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City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: September 23, 2024

Report #:2408-3407

TITLE

Approval of Contract Amendment Number 3 to Seven Contracts in the amount of \$750,000 for On-Call Services to Provide Expertise for Long-Range Planning Projects, Application Processing, Environmental Review, and Other Planning Analysis in the Planning and Development Services Department. CEQA Status: Not a Project.

RECOMMENDATION

Staff recommends that the City Council approve and authorize the City Manager or designee to execute amendments for the following seven contracts for long-range planning, application processing, and historic and environmental review services in an amount not to exceed \$750,000 and to extend the contract term for nine months. This amendment results in a revised total contract not-to-exceed amount of \$4.25 million through June 30, 2025.

- a. Contract Amendment No. 3 C20178877A with Lexington Planning (Attachment A);
- b. Contract Amendment No. 3 C20178878 with Metropolitan Planning Group (Attachment B);
- c. Contract Amendment No. 3 C20178879 with Arnold Mammarella, Architecture and Consulting (Attachment C);
- d. Contract Amendment No. 3 C20178881 with Page Southerland Page, Inc. (Attachment D);
- e. Contract Amendment No. 3 C20178882 with Placeworks, Inc. (Attachment E);
- f. Contract Amendment No. 3 C20178884 with Urban Planning Partners, Inc. (Attachment F), and;
- g. Contract Amendment No. 3 C20178891 with Michael Baker International, Inc. (Attachment G).

EXECUTIVE SUMMARY

The action extends the contract authority and term; no additional budget is requested at this time as funding to support this work is included in the approved FY 2025 Operating Budget. No

work will be assigned to consultants under these contracts unless there is sufficient operating budget to cover the costs.

The Planning and Development Services (PDS) Department relies on the use of on-call service providers for project specific expertise and application processing for development activity. Additional contract capacity is required at this time to provide continuity of services for work related to current planning application processing, the parklet prototype study, the retail study, and projects related to the Housing Element implementation. In addition, staff expect to utilize available on-call providers to assist with Council priorities and to initiate anticipated projects until June 2025 when a request for proposals (RFP) with an expanded scope is expected to be completed.

BACKGROUND

The PDS Department relies on the use of on-call service providers for project-specific expertise and application processing for development activity. In June 2020, the City Council approved eight planning services on-call contracts¹ for a combined not-to-exceed amount of \$1.5 million over a four-year period, through June 30, 2024. Although the original anticipated total not-to-exceed amount was for \$5.0 million, staff requested a reduced initial amount of \$1.5 million given the financial uncertainty at the time and notified Council of the need to return for additional contract authority before the end of the contract term. In April 2023, the City Council approved Amendment No. 1² which increased the not-to-exceed amount to \$3.0 million. In April 2024, the City Council approved Amendment No. 2³ which increased the not-to-exceed amount to \$3.5 million.

An updated RFP with expanded scope was expected to be completed for FY2025 but will instead be implemented for FY2026 to allow for the inclusion of additional expertise such as housing, transportation, and biological studies, land use economics, and wireless policy and standards. While long-range planning is not fully fee-supported, fees from current planning projects offset the consultant costs related to their corresponding projects. On-call contracts are utilized as needed, contingent upon available funding within the annual Adopted Operating Budget.

ANALYSIS

On-call contracts provide expert service that is efficient, responsive, and available as needed. The PDS Department's use of on-call professionals offer a flexible solution to the City's evolving

¹ City Council, June 22, 2020; Agenda Item #10, SR# 11147, <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-11147.pdf>

² City Council, April 3, 2023; Agenda Item #10, SR# 2303-1145, <https://cityofpaloalto.primegov.com/Portal/viewer?id=1892&type=0>

³ City Council, April 15, 2024; Agenda Item #10, SR#2402-2584, <https://cityofpaloalto.primegov.com/Portal/viewer?id=0&type=7&uid=bf799eba-f2f7-456c-8697-f993ab652538>

needs, enabling staff to respond to the changing needs of the community while maintaining fiscal prudence. Through the use of on-call providers, the City has the ability to scale services up or down based on workload, staffing level, technical expertise, and economic conditions. This approach ensures the continuity of services during staffing vacancies or peak application volume and provides specialized expertise required for policy consideration as it relates to Council priorities. Utilizing on-call consultants allows the department to avoid overstaffing for peak application volume and specialized technical support.

Generally, staff will develop a scope of work and issue the project to the firm best suited to execute on the work based on the qualifications such as experience, subject area expertise, timeline, and cost. Each of the firms offer varying skills and services, so not all firms are considered for all projects. The current contract not-to-exceed amount of \$3.5 million has been shared by the group of on-call professionals since June 2020. Shared work includes application processing, individual reviews, SB9 case reviews, building plan check and permit reviews, and subject matter expertise required for program and project support. Examples of additional recent work performed related to City Council priorities includes the Housing Element, state law handouts, North Ventura Coordinated Area Plan, El Camino Real massing model, retail recovery study, parklet program, accessory dwelling unit guide, and bird safe ordinance development.

Table 1: Planning On-Call Contracts Allocated or Spent through Amendment 2 (Since 2020)

| On-Call Consultant | Amount Allocated or Spent | Project Type |
|--|---------------------------|--|
| Metropolitan Planning Group | 1,032,988 | Application Processing |
| Lexington Planning | 704,896 | Housing Element, North Ventura Coordinated Area Plan, UFS Site Test, Massing Studies |
| Michael Baker International | 698,251 | Application Processing, Bird Safe Glass, Retail Study |
| Arnold Mammarella, Architecture + Consulting | 511,781 | Individual Review |
| Urban Planning Partners | 315,065 | Parklets, Accessory Dwelling Unit Handbook |
| Rincon Consultants | 33,055 | Application Processing |

To allow for continuity of services, staff is returning to the City Council to increase the not-to-exceed amount by \$750,000 for the completion of work in progress prior to the release of a new RFP expected to be completed in the latter half of FY2025. Extension of the agreement until June will allow staff to transition any ongoing work and projects to the new set of approved on-call professionals. To date, the City has spent or allocated \$3.3 million of the contract. The additional contract capacity of \$750,000 will support ongoing current planning application processing, California Environmental Quality Act (CEQA) analysis for car free streets, FY 2025 Council priorities and Housing Element implementation, including the retail zoning strategy, HS&EB 48, and HS&EB 50.

FISCAL/RESOURCE IMPACT

Use of consultants for specific assistance is an efficient and effective use of resources, allowing the department to quickly access needed technical skills. The cost of the contracts is offset by

fees collected by the department for application processing, consistent with the FY 2025 Adopted Municipal Fee Schedule.

The budget for these contracts is included in the PDS Department's adopted budget. The use of contractors for planning work is contingent on (1) approved contracts with capacity to support the required scope, and (2) availability of funding in the department's approved budget. Staff is not requesting a budget increase. No work will be assigned to consultants under these contracts unless there is sufficient operating budget to cover the costs.

STAKEHOLDER ENGAGEMENT

Professional planners and managers in the PDS Department participated in the development of this recommendation, given departmental workload.

ENVIRONMENTAL REVIEW

Approval of these contracts is not a project under the California Environmental Quality Act (CEQA); therefore, no environmental review is required.

ATTACHMENTS

Attachment A: Contract No. C20178877A with Lexington Planning

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APPROVED BY:

Jonathan Lait, Planning and Development Services Director