | | | | |
| Supportable Private Investment | | | $4,518,000 | |
| (Less) Total Construction Costs | See TABLE 1 | | (2,398,000) | |
| III. **Residual Land Value** | | | | **$2,120,000** |
| | 59,014 Sf of Land | $36 /Sf Land | | |

[1] Return on investment is due to the site's high traffic location.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 9_Alt._Rest.; de 4/17/2007

# APPENDIX D-10

## Site 10

**TABLE 1**

**ESTIMATED CONSTRUCTION COSTS**
**SITE 10 - DOWNTOWN COMMERCIAL**
**119 RESIDENTIAL OWNERSHIP UNITS & 10,930 SF OF RETAIL SPACE**
**DENSITY OF 62 UNITS / ACRE**
**TIMS VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **I.** | **Direct Costs** [1] | | | | | | |
| | Off-Site Improvements [2] | | Allowance | | | $0 | |
| | On-Site Improvements | 83,951 | Sf Land | $5 | /Sf | 441,000 | |
| | Parking | | | | | | |
| | Residential (Subterranean) | 262 | Spaces | $24,500 | /Space | 6,420,000 | |
| | Commercial (Subterranean) | 38 | Spaces | $31,500 | /Space | 1,205,000 | |
| | Building Shell | | | | | | |
| | Residential [3] | 171,200 | Sf GBA | $134 | /Sf | 22,943,000 | |
| | Commercial | 10,930 | Sf GBA | $121 | /Sf | 1,320,000 | |
| | Tenant Improvements | 10,930 | Sf GLA | $32 | /Sf | 344,000 | |
| | **Total Direct Costs** | **182,130** | **Sf GBA** | **$179** | /Sf | | **$32,673,000** |
| **II.** | **Indirect Costs** | | | | | | |
| | Architecture, Engineering & Consulting | 6.0% | Direct Costs | | | $1,960,000 | |
| | Public Permits & Fees [4] | | | | | | |
| | Residential | 119 | Units | $14,400 | /Unit | 1,714,000 | |
| | Commercial | 10,930 | Sf GBA | $9 | /Sf | 98,000 | |
| | Taxes, Legal & Accounting | 2.0% | Direct Costs | | | 653,000 | |
| | Insurance | | | | | | |
| | Residential | 119 | Units | $15,000 | /Unit | 1,785,000 | |
| | Commercial | 10,930 | Sf GBA | $5 | /Sf | 55,000 | |
| | Marketing/Leasing | | | | | | |
| | Residential Marketing | 119 | Units | $5,000 | /Unit | 595,000 | |
| | Residential Models | 2 | Models | $50,000 | /Model | 100,000 | |
| | Commercial Commissions | 10,930 | Sf GLA | $27 | /Sf | 297,000 | |
| | Development Management [5] | 3% | Revenues | | | 2,109,000 | |
| | Soft Cost Contingency Allowance | 5% | Other Indirect Costs | | | 363,000 | |
| | **Total Indirect Costs** | | | | | | **$9,729,000** |
| **III.** | **Financing/Closing Costs** | | | | | | |
| | Interest & Loan Origination Fees [6] | 75.0% | Financed | | | $5,585,000 | |
| | Resid Closing, Comm & Warranties [7] | 3.9% | Residential Revenues | | | 2,439,000 | |
| | **Total Financing/Closing Costs** | | | | | | **$8,024,000** |
| **IV.** | **Total Construction Costs** | **182,130** | **Sf GBA** | **$277** | **/Sf** | | **$50,426,000** |

1 These costs assume Type V with Subterranean Parking construction, a 5% direct cost contingency allowance; and assumes no prevailing wage requirements are imposed.
2 City staff should estimate this cost
3 Includes common area improvements and furniture, fixtures and equipment.
4 Estimated based on prior TIMS analysis and discussions with City staff.
5 Excludes Development Management
6 A 7.0% interest cost for debt; an 18 month construction period; a 12 unit/month absorption rate; 30% of the units are presold and close during first month after completion; and 2.0 points for loan origination fees.
7 See TABLE 2 for residential sales revenue estimates. Assumes 2.0% and 1.5% of residential sales revenues for commissions and closing costs, respectively. Also includes $2,000/unit for warranties.

TABLE 2

REVENUE PROJECTIONS
SITE 10 - DOWNTOWN COMMERCIAL
119 RESIDENTIAL OWNERSHIP UNITS & 10,930 SF OF RETAIL SPACE
DENSITY OF 62 UNITS / ACRE
TIMS VALUATION ANALYSIS
BURBANK, CALIFORNIA

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| I. | **Residential Sales Revenues** [1] | | | | | | |
| | Plan 1 -1-Bdrms - 1,000 Sf - Flat | 25 | Units | $454,000 | /Unit | $11,350,000 | |
| | Plan 2 -2-Bdrms - 1,100 Sf - Flat | 30 | Units | $488,000 | /Unit | 14,640,000 | |
| | Plan 3 -3-Bdrms - 1,300 Sf - Flat | 44 | Units | $554,000 | /Unit | 24,376,000 | |
| | Plan 4 -3-Bdrms - 1,500 Sf - Flat | 20 | Units | $625,000 | /Unit | 12,500,000 | |
| | Model Premium | 2 | Units | $15,000 | /Unit | 30,000 | |
| | **Total Residential Sales Revenues** | **119** | **Units** | **$528,500** | **/Unit** | | **$62,896,000** |
| II. | **Commercial Sales Revenues** [2] | **10,930** | **Sf GLA** | **$678** | **/Sf** | | **$7,413,000** |
| III. | **Total Project Sales Revenues** | | | | | | **$70,309,000** |

[1] Based on KMA market survey. Assumes sales prices ranging from $417 to $454/Sf, with a weighted average of $433/Sf.

[2] Assumes a $481,816 NOI and a 6.5% capitalization rate.

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 10 - DOWNTOWN COMMERCIAL**
**119 RESIDENTIAL OWNERSHIP UNITS & 10,930 SF OF RETAIL SPACE**
**DENSITY OF 62 UNITS / ACRE**
**TIMS VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| I. | **Sales Revenues** | See TABLE 2 | | **$70,309,000** |
| II. | **Development Costs** | | | |
| | Construction Costs | See TABLE 1 | $50,426,000 | |
| | Threshold Developer Profit | 15.0% Sales Revenues | 10,546,000 | |
| | **Total Development Costs** | | | **$60,972,000** |

| | | | | | | |
|---|---|---|---|---|---|---|
| III. | **Residual Land Value** | **119** | **Units** | **$78,500** | **/Unit** | **$9,337,000** |
| | | **83,951** | **Sf Land** | **$111** | **/Sf Land** | |

