



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: February 26, 2024

Report #:2402-2615

TITLE

Approve Two Contracts for Consultant Services for the Downtown Housing Plan: Contract Number C24187236 with Wallace Roberts & Todd, LLC (WRT) for a Not-to Exceed Amount of \$1,508,254 to Provide Planning and Consulting Services to Develop the City's Downtown Housing Plan for a Term of Two-years with an Optional One-year Extension; and Contract Number C24187237 with Good City Company (Good City) for a Not-to Exceed Amount of \$375,522 to Provide Project Management and Consulting Services for the City's Downtown Housing Plan for a Term of Two-years with an Optional One-year Extension. CEQA Action: Agreements are not subject to CEQA

RECOMMENDATION

Staff recommends that the City Council:

1. Approve and authorize the City Manager or their designee to execute Contract No. C24187236 with Wallace Roberts & Todd, LLC (WRT) for a not-to exceed amount of \$1,508,254 to provide planning and consulting services for the Downtown Housing Plan for a term of two-years with an optional one-year extension; and
2. Approve and authorize the City Manager or their designee to execute Contract No. C24187237 with Good City Company (Good City) for a not-to exceed amount of \$375,522 to provide project management and consulting services for the Downtown Housing Plan for a term of two years with an optional one-year extension.

EXECUTIVE SUMMARY

The City completed two Request for Proposals (RFP) processes in 2023 related to development of the City's Downtown Housing Plan (DHP) and selected firms to provide professional services. The City selected Good City to provide project management assistance in March, 2023. WRT was selected in April, 2023 to develop the DHP. Staff recommends the City Council enter into two-year contracts, with optional one-year extensions, with:

1. WRT for \$1,508,254

2. Good City for \$375,522

The City was awarded a \$800,000 grant from the Metropolitan Transportation Commission (MTC) to create a housing plan within the University Avenue/downtown Priority Development Area (PDA). The Downtown Housing Plan (DHP) will focus on housing production in the Downtown, including affordable housing, and will implement policies from the City's Comprehensive Plan and Housing Element. Community engagement will be key to the success of the planning effort, as will technical, design, and planning work by qualified consultants funded by the grant.

Staff identified that additional assistance in the form of a consultant project manager would be necessary to advance the DHP in a timely manner. During the Fiscal Year 2023 adopted budget, Council approved consultant project management funding in the amount of \$150,000 annually for four years through FY 2026, totaling \$600,000. During the Fiscal Year 2024 adopted budget, Council also approved \$500,000 for consultant preparation of the DHP based on request for proposals responses indicating additional funding would be required. Total funding in the amount of \$1.9 million has been approved for plan development and project management.

BACKGROUND

On April 18, 2022, the City Council accepted an \$800,000 PDA Planning Grant for the proposed DHP.¹ In doing so, the City Council also acknowledged that a consultant project manager would be necessary to carry out the project. In contrast to recent area plans, the project manager component enables the DHP to be a consultant led effort intended to keep the timeline on track. Maintaining the project timeline is important to ensure the PDA grant deliverables are completed within the allocated timeframe.

Downtown Housing Plan Goals and Objectives

The DHP covers approximately 76 acres and is a sub-area of the University Avenue/PDA. Consistent with the requirements of the PDA Planning Grant, the DHP will need to evaluate key elements. The DHP will build off work completed as part of the adopted 2023-2031 Housing Element and create a focused housing plan for the downtown by identifying development standards, design standards, and public infrastructure necessary to accelerate housing production. The DHP also has the objective of affirmatively furthering fair housing, which is a requirement of the grant.

The DHP preparation will require extensive community and business outreach and participation, including facilitation of a Community Working Group. The Working Group will serve an advisory role making recommendations at key junctures in the project (e.g., prior to community outreach, or to review the draft plan). DHP preparation also involves coordination with regional and local stakeholders, such as housing advocates, business leaders, the County, Stanford University,

¹ April 18, 2022 City Council Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220418/20220418pccsmamended-linked.pdf#page=68>

Caltrans, Santa Clara Valley Transportation Authority (VTA), Palo Alto Unified School District, and the Santa Clara Valley Water District.

Downtown Housing Plan Elements

The MTC grant requires that the DHP include the following:

- Project Management and Coordination
- Community Outreach and Engagement
- Community Assessment and Policy Development
- Downtown Housing Plan Preparation

Throughout the process there will be updates with City Council and other boards and commission to ensure that the DHP is on track and consistent with expectations and goals. Finally, with a recommendation from the Planning and Transportation Commission (PTC), the City Council will consider adoption of the DHP.

