

The City and University of California at Riverside (UCR) have been in ongoing discussions regarding cost recovery related to campus growth and its impact on surrounding neighborhoods, and the greater community. City/Campus discussions have included impacts of student rentals on surrounding neighborhoods, provision of electric service to the campus, impacts on fire service provided by Station #4, and partnerships for policing, among other topics. These discussions have been hindered by a lack of objective and verifiable data that can be used to lead intergovernmental discussions.

On November 18, 2021, the U.C. Board of Regents approved a Long-Range Development Plan (LRDP) for the UCR campus and a final Environmental Impact Report. The LRDP proposes a net increase in development of approximately 5.5 million gross square feet of additional academic buildings, support facilities; and student housing of approximately 7,489 new on-campus beds to accommodate the anticipated increase of approximately 11,000 students and 2,845 faculty and staff by academic year 2035/36.

In the public comment period for the LRDP the City expressed concerns that a wide range of topics had not been addressed properly in the LRDP analysis and that passage of the LRDP potentially violated the California Environmental Quality Act. The City has specific concerns including 1) utilities; 2) infrastructure; 3) transportation/traffic; streets, sidewalks, medians; 4) fire/police/emergency services; 5) housing; 6) neighborhood impacts; 6) parks & recreation and; 7) community engagement/public participation.

UCR and Riverside have enjoyed a long term partnership, and have engaged in substantive discussions regarding Campus growth under the LRDP, impacts on the surrounding neighborhoods and larger city, and the need to potentially find service cost offsets, if necessary and justified by objective data. The City and University have chosen to each hire separate consultant teams to obtain objective analysis and data on the economic benefits versus City costs to serve the UCR campus. The parallel studies are governed by a Memorandum of Understanding (MOU) between the Campus and City (Attachment 3).

The analysis will better inform long-term discussions between the City and UCR regarding long-range campus growth and development. Based on discussions encapsulated in the MOU, the expectation is that any LRDP analysis would be concluded over a 12-month period, with discussions concluding between the City and UCR within 18 months. The ultimate goal is to ascertain a balanced and informed partnership for cost recovery related to campus growth, if needed, to balance the growth requirements for the campus with direct/indirect impacts on municipal services.

DISCUSSION:

On April 7, 2022, the City issued Request for Proposals (RFP) No. 2173 seeking a consultant with an economic development cost analysis background, with an emphasis on work in the university/college environment. Two bidders expressed interest in RFP No. 2173. A review panel consisting of staff from the City Manager's Office, Planning Division, Police Department, and Fire Department reviewed the proposal from Economic and Planning Systems, Inc. (EPS) and found it to be both responsive and competitively priced.

EPS has conducted economic and fiscal studies for numerous UC campuses, the entire UC system (including UCR), as well as for UC host communities. Notable recent projects include a fiscal impact analysis for the City of Berkeley (2019), an economic impact analysis of UC Davis (2021), and land use economics advisory services for UC San Francisco (ongoing). EPS has

previous experience working on various aspects of the economic interplay between universities and their host cities, representing university jurisdictions such as Berkeley, Santa Barbara County, and Palo Alto, as well as universities such as UC San Francisco, UC Davis, UC Merced, Stanford University, and the UC Office of the President (UCOP). EPS is also currently working with the City of Riverside on preliminary analysis and outreach related to a proposed inclusionary housing ordinance.

The analysis proposed by EPS will be broad and complex, but will generally cover these topic areas:

1. **The economic impact of UCR on Riverside, including direct, indirect, and induced impacts.** The local economic impact of a university derives from local spending, including ongoing campus operations and one-time capital investments.
2. **UCR’s net impact on City finances.** The fiscal impact analysis will quantify the effects of UCR’s current and potential future operations on the City General Fund budget, as well as other operating funds.
3. **Role of increasing UC enrollment and staffing on the City’s housing market and neighborhood conditions.** As home prices escalate throughout Riverside County, concerns are mounting over access to housing. Cities such as Riverside are caught in the middle of competing forces - the reality of substantial unmet housing demand and the desire to maintain the existing neighborhood character. EPS will evaluate the relative scale of housing demand, market segmentation, and implications for housing affordability attributable to UCR.

This process will contain a public outreach component, and occasional updates to the City Council.

The Purchasing Manager concurs that the recommendation is compliant with Purchasing Resolution 23812.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 - High Performing Government** and **Goal 5.4** to maintain fiscal health by addressing gaps between revenues and expenditures.

This aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Developing service equity with UCR will serve the public interest by potentially freeing additional funding elsewhere in the municipal budget that can be used in expanding programs and completing projects with external funding; benefiting the City’s diverse populations, and result in greater public good.
2. **Equity** – Outside funding can be used to allow more City departments to be creative and competitive for grants, resulting in a more equitable distribution of funding opportunity that can reach populations citywide.
3. **Fiscal Responsibility** – The City ensures to maximize outcomes in usage of Campus offset funds as a way to lessen pressure on the General fund.

4. **Innovation** – This funding provides the City with the ability to create an innovative program for building capacity with the result in receiving greater external funding.
5. **Sustainability & Resiliency** – Riverside builds capacity to allow more departments to apply for grants, and compete for funding that allows the City to adaptively address resident needs.

FISCAL IMPACT:

The total fiscal impact of this item is \$220,000. Upon City Council approval, a supplemental appropriation in this amount will be recorded in the General Fund, City Manager-Administration, Professional Services Account number 1100000-421000. The funds for this action are available in the unrestricted, uncommitted General Fund balance.

Prepared by: Jeff McLaughlin, Grants Administrator
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Edward Enriquez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Agreement
2. Award Recommendation
3. Memorandum of Understanding between City and UCR