# APPENDIX D-11

## Site 10 – Burbank Center Plan

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN**
**PROPOSED USE - 125,927 SF OFFICE BUILDING AND 15,000 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 83,951 | Sf of Land | $5 | /Sf Land | 420,000 | |
| Parking Costs | | | | | | |
| Surface | 128 | Spaces | $1,500 | /Space | 191,000 | |
| Level B1 | 174 | Spaces | $20,000 | /Space | 3,484,000 | |
| Level B2 | 191 | Spaces | $30,000 | /Space | 5,742,000 | |
| Building Shell Costs | | | | | | |
| Office | 125,927 | Sf of GBA | $110 | /Sf GBA | 13,852,000 | |
| Retail | 15,000 | Sf of GBA | $110 | /Sf GBA | 1,650,000 | |
| Tenant Improvement Costs | | | | | | |
| Office | 123,094 | Sf of GLA | $30 | /Sf GLA | 3,778,000 | |
| Retail | 15,000 | Sf of GLA | $20 | /Sf GLA | 300,000 | |
| Contingency | 5% | of Other Direct Costs | | | 1,471,000 | |
| **Total Direct Costs** | 140,927 | Sf of GBA | $219 | /Sf GBA | | $30,888,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $1,853,000 | |
| Public Permits & Fees [3] | 140,927 | Sf of GBA | $9 | /Sf GBA | 1,268,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 618,000 | |
| Marketing | | | | | | |
| Leasing | 138,094 | Sf of GLA | $9 | /Sf GLA | 1,243,000 | |
| Development Management | 3% | of Direct Costs | | | 927,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 249,000 | |
| **Total Indirect Costs** | | | | | | 6,158,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $40,464,000 | Financed @ | 7.8% | Interest | $2,548,000 | |
| Loan Points & Fees | $43,518,000 | Supp. Value | 2.0 | Points | 870,000 | |
| **Total Financing Costs** | | | | | | 3,418,000 |
| **IV. Total Construction Costs** | 140,927 | Sf of GBA | $287 | /Sf GBA | | **$40,464,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN**
**PROPOSED USE - 125,927 SF OFFICE BUILDING AND 15,000 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | | | | |
| Office Income | 123,094 Sf GLA | $31 /Sf GLA | $3,841,000 | |
| Retail Income | 15,000 Sf GLA | $48 /Sf GLA | 720,000 | |
| Parking Income [2] | | | | |
| Covered Spaces | 403 Spaces | $82 /Sp./Mo. | 396,000 | |
| Uncovered Spaces | 82 Spaces | $82 /Sp./Mo. | 81,000 | |
| **Potential Gross Income** | | | $5,038,000 | |
| (Less) Vacancy & Collections | 5% PGI | | (252,000) | |
| **Effective Gross Income** | | | | $4,786,000 |
| **II. Operating Expenses** | | | | |
| Unreimb. Office Expenses | 123,094 Sf of GLA | $6.00 / Sf GLA | ($739,000) | |
| Parking Expense [3] | 366 Spaces | $500 /Space | (183,000) | |
| Management | 3% of EGI | | (144,000) | |
| Operating & Capital Reserves | 140,927 Sf of GBA | $0.15 / Sf GBA | (21,000) | |
| **Total Expenses** | | | | (1,087,000) |
| **III. Stabilized Net Operating Income** | | | | **$3,699,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Retail rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Rents equate to $2.60 and $4.00 for office and retail, respectively.

[2] Excludes retail spaces. Office spaces are rented at 110% of capacity; rates are a blend of reserved / unreserved spaces.

[3] Assumes parking expense for structured spaces only.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_Proposed; de 4/17/2007

TABLE 3

RESIDUAL LAND VALUE CALCULATION
SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN
PROPOSED USE - 125,927 SF OFFICE BUILDING AND 15,000 SF OF RETAIL
TIMS LAND VALUATION ANALYSIS
BURBANK, CALIFORNIA

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $3,699,000 | |
| Threshold Return on Investment [1] | | 8.5% | |
| Supportable Private Investment | | | $43,518,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $43,518,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (40,464,000) | |

| | | | | |
|---|---|---|---|---|
| III. **Residual Land Value** | | | | **$3,054,000** |
| | 83,951 Sf of Land | | $36 /Sf Land | |

[1] Represents a blended return on investment of 8.50% and 8.50% for office and retail respectively.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN**
**TIMS USE - 119,764 SF OFFICE BUILDING AND 14,266 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 83,951 | Sf of Land | $5 | /Sf Land | 420,000 | |
| Parking Costs | | | | | | |
| Surface Spaces | 127 | Spaces | $1,500 | /Space | 191,000 | |
| Level B1 | 174 | Spaces | $20,000 | /Space | 3,484,000 | |
| Level B2 | 168 | Spaces | $30,000 | /Space | 5,037,000 | |
| Building Shell Costs | | | | | | |
| Office | 119,764 | Sf of GBA | $110 | /Sf GBA | 13,174,000 | |
| Retail | 14,266 | Sf of GBA | $110 | /Sf GBA | 1,569,000 | |
| Tenant Improvement Costs | | | | | | |
| Office | 117,069 | Sf of GLA | $30 | /Sf GLA | 3,512,000 | |
| Retail | 14,266 | Sf of GLA | $20 | /Sf GLA | 285,000 | |
| Contingency | 5% | of Other Direct Costs | | | 1,384,000 | |
| **Total Direct Costs** | 134,030 | Sf of GBA | $217 | /Sf GBA | | $29,056,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $1,743,000 | |
| Public Permits & Fees [3] | 134,030 | Sf of GBA | $9 | /Sf GBA | 1,206,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 581,000 | |
| Marketing | | | | | | |
| Leasing | 131,335 | Sf of GLA | $9 | /Sf GLA | 1,182,000 | |
| Development Management | 3% | of Direct Costs | | | 872,000 | |
| Contingency [4] | 5% | of Other Direct Costs | | | 236,000 | |
| **Total Indirect Costs** | | | | | | 5,820,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [5] | $38,104,000 | Financed @ | 7.8% | Interest | $2,399,000 | |
| Loan Points & Fees | $41,435,000 | Supp. Value | 2.0 | Points | 829,000 | |
| **Total Financing Costs** | | | | | | 3,228,000 |
| IV. **Total Construction Costs** | 134,030 | Sf of GBA | $284 | /Sf GBA | | **$38,104,000** |

[1] Assumes prevailing wage payments are not required.
[2] City staff should estimate this cost.
[3] Estimated based on prior TIMS analysis and discussions with City staff.
[4] Excludes Development Management.
[5] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN**
**TIMS USE - 119,764 SF OFFICE BUILDING AND 14,266 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | |
|---|---|---|---|---|
| **I. Rental Income** | | | | |
| Base Rental Income [1] | | | | |
| Office Income | 117,069 Sf GLA | $31 /Sf GLA | $3,653,000 | |
| Retail Income | 14,266 Sf GLA | $48 /Sf GLA | 685,000 | |
| Parking Income [2] | | | | |
| Covered Spaces | 382 Spaces | $82 /Sp./Mo. | 376,000 | |
| Uncovered Spaces | 79 Spaces | $82 /Sp./Mo. | 78,000 | |
| **Potential Gross Income** | | | $4,792,000 | |
| (Less) Vacancy & Collections | 5% PGI | | (240,000) | |
| **Effective Gross Income** | | | | $4,552,000 |
| **II. Operating Expenses** | | | | |
| Unreimbursed Off. Expenses | 117,069 Sf of GLA | $6.00 / Sf GLA | ($702,000) | |
| Parking Expense [3] | 342 Spaces | $500 /Space | (171,000) | |
| Management | 3% of EGI | | (137,000) | |
| Operating & Capital Reserves | 134,030 Sf of GBA | $0.15 / Sf GBA | (20,000) | |
| **Total Expenses** | 134,030 Sf of GBA | $7.68 / Sf GBA | | (1,030,000) |
| **III. Stabilized Net Operating Income** | | | | **$3,522,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Retail rents are based on KMA Burbank retail survey and KMA's experience with similar projects. Rents equate to $2.60 and $4.00 per square foot per month for office and retail, respectively.

[2] Excludes retail spaces. Office spaces are rented at 110% of capacity; rates are a blended for reserved/unreserved spaces.

[3] Assumes parking expense for structured spaces only.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_TIMS; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 10 - DOWNTOWN COMMERCIAL - BURBANK CENTER PLAN**
**TIMS USE - 119,764 SF OFFICE BUILDING AND 14,266 SF OF RETAIL**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | |
|---|---|---|---|
| **I. Supportable Private Investment** | | | |
| Net Operating Income | See TABLE 2 | $3,522,000 | |
| Threshold Return on Investment [1] | | 8.5% | |
| Supportable Private Investment | | | $41,435,000 |
| **II. Residual Land Value Calculation** | | | |
| Supportable Private Investment | | $41,435,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (38,104,000) | |
| **III. Residual Land Value** | | | **$3,331,000** |
| 83,951 Sf of Land | $40 /Sf Land | | |

[1] Represents a blended return on investment of 8.50% and 8.50% for office and retail respectively.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 10_BCP_TIMS; de 4/17/2007

# APPENDIX D-12

## Site 11

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 120,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 117,023 | Sf of Land | $5 | /Sf Land | 585,000 | |
| Parking Costs [3] | 360 | Spaces | $10,200 | /Space | 3,672,000 | |
| Building Shell Costs | 120,000 | Sf of GBA | $110 | /Sf GBA | 13,200,000 | |
| Tenant Improvement Costs | 117,300 | Sf of GLA | $30 | /Sf GLA | 3,519,000 | |
| Contingency | 5% | of Other Direct Costs | | | 1,049,000 | |
| **Total Direct Costs** | 120,000 | Sf of GBA | | /Sf GBA | | $22,025,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $1,322,000 | |
| Public Permits & Fees [4] | 120,000 | Sf of GBA | $9 | /Sf GBA | 1,080,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 441,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 117,300 | Sf of GLA | $10 | /Sf GLA | 1,173,000 | |
| Development Management | 3% | of Direct Costs | | | 661,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 201,000 | |
| **Total Indirect Costs** | | | | | | 4,878,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $29,310,000 | Financed @ | 7.8% | Interest | $1,846,000 | |
| Loan Points & Fees | $28,047,000 | Supp. Value | 2.0 | Points | 561,000 | |
| **Total Financing Costs** | | | | | | 2,407,000 |
| **IV. Total Construction Costs** | 120,000 | Sf of GBA | $244 | /Sf GBA | | **$29,310,000** |