While a consultant team will be responsible for completing work on the DHP, a project manager is necessary to ensure that all aspects of the project are progressing according to schedule. Consultant project manager services provide an alternative approach to help facilitate timely completion of the plan, allow staff resources to be used for other Council-priorities and supports a measure of project continuity and focus due to staff vacancies or unfilled positions. Staff is still required for general oversight and quality assurance. To select a project manager, staff interviewed consultants from the Planning & Development Services list of on-call consultant firms. That effort did not result in a successful candidate, and therefore the City needed to conduct a wider search through an RFP process.

ANALYSIS

The City issued two RFPs associated with the DHP—one for preparation of the plan itself and one for project management assistance.

DHP RFP Preparation

The City issued an RFP on PlanetBids, the City's eProcurement platform, for professional services for preparation of the DHP on March 30, 2022, but received no proposals by the deadline. The City reissued the RFP on May 19, 2022 and received two proposals. Through negotiations with one of the preferred firms, the scope and budget changed substantially to address stakeholder engagement which warranted another rebid. The rebid was released on February 21, 2023 and closed on April 5, 2023. Following the close of the RFP, staff followed standard procedures to conduct interviews and issue an intent to award the contract to the selected firm. The finalization of the contract was slowed due to unforeseen staffing constraints, but this did not impact the scope or budget from WRT. Table 1 contains a summary of the rebid process.

Table 1: Summary of RFP Rebid Process for Primary Consultant

<i>Proposal Description</i>	RFP187236 Downtown Palo Alto Master Plan
<i>Proposed Length of Project</i>	3-year term
<i>Number of Vendors Notified</i>	1,131
<i>Number of Proposal Packages Downloaded</i>	20
<i>Total Days to Respond to Proposal</i>	43
<i>Pre-Proposal Meeting</i>	No
<i>Pre-Proposal Meeting Date</i>	NA
<i>Number of Proposals Received</i>	2
<i>Proposal Price Range</i>	\$799,555 - \$1.3M
<i>Public Link to Solicitation</i>	https://pbsystem.planetbids.com/portal/25569/bo/bo-detail/102543#

An evaluation committee of staff from the Planning and Development Services department reviewed the two proposals. WRT provided a comprehensive proposal that specifically addressed all the elements of the RFP and showed high engagement in the DHP development. WRT met all the evaluation criteria and was selected for: 1) their experience with similar jurisdictions; 2) their team's comprehensive approach, comprehensive knowledge and application of public engagement and housing issues; and 3) meeting the objectives of the MTC grant. The second proposal, although lower in cost, did not adequately address the specific needs outlined in RFP requirements and did not have level of detail demonstrated in the WRT proposal. For additional details on the services to be provided by WRT, please see Attachment A. The DHP has the following main components:

- Task 1 — Project Management and Coordination
- Task 2 — Community Outreach and Engagement
- Task 3 — Community Assessment and Policy Development
- Task 4 — Downtown Housing Plan Document

Various sub-tasks necessary to complete the main components are detailed more extensively in the contract's scope of services, Exhibit A in the attached contract. This scope of work is similar to the scope of work included as the Supplement Agreement No. 1 to the Master Agreement with MTC (approved by the Council in April, 2022).

Project Management

Another aspect of the work plan is to seek a consultant project manager to ensure that the DHP progresses in accordance with the scope of work and grant requirements. The City Council has

budgeted \$150,000 a year for up to four years for this effort.

The City issued an RFP on PlanetBids for professional services on February 21, 2023 and received one proposal by the March 29, 2023 deadline. Table 2 contains a summary of the process.

Table 2: Summary of Request for Proposal for Project Manager

<i>Proposal Description</i>	RFP 187237 Downtown Palo Alto Housing Master Plan Project Manager
<i>Proposed Length of Project</i>	3-year term
<i>Number of Vendors Notified</i>	1,131
<i>Number of Proposal Packages Downloaded</i>	16
<i>Total Days to Respond to Proposal</i>	36
<i>Pre-Proposal Meeting</i>	No
<i>Pre-Proposal Meeting Date</i>	NA
<i>Number of Proposals Received</i>	1
<i>Proposal Price Range</i>	\$575,440
<i>Public Link to Solicitation</i>	https://pbsystem.planetbids.com/portal/25569/bo/bo-detail/102545

In accordance with the City's procurement procedures, Good City Company was deemed responsive to move forward in the evaluation process. An evaluation committee of staff from the Planning and Development Services Department reviewed the proposal. Good City Company was selected for: 1) their experience with similar jurisdictions, 2) their comprehensive community development and housing issues knowledge, and 3) effective project management techniques to ensure that the project is completed on-time and on-budget. The final scope of work and contract (Attachment B) was adjusted from the initial proposal to account for staff's input on staffing levels and other factors related to the project timeline.

