



City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Planning and Development Services

Meeting Date: April 3, 2023

Report #:2303-1145

TITLE

Approve Amendment of Seven On-call Consulting Contracts to Increase the Not to Exceed to \$3 Million Through June 2024 to Provide Expertise for Long Range Planning Projects, Application Processing, Historic and Environmental Review in the Department of Planning & Development Services, With all Work Subject to Assigned Task Order and Availability of Funds; Environmental Assessment: Exempt in Accordance with CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or their designee to execute the following eight contract amendments. The total cumulative contract authority for all contracts combined is not to exceed \$3 million through June 30, 2024. The firms will provide on-call support associated with long range planning, application processing, historic and environmental review. Use of the contracts must be consistent with the funding available in the adopted budget(s). The contracts are:

- a. Contract Amendment No. 1 C20178879 with Arnold Mammarella Architecture and Consulting;
- b. Contract Amendment No. 1 C20178878 with Metropolitan Planning Group;
- c. Contract Amendment No. 1 C20178882 with Placeworks, Inc.;
- d. Contract Amendment No. 1 C20178877A with Lexington Planning;
- e. Contract Amendment No. 1 C20178891 with Michael Baker International, Inc.;
- f. Contract Amendment No. 1 C20178881 with Page Southerland Page AE, and;
- g. Contract Amendment No. 1 C20178884 with Urban Planning Partners, Inc.

BACKGROUND

On June 22, 2020, the City Council approved eight planning services on call contracts for a combined not to exceed amount of \$1.5 million through June 30, 2024. The Planning and Development Services Department relies on the use of on-call service providers for project specific expertise and application processing for development activity. In Spring 2020, staff completed a competitive solicitation process to identify the firms best suited to provide

consultant support as needed. The original anticipated total not-to-exceed amount was for \$5 million. Given the financial uncertainty at the time, staff requested a reduced initial amount of \$1.5 million, including negotiated rate reductions, and notified Council that staff will need to return for additional contract authority before the end of the contract term.

ANALYSIS

To allow for continuity of services, staff is returning to the City Council to increase the not to exceed amount by \$1.5 million to \$3 million. The current contract term ends in June 2024, and staff plans to issue a request for proposal in FY2024 to update service providers and maintain competitive rates. In addition, included in this amendment is an update to one of the eight firms' hourly rates. As a result of increased costs, Lexington Planning and Rincon proposed hourly rate increases of about 12% and 40%, respectively, from June 2020 rates; the rates for all other firms will remain at the prior contract levels. Lexington Planning is and will continue to be the lowest cost provider inclusive of the increase. Previously a mid-cost provider, Rincon's increase will now place them as the highest cost provider. Given the substantial rate increase, staff is not recommending an amendment to their contract at this time. Staff considers hourly rates to compare the total cost of a project before issuing task orders for cost effectiveness.

To date, the City has spent about \$1.4 million to support long range planning projects and current planning application processing. Many of these projects include key City Council priorities as outlined in the annual workplan of the Council. Past projects include but are not limited to:

- North Ventura Coordinated Housing Plan,
- Housing Element Development,
- Retail Ordinance Development,
- Parklet Design Standards, and
- other state mandated legislative updates.

Long range planning efforts are not fully fee-supported; however, for current planning projects, fees are collected to offset the costs associated with the use of consultants. Approval of these contracts address gaps in staff expertise and provide supplemental resources when vacancies occur and ensure service delivery that is reliable and responsive. This amendment is necessary for the continuity of day-to-day services and advance at least in part the 2023 City Council priorities and desired outcomes.

On-call contracts are only utilized when the need arises, and consultants are not guaranteed work but are available as needed up to the contracted amount. No work will be commenced under these contracts unless funding is available within the annual Adopted Operating Budget.

Additional information related to the Request for Proposal process and original contracts can be found in the June 2020 staff report #11147.¹

FISCAL/RESOURCE IMPACT

Funding for year one of these contract amendments, including grants, is available in the FY2023 Adopted Operating Budget of the Planning and Development Services Department. Funding for future year will be dependent on City Council approval as part of the annual budget process.

STAKEHOLDER ENGAGEMENT

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

ENVIRONMENTAL REVIEW

Approval of these contracts is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

ATTACHMENTS

Attachment A: Amendment No. 1 to On-Call Consulting Contracts

APPROVED BY:

Jonathan Lait, Planning and Development Services Director

¹ City Council, June 22, 2020, Staff Report 11147: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-11147.pdf>