[1] Assumes prevailing wage payments are not required.
[2] Assumes to be estimated by City staff.
[3] Reflects a blended cost for surface and one level below grade of $1,500 and $20,000 respectively.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 15-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Proposed; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 120,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Rental Income** | | | | | | |
| Base Rental Income [1] | 117,300 | Sf of GLA | $27 | /Sf GLA | $3,167,000 | |
| Parking Income [2] | | | | | | |
| Covered Spaces | 186 | Spaces | $65 | /Space/Mo | 145,000 | |
| Uncovered Spaces | 210 | Spaces | $65 | /Space/Mo | 164,000 | |
| **Potential Gross Income** | | | | | $3,476,000 | |
| (Less) Vacancy & Collections | 5% | Potential Gross Income | | | (174,000) | |
| **Effective Gross Income** | | | | | | $3,302,000 |
| **II. Operating Expenses** | | | | | | |
| Unreimbursed Oper. Exp. | 117,300 | Sf of GLA | $6.00 | /Sf GLA | ($704,000) | |
| Parking Expenses [3] | 169 | Spaces | $500 | /Space | (85,000) | |
| Management | 3% | of EGI | | | (99,000) | |
| Operating & Capital Reserves | 120,000 | Sf of GBA | $0.25 | / Sf GBA | (30,000) | |
| **Total Expenses** | 120,000 | Sf of GBA | $7.65 | / Sf GBA | | (918,000) |
| **III. Stabilized Net Operating Income** | | | | | | **$2,384,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents equate to $2.25 per square foot per month.

[2] Assumes spaces are rented at 110% of capacity at a blended rate for covered and uncovered.

[3] Assumes parking expense for structured spaces only.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Proposed; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**PROPOSED USE - 120,000 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | | |
|---|---|---|---|---|
| Net Operating Income | | See TABLE 2 | $2,384,000 | |
| Threshold Return on Investment | | | 8.5% | |
| Supportable Private Investment | | | | $28,047,000 |

II. **Residual Land Value Calculation**

| | | | | |
|---|---|---|---|---|
| Supportable Private Investment | | | $28,047,000 | |
| (Less) Total Construction Costs | | See TABLE 1 | (29,310,000) | |
| III. **Residual Land Value** | | | | **($1,263,000)** |
| | 117,023 | Sf of Land | ($11) /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Proposed; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 37,644 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| On Site Improvements | 117,023 | Sf of Land | $5 | /Sf Land | 585,000 | |
| Parking Costs [3] | 113 | Spaces | $1,500 | /Space | 170,000 | |
| Building Shell Costs | 37,644 | Sf of GBA | $80 | /Sf GBA | 3,012,000 | |
| Tenant Improvement Costs | 36,797 | Sf of GLA | $20 | /Sf GLA | 736,000 | |
| Contingency | 5% | of Other Direct Costs | | | 225,000 | |
| **Total Direct Costs** | 37,644 | Sf of GBA | | /Sf GBA | | $4,728,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $284,000 | |
| Public Permits & Fees [4] | 37,644 | Sf of GBA | $6 | /Sf GBA | 226,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 95,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 36,797 | Sf of GLA | $8 | /Sf GLA | 294,000 | |
| Development Management | 3% | of Direct Costs | | | 142,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 45,000 | |
| **Total Indirect Costs** | | | | | | 1,086,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $6,239,000 | Financed @ | 7.8% | Interest | $262,000 | |
| Loan Points & Fees | $8,158,000 | Supp. Value | 2.0 | Points | 163,000 | |
| **Total Financing Costs** | | | | | | 425,000 |
| IV. **Total Construction Costs** | 37,644 | Sf of GBA | $166 | /Sf GBA | | **$6,239,000** |

[1] Assumes prevailing wage payments are not required.
[2] To be estimated by City staff.
[3] Assumes surface parking.
[4] Estimated based on prior TIMS analysis and discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_TIMS; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 37,644 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I.** | **Rental Income** | | | | | |
| | Base Rental Income [1] | 36,797 | Sf of GLA | $24 /Sf GLA | $883,000 | |
| | Parking Income | 124 | Spaces | $65 /Space/Mo | 97,000 | |
| | **Potential Gross Income** | | | | $980,000 | |
| | (Less) Vacancy & Collections | 5% | Potential Gross Income | | (49,000) | |
| | **Effective Gross Income** | | | | | $931,000 |
| **II.** | **Operating Expenses** | | | | | |
| | Unreimbursed Office Exps. | 36,797 | Sf of GLA | $6.00 / Sf GLA | ($221,000) | |
| | Management | 3% | of EGI | | (28,000) | |
| | Operating & Capital Reserves | 37,644 | Sf of GBA | $0.25 / Sf GBA | (9,000) | |
| | **Total Expenses** | | | | | (258,000) |
| **III.** | **Stabilized Net Operating Income** | | | | | **$673,000** |

[1] Based on KMA Burbank office rent survey, October 2006 and Tri Cities Office Market Report, Colliers International, 3Q/06; CBRE MarketView, Los Angeles Office, 3Q/06; interviews with real estate leasing broker. Rents equate to $2.00 per square foot per month based on $2.25 less 10% for smaller building.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_TIMS; de 4/17/2007

TABLE 3

**RESIDUAL LAND VALUE CALCULATION**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**TIMS USE - 37,644 SF OFFICE BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

I. **Supportable Private Investment**

| | | | |
|---|---|---|---|
| Net Operating Income | See TABLE 2 | $673,000 | |
| Threshold Return on Investment | | 8.25% | |
| Supportable Private Investment | | | $8,158,000 |

II. **Residual Land Value Calculation**

| | | | |
|---|---|---|---|
| Supportable Private Investment | | $8,158,000 | |
| (Less) Total Construction Costs | See TABLE 1 | (6,239,000) | |

III. **Residual Land Value** **$1,919,000**

117,023 Sf of Land $16 /Sf Land

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_TIMS; de 4/17/2007

TABLE 1

**ESTIMATED CONSTRUCTION COSTS**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 57,200 SF LIGHT INDUSTRIAL BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | | |
|---|---|---|---|---|---|---|
| **I. Direct Costs** [1] | | | | | | |
| Off Site Improvements [2] | | Allowance | | | $0 | |
| Parking Costs | 114 | Spaces | $1,500 | /Space | 171,000 | |
| Building Shell Costs | 57,200 | Sf of GBA | $50 | /Sf GBA | 2,860,000 | |
| Tenant Improvement Costs | 5,720 | Sf of GLA | $15 | /Sf GLA | 86,000 | |
| Contingency | 5% | of Other Direct Costs | | | 156,000 | |
| **Total Direct Costs** | 57,200 | Sf of GBA | $57 | /Sf GBA | | $3,273,000 |
| **II. Indirect Costs** | | | | | | |
| Arch., Eng. & Consulting | 6% | of Direct Costs | | | $196,000 | |
| Public Permits & Fees [4] | 57,200 | Sf of GBA | $6 | /Sf GBA | 343,000 | |
| Taxes, Ins., Legal & Acctng. | 2% | of Direct Costs | | | 65,000 | |
| Marketing | | | | | | |
| Leasing Commissions | 57,200 | Sf of GLA | $4 | /Sf GLA | 229,000 | |
| Development Management | 3% | of Direct Costs | | | 98,000 | |
| Contingency [5] | 5% | of Other Direct Costs | | | 42,000 | |
| **Total Indirect Costs** | | | | | | 973,000 |
| **III. Financing Costs** | | | | | | |
| Construction Loan [6] | $4,620,000 | Financed @ | 7.8% | Interest | $194,000 | |
| Loan Points & Fees | $9,013,000 | Supp. Value | 2.0 | Points | 180,000 | |
| **Total Financing Costs** | | | | | | 374,000 |
| **IV. Total Construction Costs** | 57,200 | Sf of GBA | $81 | /Sf GBA | | **$4,620,000** |