The project manager is seen as an integral part of the overall DHP project. With general oversight from staff, the project manager will ensure that the consultant team carrying out the scope of work will complete the DHP on-time and on-budget.

The main components of the Project Manager scope of work include:

- Task 1 — Project Management and Communications
- Task 2 — Document Review Coordination
- Task 3 — Meetings

Project Schedule

The DHP contracts would have a two-year timeline that coincides with the PDA Planning Grant. MTC has indicated that a one-year extension can be granted. The contracts include a third year optional extension in the event of a project delay. The project is intended to be completed within the allocated timeline to ensure all deliverables associated with the grant (including adoption of the DHP) are reimbursable. If the timeline is exceeded or the scope is expanded, consultant costs would also increase. These factors could require additional General Fund allocations to complete the project. As a result, in contrast to recent area plan projects like the North Ventura Coordinated Area Plan, the DHP is structured as a consultant driven project led by the consultant project manager to maintain the timeline.

The DHP project would commence after the contract is approved by the City Council. Many of the project tasks will run concurrently. For example, public outreach and engagement will be ongoing throughout the project while assessments and technical studies will be prepared. Parallel work is intended to ensure progress will be made at a steady, consistent pace, incorporating recurring feedback and inputs from some of the tasks into the overall DHP. This work is also intended to be iterative so that the consultant project team and staff can complete and gather data, conduct analysis, prepare summary reports and memos, and receive feedback from the Community Working Group prior to discussions with the Planning & Transportation Commission and City Council.

POLICY IMPLICATIONS

This project is consistent with prior Council direction to further implement the City's Comprehensive Plan and Housing Element. The Comprehensive Plan includes policies that are specific to the downtown area from the Land Use and Community Design Element. Prior Council discussion on the initiation of this project occurred on April 18, 2022.² The project would assist the City in implementing components of the 2023-2031 Housing Element, including programs 1.4: City-Owned Land Lots, 3.9: Conversion Of Commercial Uses To Mixed-Use Development, and Program 6.6: Fair Housing.

FISCAL/RESOURCE IMPACT

MTC awarded Palo Alto the PDA Planning Grant maximum amount of \$800,000 for development of the DHP. Prior actions by the Council during the Fiscal Year 2023 adopted budget also added \$150,000 in annual consultant project management funding for four years through Fiscal Year 2026, totaling \$600,000. Council also added \$500,000 in funding for consultant preparation of the DHP during the Fiscal Year 2024 adopted budget based on request for proposal responses which indicated additional funding would be required. Total funding in the amount of \$1.9 million has been approved for plan development and project management.

The WRT consultant budget for preparation of the DHP is \$1,508,254. The final scope of work

² April 18, 2022 City Council Action Meeting Minutes: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220411/20220411amccs.pdf>

and contract was adjusted from the initial proposal to include additional stakeholder engagement and a 10 percent contingency. For project management, staff anticipates \$150,000 is needed annually for the duration of the project over a two- to three-year period. Any further budget allocations would be a part of the annual or mid-year budget process. Combined with the project manager budget, the total consultant budget is estimated to be \$1,883,776. Of that amount, between \$950,000 and \$1,100,000 would be funded by the City with the balance covered by the PDA Planning Grant. No additional resources are requested at this time given previously approved funding.

STAKEHOLDER ENGAGEMENT

RFPs for the contracts were posted on the PlanetBids. For each contract, 1,131 vendors were notified. The solicitation period posted for the rebid for DHP preparation was 43 days, closed on April 5, 2023, and two proposals were received. The solicitation period posted for project management of the DHP was 36 days, closed on March 29, 2023, and one proposal was received.

For the DHP itself, public engagement is an important part of the DHP development. The stakeholder engagement program includes a menu of stakeholder engagement activities such as pop-up events and website engagement tools. The Project Manager would help organize stakeholder engagement activities outlined in the DHP scope of work.

ENVIRONMENTAL REVIEW

The approval of an agreement for consulting services is not an action subject to environmental review under the California Environmental Quality Act.

ATTACHMENTS

Attachment A: Palo Alto Downtown Housing Plan Contract, C24187236

Attachment B: Palo Alto Downtown Housing Plan Project Manager Contract, C24187237

APPROVED BY:

Jonathan Lait, Planning and Development Services Director