[1] Assumes prevailing wage payments are not required.
[2] To be estimated by City staff.
[3] Assumes surface parking.
[4] Estimated based on discussions with City staff.
[5] Excludes Development Management.
[6] Assumes a 10-month construction period and an average outstanding loan balance of 65%.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Alt.; de 4/17/2007

TABLE 2

**ESTIMATED STABILIZED NET OPERATING INCOME**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 57,200 SF LIGHT INDUSTRIAL BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I.** | **Rental Income** | | | | |
| | Base Rental Income [1] | 57,200 Sf of GLA | $14 /Sf GLA | $789,000 | |
| | **Potential Gross Income** | | | $789,000 | |
| | (Less) Vacancy & Collections | 5% Potential Gross Income | | (39,000) | |
| | **Effective Gross Income** | | | | $750,000 |
| **II.** | **Operating Expenses** | | | | |
| | Management | 3% of EGI | | ($23,000) | |
| | Operating & Capital Reserves | 57,200 Sf of GBA | $0.10 / Sf GBA | (6,000) | |
| | **Total Expenses** | | | | (29,000) |
| **III.** | **Stabilized Net Operating Income** | | | | **$721,000** |

[1] Based on KMA's Burbank industrial rent survey and the San Fernando Valley & Ventura County Industrial Market Report, Colliers International, 2Q/06. Rents equate to $1.15 per square foot per month.

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Alt.; de 4/17/2007

**TABLE 3**

**RESIDUAL LAND VALUE CALCULATION**
**SITE 11 - MIXED COMMERCIAL / INDUSTRIAL**
**ALTERNATIVE TIMS USE - 57,200 SF LIGHT INDUSTRIAL BUILDING**
**TIMS LAND VALUATION ANALYSIS**
**BURBANK, CALIFORNIA**

| | | | | | |
|---|---|---|---|---|---|
| **I.** | **Supportable Private Investment** | | | | |
| | Net Operating Income | | See TABLE 2 | $721,000 | |
| | Threshold Return on Investment | | | 8.0% | |
| | Supportable Private Investment | | | | $9,013,000 |
| **II.** | **Residual Land Value Calculation** | | | | |
| | Supportable Private Investment | | | $9,013,000 | |
| | (Less) Total Construction Costs | | See TABLE 1 | (4,620,000) | |
| **III.** | **Residual Land Value** | | | | **$4,393,000** |
| | | 117,023 | Sf of Land | $38 /Sf Land | |

Prepared by: Keyser Marston Associates, Inc.
File name: TIMS Analysis; Site 11_Alt.; de 4/17/2007

# Cusumano Real Estate Group

October 21, 2011

Via Hand Delivery

Mr. Michael Forbes
Ms. Tracy Steinkruger
Planning Division
City of Burbank
275 E. Olive Avenue
Burbank, CA 91502

PLANNING DIVISION
2011 OCT 21 P 1:01

Re: Burbank 2035 Plan

Dear Michael &Tracy:

Thank you for your letter of September 27, 2011. For the most part, we believe that your suggested revisions to the details of the Burbank 2035 Plan are well considered. There is, however, one major issue requiring further consideration, and in our opinion, further revision. The major concern is how the plan proposes to address FAR limits and dwelling units per acre calculations in mixed use projects. After reviewing your most recent letter, this concern is now not only related to mixed use projects, but to residential only projects in non-residentially zoned areas.

Firstly, there are no FAR density limits in the community with the exception of the Media District. In the Media District, the FAR limits are OEFAR adjusted, so there are actually no strict FAR limits in the community now. So the proposed FAR limits city wide equate to a massive down zoning of the entire City. When we initially reviewed the draft plans, it was our assumption the dwelling units per acre limits and FAR limits were additive and not parallel because such an approach would strongly discourage mixed use projects, which we all agree are more urban and traffic friendly than single use projects. Secondly, we did not believe any recommendation would be made to establish density restrictions so severe as to effectively preclude virtually any new development within the city; and, if in place currently, would have not allowed any of the most recently considered projects to be developed. Further, the impact of the draft provisions, if enacted, would be a major departure from and would effectively re-write the Media District and Downtown Specific Plan.

For example, the Burbank Media Diamond Site (the prior Platt site which we now own) consists of approximately 3.6 acres of land in the Burbank Media Area. In 2006 the City approved a 220 unit mixed use development for the site consisting of 501,462 square feet of residential and commercial uses and is strictly compliant with the MDSP. The plan was

meticulously reviewed under the required discretionary approval process by the Planning Board and City Council, and since the City Council subsequently approved the plan, it is presumed it was and is the type of project the City seeks to promote. However, under the proposed Burbank 2035 guidelines, development of the site would be reduced from 501,462 square feet to a maximum permitted size of 172,497 gross square feet, or a reduction in density by a staggering 2/3rds under your scenario, as the previously approved and MDSP compliant project would exceed the newly permitted development constraints by nearly 300%.



In a similar situation, consider the Burbank Eco Village Project proposed by my firm for the development on the corner of Verdugo and South San Fernando. The project was proposed to be the first LEED certified residential project built in the City and would be a transit oriented, affordable project catering to the middle and lower income households of Burbank residents . The design was well received by staff as it relates to land use and density, and was comprised of 96 units and ground level commercial space totaling 82,520 square feet on a site of 41,125, producing an FAR density that exceeds 2. Under the proposed guidelines, the project could not be built, as the density would exceed the permitted FAR density by more than 60%

One of the wonderful things about creating a new general plan is that it can and should be especially tailored to the needs, goals and objectives of our community. One of the objectives promoted for future development in Burbank and around the world is the future developments of well thought out "mixed use" development which is traffic sensitive. The concept is, of course, develop a project that has, say, a "Fresh and Easy" market, a bank branch, a Starbucks and a restaurant on the ground level, and maybe, some office space on the second floor, with housing above that creating a synergistic environment where a resident can live and work in the same neighborhood or even the same building and get by without having to use a car. In spite of our desire to promote mixed use development, the draft of the Burbank 2035 Plan precludes this opportunity for most of the community. For example, the one acre site in the South San Fernando area cited as an example in your letter is a prime example of why this methodology won't work because of its restrictiveness. Another example - the Senior Artist Colony is 141 units comprising 125,355 square feet on 1.45 acres. This is a density of 97 units per acre (twice what the proposed code would permit) with an FAR of 2.00, vs. the 43 units per acre and 1.25 FAR as proposed.

A similar impact would have precluded the development of the Olive Court Senior Apartments at 1100 East Olive Avenue. The Olive Court Senior Apartments provide affordable senior housing predominantly to Burbank residents, and provides affordability to low income and very low income senior households. The project has had a waiting list since the day it opened and offers a truly outstanding quality of life for active, lower income,

senior citizens. However, the project is comprised of 163 units in 125,374 square feet of housing on a 50,340 square foot (1.16 acre) site. Under the proposed guidelines, this commercial corridor site would be limited to 31 units (27 units to the acre) and 50,340 gross square feet making the existing project 526% larger than the proposed guide lines would allow. This makes no sense. This project was developed under a Disposition and Development Agreement with the Agency. The Agency Board had complete control over the project and could have selected ANY size project they wanted, and they decided this density and configuration was the best possible use for the site. Why would we consider a General Plan that absolutely precludes such a project. And, why is such a use deemed undesirable when it provides so much tangible benefit to our residents, with no negative impacts whatsoever. Has anyone EVER complained about this project or indicated it was anything other than a great project? I could go on and on and cite other outstanding projects that would not be permitted under the proposed plan, but I think the point is made.

The question this all leads to is this: when there are no FAR limits in the entire city of Burbank, why would we consider such restrictive FAR limits to essentially make redevelopment impossible? And, why would we contemplate FAR levels that are so low, compared to comparable cities who routinely adopt much more mainstream density restrictions? The Broadway Center District of Downtown Glendale plan has an FAR limit of 7.0; the proposed Burbank 2035 Plan has FAR limits that range from 0.75 to 2.50. The City staff uses the regional real estate data to gauge Burbank's standing as it relates to vacancy and lease rates. The limits contemplated in this plan will send Burbank into a downward spiral competitively. The economic impact to this City will be devastating and the service levels the citizens of Burbank are accustomed to will be harmed enormously.

Of course, the follow up question is, who is driving this plan and these levels of restrictions? From our understanding, it is not the Council who is calling for a massive City wide "down zoning." We don't see many residents storming the Council meetings calling for this. The business community certainly does not want a massive down zoning, and it doesn't make any sense staff would be supporting this as it will put most of Community Development Department out of work. Is it "consultant driven"? If so, we need to intensely look at the potential impacts this plan will likely have on the community's "long term" outcomes and make changes to the plan that more clearly provides for the type of projects we want to attract to our community. Can we get together again to address these concerns?

Best regards,

Michael Cusumano

**COMMUNITY DEVELOPMENT DEPARTMENT**
150 North Third Street * P.O. Box 6459 * Burbank, California * 91510
www.burbankusa.com

October 24, 2011

Michael Cusumano
Cusumano Real Estate Group
101 S. First Street, Suite 400
Burbank, California 91502

**Via electronic mail**

**Re: Burbank2035 General Plan**

Dear Michael:

Thank you for your letter dated October 21, 2011 in response to my letter of September 27, 2011. We are providing an immediate response to your letter and in turn request the same, for reasons discussed below. Further, the City Council will have the benefit of reading your letter and staff's response prior to their October 25th meeting at which time they will receive a report on the public input received for Burbank2035. The intent of the meeting on the 25th is not to discuss the substance of our conversation, but just to make the Council aware of the input we have received from the public and our continuing discussion.

Your letter indicates that your primary outstanding concern is the presence and/or application of Floor Area Ratios (FARs) as limits on building intensity. The addition of the FARs is intended to satisfy California General Plan law, which requires that:

> The land use element shall include a statement of the standards of population density and building intensity recommended for the various districts and other territory covered by the plan. (California Government Code Section 65302(a))

As you know, the 2008 draft of the General Plan included OE-FARs, which would have limited building intensity based on traffic impacts, to satisfy this requirement. However, it was the assessment of the City's consultant AECOM that the intent and spirit of this requirement would be better fulfilled through the use of traditional FARs, which are commonly used in General Plans throughout the state. After further consideration, staff concurred and added traditional FARs to limit building intensity. OE-FARs were retained to assess cumulative traffic impacts, consistent with previous direction from the City Council.

Given the above, staff will continue to recommend that traditional FARs be included in the General Plan in addition to OE-FARs. The issue then becomes the application of the FARs to 1) mixed-use projects and 2) residential projects (in non-residential areas). Staff believes there are three possible approaches to applying FAR limits to the residential portion of mixed-use projects and to residential projects:

1. Include the residential square footage in the FAR. This would limit the number of units and the total residential square footage. (This is staff's currently recommended approach.)

2. Do not include the residential square footage in the FAR. This would limit the number of units but not the size. The FAR would still apply to the non-residential square footage in mixed-use projects.

3. Include only a percentage of the residential square footage in the FAR. This would also limit both the number of units and the residential square footage, but would allow more residential square footage than option 1.

Staff seeks input from you on which of these options you believe is most appropriate for inclusion in the General Plan. Based on your previous input, we suspect that you will prefer option 2. However, we also would like your input on the other two options. Specifically:

- Regarding option 1, what FAR limits do you believe would be appropriate for each land use designation to accommodate residential and mixed-use development? It is apparent that you believe the currently proposed limits are too low, at least for some areas of the City. Staff seeks input on what limits you believe strike the best balance between facilitating residential and mixed-use development while preserving community character. Please be specific.

- Regarding option 2, do you believe that increased FAR limits would still be warranted, and if so, what FARs would you propose for each land use designation?

- Regarding option 3, what reduced rate do you believe would be appropriate to apply to residential square footage (e.g. 75 percent, 50 percent, etc.)? Further, do you believe that increased FAR limits would still be warranted if such a reduction were applied, or would the currently proposed FAR limits be acceptable?

In considering your input on the above options, please take into consideration the proposed General Plan policies that would allow FAR and density limits to be exceeded for exceptional projects, as well as incentives that are available under state density bonus law for projects providing affordable and/or senior housing. Without responding specifically to each of the example projects that you mention, staff continues to believe that the proposed FAR and density limits (per the September 27th letter) are reflective of past City Council direction and community sentiment regarding both long range plans and individual development projects.

Staff is in the process of revising the preliminary draft of Burbank2035 to incorporate the comments received during the public outreach period. We would like to resolve this FAR issue so that staff's final recommendation of the FAR limits and how they are applied is included. On December 13th we intend to take the next draft of Burbank2035 to the City Council. What the City Council endorses at that time is what will be analyzed in the Environmental Impact Report. As such, staff would appreciate a response to the questions raised in this letter no later than Tuesday, November 1st.

On behalf of Ms. Steinkruger and myself, I would like to thank you and your colleagues at the Chamber of Commerce in advance for your quick response. The input and discussion with the Chamber of Commerce has been extremely helpful to staff in developing Burbank2035.

Sincerely,
Community Development Department

Michael D. Forbes
Assistant Community Development Director / City Planner

# Cusumano Real Estate Group

October 28, 2011

Mr. Michael Forbes
Planning Division
City of Burbank
275 East Olive Avenue
Burbank, CA 91502

Re: Burbank 2035 Plan

Dear Michael:

In an effort to keep our dialogue moving along, and in the interest of the time frames that you proposed, we wanted to directly respond to your specific inquiries of October 24. As a preface, we wanted to respond to the California Government Code Section that you quote. Nowhere in that section is "Floor Area Ratio" or "FAR" ever mentioned. Rather standards of "population density and building intensity" are referenced and would seem to infer the validity independent two measures of density to us, i.e., density in units per acre for residential uses and FAR ratios for commercial uses, as we suggest. In any event, please consider:

FAR Limit Format

Of the three options that you outlined, yes, our Chamber committee would strongly favor option 2, whereby residential square footage would not be included in the FAR calculation. The density per acre would apply to the residential portion and the FAR limits would apply to the commercial component. We understand your suggestion that all uses need to be included in the FAR calculation, but disagree. Strictly residential densities (R-3, R-4, etc.) do not take into consideration the FAR, so it doesn't make sense to us to include an FAR density calculation for residential uses simply because they are in commercial zones. Further, we believe that the methodology that we propose is more consistent with California Government Code section 65302 inasmuch as both population density and building intensity are considered. Further, we have reviewed the California Government Code and were unable to find a requirement that FAR be the basis for the general plan, or any suggestion expressed or implied, that the format that we suggest is less than appropriate.

The second thought that we have is, what is objectionable to staff about the format that we suggest (option 2) wherein residential density will be constrained by density per acre and the commercial component by FAR? In my last letter, I described how the staff suggestion (option 1) would not work and how projects like the Senior Artist Colony and Olive Court Senior Apartments could not be built. What would the downside of option 2 be? It would encourage projects like the Senior Artist Colony, Citywalk and The Collection to be built in areas of South San Fernando; is this bad? It would encourage

101 South First Street, Suite 400 Burbank, California 91502 telephone (818) 841-5800 telefax (818) 845-8945

rather than discourage mixed projects; is this bad? Would it encourage larger, more expensive units? Yes. Is that bad? Would it encourage runaway or irresponsible development? No, it is on its face much more restrictive that the General Plan that has been in place for decades, so that can't be the case. What I would like to identify is what is the downside to this, and I can't come up with any.

To respond to your second set of questions, please note:

1) Option 1: if Option 1 was to be adopted, we would suggest that the FAR density limits would have to be revised per the Option 1 column of the chart below (which would still be a fraction of the permitted density of our surrounding neighbors).
2) Option 2: if Option 2 was to be adopted, we would suggest that the FAR density limits as previously proposed and revised by staff could be acceptable.
3) Option 3: if Option 3 was to be adopted, we would suggest that the residential densities be calculated at a 30% density as commercial uses, with minor changes to the staff recommended FAR limits, in column option 3 below.

| | Staff Recommendation' Residential Density | Staff Recommendation' Commercial Density | Option 1 FAR Suggestion | Option 3 FAR Suggestion |
|---|---|---|---|---|
| Low Density Residential | 0-14 units per acre | not permitted | | |
| Medium Density Residential | 14-29 units per acre | not permitted | | |
| High Density Residential | 29-43 units per acre | not permitted | | |
| Corridor Commercial - adjacent to residential | 27 units per acre | 1.0 FAR | 2.0 FAR | 1.25 FAR |
| Corridor Commercial -not adjacent to residential | 43 units per acre | 1.0 FAR | 2.0 FAR | 1.25 FAR |
| Regional Commercial | 58 units per acre | 1.25 FAR | 2.0 FAR | 1.5 FAR |
| Downtown Commercial | 58 units per acre | 2.50 FAR | 3.5 FAR | 2.5 FAR |
| South San Fernando Commercial | 43 units per acre | 1.25 FAR | 2.0 FAR | 1.5 FAR |
| North Victory Commercial/Industrial | 27 units per acre | 1.0 FAR | 2.0 FAR | 1.25 FAR |
| Rancho Neighborhood | 27 units per acre | 0.75 FAR | 0.75 FAR | 0.75 FAR |
| Media District Commercial | 58 units per acre | 1.10 FAR | 3.0 FAR | 1.6 FAR |
| Golden State Commercial/Industrial | None | 1.25 FAR | 2.0 FAR | 1.5 FAR |
| Industrial | 27 units per acre | 0.75 FAR | 2.0 FAR | 1.25 FAR |

Michael, I think that any of the options that we have expressed above would have the effect of providing the restraints to growth that staff is seeking while still providing for the development of mixed use and residential projects in commercial areas that we think is important to sustain the long term economic viability of the community. Our Chamber committee looks forward to meeting with you to review these ideas.

Best Regards,

Michael A. Cusumano

October 31, 2011

Tracy Steinkruger
Senior Planner
Community Development Department
City of Burbank
150 North Third Street
Burbank, CA 91502

Dear Tracy:

We understand that the City of Burbank is trying to bring closure to its General Plan Update process, and in that regard, the Burbank-Glendale-Pasadena Airport Authority was afforded the opportunity to meet with City staff and consultants to review the City's proposed Noise Element for the Burbank 2035 General Plan. We appreciate the City's efforts to include the Authority in a review of the Noise Element.

As you know, the Authority staff and City staff met in early October to identify key provisions of the Noise Element and to discuss any issues of concern to each entity. At that meeting, we noted a concern about the noise exposure limits for residential uses and indicated that we would provide comments to the City regarding that provision and other provisions by the City's requested deadline of October 14, 2011.

As we undertook our review of the noise exposure limits for residential uses, we also reviewed all other sections of the Element and noted only a few additional items for the City's consideration. The issues and potential solutions to them were then vetted internally and with outside consultants so as to come up with comments and suggested recommendations to address our comments. The Authority did not want to just raise comments and concerns but to also propose solutions. That process took a couple of weeks longer than we had initially anticipated and we appreciate the City's patience in that regard. We have now completed that process and have enclosed a list of comments and suggestions for revision to the proposed Noise Element.

If you have any questions or would like to discuss our comments, please do not hesitate to contact me.

Very truly yours,

Dan Feger
Executive Director

Enclosure

cc: Michael Flad, City Manager
Greg Hermann, Community Development Director
Michael Forbes, Assistant Community Development Director/City Planner

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**Comments from Airport Authority to the Draft Noise Element of the Burbank 2035 General Plan**

**(1) Comments on Goal 5 Aircraft Noise (page 5-4):**

Proposed Policy No. 5.1 under Goal No. 5 on page 5-4 is neither accurate nor appropriate. First, this Policy is new to this Element and is not a continuation of existing policy from the 1992 Noise Element. By imposing this new and more stringent standard on Authority actions and projects, this proposed Policy conflicts with Sections 3.1 and 3.4 of the Development Agreement between the City and the Authority. Second, it implies that the Los Angeles County Airport Land Use Commission has some power to review, recommend or impose a curfew. The implementation of a curfew by a local agency is preempted by federal law and therefore the Los Angeles County Airport Land Use Commission has no authority over the subject of curfews. Third, the Airport Authority has exhausted its remedies under current law to legally seek imposition of a mandatory curfew at Bob Hope Airport. The Authority has already unsuccessfully sought implementation of a mandatory curfew through the Part 161 process. For all these reasons and because Policy 5.1 conflicts with Sections 3.1 and 3.4 of the Development Agreement between the City of Burbank and the Burbank-Glendale-Pasadena Airport Authority, Policy 5.1 should be deleted.

**(2) Comments on Table N-3 - 60 versus 65 dBA CNEL for exterior spaces in residential areas:**

The Authority notes that the proposed Noise Element states on page 5-7: "Noise exposure limits for land use compatibility are generally established at 60 dBA CNEL/$L_{dn}$ for exterior spaces in most sensitive land use designations (e.g. single-family residential, nursing homes, hospitals)." We also note that proposed Table N-3 – Maximum Allowable Noise Exposure – Transportation Sources, provides a 60 dBA CNEL/$L_{dn}$ maximum allowable noise exposure limit for single-family residential uses.

We further note that the existing 1992 Noise Element (Figure No. 3) provides that single-family, multifamily and duplex uses are permitted to have an exterior noise limit of up to 65 CNEL dB. Thus, proposed Table N-3 is more restrictive than existing Figure 3 with respect to the requirements on single-family residential uses. The 1992 Noise Element included the following standard for noise from the Airport: "Any actions that increase the level of noise throughout the adjacent area beyond the presently defined projected 2000 noise impact boundary indentified in the FAR Part 150 Noise Compatibility Program, Volume 2, for the airport will be discouraged." (Noise Policy No. 5, page 25 of 1992 Noise Element.) The proposed Table N-3 imposes a more stringent noise standard on the Airport than was in place in 1992 and when the Development Agreement became effective.

The Authority understands and does not object to the imposition of this standard on developers of single-family residential units. However, the Authority is concerned that this requirement could be applied to aircraft operations, Airport Authority actions, and construction projects at the Bob Hope Airport that otherwise could increase the noise contour boundary within which the Authority is obligated to provide noise insulation or other measures to meet the 60 dBA CNEL/$L_{dn}$ standard.

Further, the Authority also is concerned that by lowering the permitted noise threshold and increasing the noise contour impact area around the airport, new risk and liability could be incurred by the Airport for nuisance damages similar to those addressed by the court in *Baker v. Burbank-Glendale-Pasadena Airport Authority*, 39 Cal.3d 862 (1985).

**(3) Authority proposed changes to the draft Noise Element:**

After the deletion of Policy No. 5.1 and the renumbering of Policies 5.2 and 5.3 accordingly, we also recommend a paragraph or footnote be added to the proposed Noise Element that reads:

"None of the additions, deletions, or modifications to the 1992 Noise Element that are contained in the Burbank 2035 Noise Element shall be applicable to the projects, actions or operations of the Burbank-Glendale-Pasadena Airport Authority and/or the Bob Hope Airport."

**COMMUNITY DEVELOPMENT DEPARTMENT**
150 North Third Street * P.O. Box 6459 * Burbank, California * 91510
www.burbankusa.com

November 7, 2011

Michael Cusumano
Cusumano Real Estate Group
101 S. First Street, Suite 400
Burbank, California 91502

**Via electronic mail**

**Re: Burbank2035 General Plan**

Dear Michael:

Thank you for your letter dated October 28, 2011 and your ongoing conversation with us regarding the Burbank2035 General Plan. In response your latest letter, staff further discussed the application of Floor Area Ratios (FARs) internally and with our consultant AECOM. After further consideration, we concur with your recommendation that FAR limits be applied only to non-residential square footage, and not to residential square footage. Residential projects and residential portions of mixed-use projects would be regulated by dwelling units per acre, and non-residential square footage would be regulated separately by FAR. The following table summarizes the application of FAR and residential densities:

| | Residential Project | Non-Residential Project | Mixed-Use Project |
|---|---|---|---|
| **Residential Land Use Designation** | Dwelling units per acre | To be determined on an individual basis | To be determined on an individual basis |
| **Non-Residential Land Use Designation** | Dwelling units per acre | FAR | FAR for non-residential square footage; dwelling units per acre for residential units |

As we have discussed previously, Office Equivalent Floor Area Ratio (OE-FAR) would continue to be applied to residential, non-residential, and mixed-use projects in non-residential land use designations as a threshold for cumulative traffic and environmental impact analysis.

The following table shows the final proposed densities and FAR limits for each land use designation as proposed by staff. Please note that these numbers include changes discussed in my first letter dated September 27 and differ from some of the numbers that you included in your October 28 letter.

| Land Use Designation | Dwelling Units Per Acre | Maximum Floor Area Ratio |
|---|---|---|
| Low Density Residential | 0-14 | NA |
| Medium Density Residential | 14-29 | NA |
| High Density Residential | 29-43 | NA |
| Corridor Commercial | 0-27 | 1.0 |
| Regional Commercial | 0-58 | 1.25 |
| Downtown Commercial | 0-87 | 2.5 |
| South San Fernando Commercial | 0-43 | 1.25 |
| North Victory Commercial/ Industrial | 0-27 | 1.0 |
| Rancho Commercial | 0-27 | 0.75 |
| Media District Commercial | 0-58 | 1.1 |
| Golden State Commercial/Industrial | 0-27 | 1.25 |
| Open Space | NA | NA |
| Institutional | NA | NA |
| Airport | NA | NA |

Thank you again for all of your help and input on the creation of Burbank2035. We look forward to your input on the next draft, which will be released for public review by December 1. Staff will be returning to the City Council on December 13 to seek direction to move forward with the Environmental Impact Report based on the forthcoming draft.

Sincerely,
Community Development Department

Michael D. Forbes
Assistant Community Development Director / City Planner

November 15, 2011

Michael Forbes
Assistant Community Development Director/City Planner
Community Development Department
City of Burbank
150 North Third Street
Burbank, CA 91502

Re: Revisions to Noise Element of Burbank 2035 General Plan

Dear Michael,

As a follow-up to our meetings and discussions on the proposed Noise Element of the Burbank 2035 General Plan, enclosed is our recommended solution to the proposed Noise Element's allowable noise exposure for single-family homes.

By way of background, and as you know, the Authority and the City are currently engaged in a program to develop a consensus-based future vision of the Airport. That process formally began with the extension of the Development Agreement. Its implementation commenced with the awarding of a contract to Goodwin to begin the community opinion survey process. As we indicated previously, the Authority is concerned that this collaborative process is in jeopardy due to the draft language in the City's proposed Noise Element of the Burbank 2035 General Plan and that potential adverse effects on the Airport will likely occur if certain language in that document is not further modified as recommended by the Authority.

Specifically, the Authority is concerned about the City's proposed change in the allowable noise exposure for single family homes. In the current 1992 Noise Element, which is the General Plan standard applicable to the Authority pursuant to the Authority's vested rights under the recently extended Development Agreement, the allowable noise exposure for single family homes is 65 decibels measured through the Community Noise Equivalent Level (CNEL) metric. That standard is consistent with both federal and state law, and is a cornerstone of the Authority's acoustical treatment program, as well as established judicial precedent (the so-called "*Baker Case*"; *See Baker v. Burbank-Glendale-Pasadena Airport Authority,* 39 Cal.3rd 862 (1985)). The City now proposes to lower that standard to 60 decibels without providing a clear exception critical to the Authority's operations. Specifically, the Authority objects to that change in the standard without inclusion of a clear exception for the Authority.

It is the Authority's position that because of the vested rights provision of Section 3.1 of the Development Agreement, the City is prohibited from implementing changes in regulations that interfere with the permitted uses of the property and its operations.

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In addition, prohibiting developers from building single family residences in areas where noise impacts from the Airport exceed 60 decibels could potentially expose the Authority to unintended litigation. Similarly, creating a new noise contour of compatible noise potentially exposes the Authority to a new round of homeowner lawsuits, in which the Authority would probably prevail, but only after the expenditure of substantial litigation costs over a considerable length of time.

Airport Staff has previously suggested language that could be inserted into the proposed General Plan that would clearly state that the changes in the General Plan do not apply to the projects, actions or operations of the Authority or the Airport. The City's subsequent and revised version of that language leaves open the possibility of changing the standard if such change was found to be consistent with state or federal law. The attachment represents the Authority's current suggested language, including a strikeout of the City staff-added language, and a further explanation of why the Authority believes its suggested language is appropriate.

The recommended solution shown on the enclosed page is an equitable solution that will not expose the Authority to new potential litigation and excessive liability risk and which will continue to foster the strong partnership that the Authority and the City have built over the last several years, and is aimed at finding a consensus-based solution to the future of the Airport that will balance noise and environmental impacts with the need for a viable important public transportation resource.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Dan Feger
Executive Director

Enclosure:

cc: Mike Flad, City Manager
Amy Albano, City Attorney
Greg Hermann, Community Development Director
Mary Riley, Assistant City Attorney
Peter Kirsch, Esq.

**Proposed Response to City of Burbank on Proposed Paragraph for inclusion in Burbank 2035 Noise Element:**

We propose modifying the City's proposed added paragraph as follows:

"The noise exposure limits in Table N-3 and elsewhere in this Noise Element are not applicable to the projects, actions, or operations of the Burbank-Glendale-Pasadena Airport Authority and/or the Bob Hope Airport. ~~to the extent that they conflict with federal or state laws governing aircraft noise mitigation.~~"

**Explanation:**

The insertion of the first clause is required to address the textual language on page 5-7 of the proposed Noise Element because that page of the Noise Element provides that the Noise exposure limits for land use compatibility are generally established at 60 dBA CNEL/L for exterior spaces in most sensitive land use designations (e.g. single-family residential, nursing homes, hospitals). The proposed paragraph needs to be broader than just applying to the provisions of Table N-3 so as to make sure it also applies to the other sentence on page 5-7.

The deletion of the clause "to the extent that they conflict with federal or state laws governing aircraft noise mitigation," is necessary because the Development Agreement precludes the imposition of a change in regulations on the Authority and thus it is irrelevant whether the City's standards conflict with state or federal laws governing noise mitigation. Also, the inclusion of that clause would still leave the Authority exposed to greater public nuisance liability under *Baker v. Burbank-Glendale Pasadena Airport Authority*, 39 Cal. 3rd 862 (1985). The point is even if the imposition of the 60 CNEL standard is not preempted by state or federal law, its imposition by the City on the Authority would expose the Authority to a new round of homeowner lawsuits, in which the Authority would likely prevail, but only after the expenditure of substantial litigation costs over a considerable period of time.

# Burbank Association of Realtors®

"Over 80 Years of Serving The Community and Its Real Estate Needs."

City Manager, Michael Flad
Office of City Manager, City Hall
275 East Olive Avenue
P.O Box 6459
Burbank, CA 91502

November 17, 2011

Dear City Manager Flad:

The Burbank Association of REALTORS® would like to take this opportunity to respond to the City of Burbank's request for formal comments to the preliminary draft of Burbank2035.

Our intention was to provide an extensive and detailed response within the time period provided for public comments; however we found that to be to difficult. As it stands, our studied investigation of Burbank2035 revealed too many generalities and room for interpretation to the extent that we feel commenting on them is not possible.

To illustrate our observations, we note that in the Land Use Element section, we read that "Goal #1 is Quality of Life – Burbank maintains a high quality of life by carefully balancing the needs of residents, businesses, and visitors." And then we see a series of policies for that goal. For example, Policy 1.8: "Build flexibility into specific plans and the Zoning Ordinance where practical to provide options for meeting City development requirements." We wonder what this actually says. What will this mean when the planning department is considering an application to develop a specific property?

Therefore, our official response is that we do not support the plan as presented. We welcome a revised draft that is more specific in all areas. We understand that this is a "general" plan and that the implementation of the plan is where the details will get worked out, however that is the very concern that we have. We also understand that this plan is intended as a vision to guide future land use decision with regards to physical, economic and environmental growth. As such, our desire is to have that vision be more specific and clear. To that end, we would request inclusion of "definitions" or a "glossary" or an "explanation of terms", to make the references clear and understandable, as well as

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including links for those references.

In the introduction, it is stated that "Burbank2035 consists of individual sections, or "elements," each of which addresses a specific topic; however it also embodies a comprehensive and integrated approach to planning by the City. Burbank2035 clarifies and articulates the City's intentions with respect to the rights and expectations of the general public, property owners, community groups, developers, and businesses." We would like to see the next draft address that statement in a more comprehensive and concise manner.

Thank you for your time and for all your efforts in moving the City of Burbank forward. The Burbank Association of REALTORS® remains committed to the residents of this city with intentions to help guard and promote our unique and valued lifestyle and community.

Sincerely,

Alexandra Kelly, President
Burbank Association of REALTORS®
2006 W. Magnolia Blvd.
Burbank, CA 91506

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PLANNING DIVISION
2012 APR 23 P 12: 16

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April 5, 2012

Re: Burbank 2035

Dear Ms. Steinkruger,
Thank you for meeting with the Burbank Association of REALTORS© Legislative Committee to review the revised preliminary draft of the Burbank 2035 General Plan. We appreciate the opportunity to participate in the ongoing discussions of the future of the City of Burbank.

Overall, we like the general direction of the plan and appreciate the need to bring the City current in its general plan. With that comes our most strident consideration, which is that this plan not be stretched so far out and then left to sit. We believe that the plan should be looked at and reviewed every 5-7 years. Looking at the significant changes and evolution that have occurred since the last General Plan was completed leads us to see that this should be an ongoing process to ensure the viability of this as a living and breathing document. To that end, the Burbank Association of REALTORS requests to be part of that conversation and to be consulted on this.

Our primary consideration is the protection of property owner's rights and we are opposed to any changes that would initiate a threat of that nature. We understand that it is challenging to be specific in a plan that is general. Burbank is a dynamic city and clearly has an exciting future ahead as we respond to the changes that are sure to continue to come.

Our review of the revised preliminary draft of the Burbank 2035 General Plan resulted in the following observations and suggestions:

**Land Use Policy 1.2 – Within ¼ mile of transit centers, consider increasing residential densities and non-residential intensities.**
We would like to see an identification of current and projected transit centers and the physical borders affected by the ¼ mile radius.
**Land Use Policy 5.1 – Provide for a variety of residential neighborhoods with varying densities and housing types.**
While we understand that the city needs a variety of housing types, we also strongly see the need to protect the current single family areas to ensure that they remain single family.

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**Land Use Policy 5.5 – Provide options for more people to live near work and public transit by allowing higher residential densities in employments centers such as Downtown Burbank and the Media District.**
We would like to see an illustration and physical definition of all employment centers and neighborhoods within the city.
**Open Space and Conservation Policy 2.1 – 2.4**
While additional parks are admirable goals, our concern is that there will not be any inappropriate use of eminent domain by the city to acquire any of these properties.
**Open Space and Conservation Policy 3.7 – Ensure that the public transit system connects parks and recreation facilities to the rest of the community.**
Where feasible and practical, we want to ensure that existing residential neighborhoods are protected in this process.

Thank you for your time and for all your efforts in moving the City of Burbank forward. The Burbank Association of REALTORS© welcomes the opportunity to continue to partner with the City of Burbank on any forthcoming enhancements or changes. We remain committed to the residents of this city with intentions to help guard and promote our unique and valued lifestyle and community.

Sincerely,

Alisa Cunningham
BAOR Legislative Chairman

cc
Michael Forbes
Christopher Rizzotti

2006 W. Magnolia Blvd., Burbank, CA 91506 Phone: 818-845-7643 Fax: 818-845-1802
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## Steinkruger, Tracy

**From:** Hubsch, Allen W. [allen.hubsch@hoganlovells.com]
**Sent:** Monday, April 23, 2012 12:07 PM
**To:** Steinkruger, Tracy
**Cc:** Karla Y. Pleitéz (khowell@publiccounsel.org)
**Subject:** RE: Follow-Up on 4/3/12 Conference Call

Tracy,

Thank you for the revision to Goal 6. That's good.

But I think you can and should do more. Moreover, the needs assessment I provided to you, which was prepared by the Office of Childcare Services, suggests that Burbank is not currently doing enough. Burbank's draft general plan is intended to be the guiding document through 2035. The general plan's land use element should provide guidance on the subject. Instead of the language I originally suggested, how about adding the following at the end of the words in quotes below: "Consider changes to the zoning code and to permit fees that may be appropriate to meet such needs." That would leave Burbank with flexibility, and not leave the subject so silent.

Thanks very much.

Allen

**Allen Hubsch**

**Hogan Lovells US LLP**
1999 Avenue of the Stars, Suite 1400
Los Angeles, CA 90067

Tel: +1 310 785 4600
Direct: +1 310 785 4741
Fax: +1 866 266 3155
Email: allen.hubsch@hoganlovells.com
www.hoganlovells.com



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**From:** Steinkruger, Tracy [mailto:TSteinkruger@ci.burbank.ca.us]
**Sent:** Thursday, April 19, 2012 5:51 PM
**To:** Hubsch, Allen W.
**Subject:** Follow-Up on 4/3/12 Conference Call

Allen:

Wanted to touch base with you and follow-up on our 4/3/12 conference call.

After further review, we have elected to include the following policy (with modifications). This policy will be located in the Land Use Element as part of Goal 6 – Economic Vitality and Diversity.

"Encourage the development of a range of childcare facilities, including infant care, pre-school care, and after-school care, to serve the needs of working families."

Please note that we are omitting the language regarding commercial land use designations. Given its location in the document, this policy would encourage the development of childcare facilities in ALL land use designations, not necessarily commercial only.

Given our discussion about childcare services being permitted and/or permitted with discretionary review in most zones, and our fees (which are low in contrast to jurisdictions in the area), we do not believe that a second policy is needed to address barriers to childcare services.

Please note that this policy language will be included in the next draft of Burbank2035, which is slated to be released in July 2012, and is subject to additional review and modification by the Planning Board and City Council. When this draft is presented to both the Board and Council, we will note this inclusion and the dialogue which led to it.

Should you have any additional questions, please do not hesitate to contact me. Thank you for participating in the development of Burbank2035.

**Tracy Steinkruger - Senior Planner**
City of Burbank Planning & Transportation Division
150 North Third Street
Burbank, CA 91502
818.238.5250 (p) I 818.238.5150 (f)

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STATE OF CALIFORNIA
GOVERNOR'S OFFICE *of* PLANNING AND RESEARCH

EDMUND G. BROWN JR.
GOVERNOR

KEN ALEX
DIRECTOR

June 1, 2012

Mr. Greg Herrmann, Community Development Director
Community Development Department
P.O. Box 6459
Burbank, CA 91502

Dear Mr. Herrmann:

Pursuant to Government Code section 65040.5 (a), the Governor's Office of Planning and Research (OPR) is required to notify cities and counties with general plans that have not been revised within the last eight years. Our records indicate that the City of Burbank's General Plan has not been revised in the past eight years or longer.

For purposes of this notification, a revision is considered to be a comprehensive update of at least five of the seven mandatory general plan elements, which have been adopted by the local legislative body. According to our records, the mandatory elements of the general plan for the City of Burbank were last updated during the years noted. Our records also indicate that you are currently updating one or more elements and that you expect that update to be completed in 2012.

| Element | Year | Updating |
|---|---|---|
| Land Use | 1988 | • |
| Circulation | 1965 | • |
| Housing | 2008 | |
| Conservation | 1972 | • |
| Open Space | 1972 | • |
| Safety | 1997 | • |
| Noise | 1992 | • |

**If this information is incorrect,** please contact the OPR State Clearinghouse via email state.clearinghouse@opr.ca.gov or by phone (916) 445-0613 so that we may update our records.

As part of our process to identify jurisdictions with general plans that have not been revised in eight years, OPR surveyed local government planning agencies in the 2011 Annual Planning Survey for current information regarding their general plans. In addition, OPR reviewed General Plan Annual Progress Reports, public notices from jurisdictions, environmental document filings, and jurisdictions' websites.

General plans that have not been revised within the past eight years are not necessarily legally inadequate. However, the California Supreme Court has stated that local governments have an implied duty to keep their general plans current (*DeVita v. County of Napa,* 9 Cal. 4th 763 (1995)). Additionally, local governments must review and revise their general plans as often as they deem necessary or appropriate (Government Code section 65103(a)). The general plan statutes do not provide a mandatory minimum timeframe for revision of

elements, except for housing elements, which must be revised based on the schedule established in Government Code section 65588. In addition, Government Code sections 65302 and 65302.1 require certain information be included in general plan elements at the time a jurisdiction next revises its housing element.

OPR is also required to notify the Attorney General's Office of cities and counties with general plans that have not been revised in ten years (Government Code section 65040.5(b)). If our records indicate that your general plan has not been revised in ten years, we will be notifying the Attorney General in late July 2012.

**If you would like to make corrections to our records, please respond by July 1, 2012**. This will allow us to update our records prior to notifying the Attorney General of general plans that have not been revised in ten years. If you have any questions or require additional information, please contact the State Clearinghouse at state.clearinghouse@opr.ca.gov or by phone at (916) 445-0613.

Sincerely,

Ken Alex
Director