



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 19, 2023

FROM: HOUSING AUTHORITY WARDS: ALL

SUBJECT: **SECOND AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH ECONOMIC AND PLANNING SYSTEMS, INC. TO EXTEND THE CONTRACT FOR ONE ADDITIONAL YEAR AND AMEND THE SCOPE AND BUDGET TO COMPLETE TASKS RELATED TO THE DEVELOPMENT OF AN INCLUSIONARY HOUSING PROGRAM FOR \$40,120 WITH A TOTAL BUDGET OF \$120,420**

ISSUE:

Approve a Second Amendment to the Professional Consultant Services Agreement with Economic Planning Systems, Inc. to extend the contract term for one additional year and amend the scope and budget to complete tasks related to the development of an inclusionary housing program for \$40,120 with a total budget of \$120,420.

RECOMMENDATIONS:

That the City Council:

1. Approve the Second Amendment to the Professional Consultant Services Agreement with Economic and Planning Systems, Inc. to extend the contract term for one additional year and amend the scope and budget to complete tasks related to the development of an Inclusionary Housing Program for \$40,120 with a total budget of \$120,420; and
2. Authorize the City Manager, or designee, to execute the Second Amendment to the Professional Consultant Services Agreement with Economic and Planning Systems, Inc. (EPS), including making minor and non-substantive changes.

BACKGROUND:

On July 27, 2020, the Housing and Homelessness Committee voted to recommend that the City Council and Housing Authority Board approve the issuance of a Request for Proposals to examine the feasibility and economic impacts of a potential Inclusionary Housing Program for the City of Riverside.

On September 15, 2020, the City Council and Housing Authority Board authorized the issuance of a Request for Proposal to explore the market impacts and make a programmatic recommendation regarding an Inclusionary Housing Program. On November 12, 2020, the

City issued RFP 2054 seeking a consultant with a California economic development and housing background. Thirty-one bidders expressed interest in RFP 2054. On bid opening on December 3, 2020, the sole respondent was Economic and Planning Systems, Inc. A review panel consisting of staff from the City Housing Authority and Successor Agency reviewed the proposal from Economic and Planning Systems, Inc. and found the proposal to be both responsive and competitively priced.

On May 18, 2021, the City Council awarded RFP 2054 to Economic and Planning Systems, Inc. (EPS) and approved a Professional Consultant Services Agreement (PCSA) to examine the feasibility and economic impacts of an inclusionary housing program for \$73,000 with a contingency of \$7,300 for a total budget of \$80,300, for a one (1) year term with an option to extend for (1) additional one (1) year period.

On May 20, 2022, the City executed a First Amendment to PCSA with EPS to extend the term for one year.

DISCUSSION:

EPS has actively been working with the City to develop an Inclusionary Housing Program. In the course of the study process, the City identified additional work tasks necessary to complete the goals of the program. On May 18, 2023, the Housing Authority received a proposed scope of work and budget from EPS, identifying the following specific work tasks and budget:

Proposed Scope of Work

Additional Task 1: Updates to Feasibility Analysis: EPS's most recent feasibility analysis supporting the proposed inclusionary housing ordinance was conducted using the California Housing and Community Development's (HCD) 2022 income limits for lower-income households in Riverside County. Since that time, HCD has released 2023 income and rent limits have been released and financial markets have seen increases in construction interest rates, affecting both development costs and supportable mortgage values. EPS will review and update its feasibility model to reflect the financing changes and the most recent income limits, and will identify if the updated figures impact the findings of the feasibility study as it relates to inclusionary requirements. EPS will provide the City with updated PowerPoint tables reflecting this new data.

Additional Task 2: Planning Commission and City Council Public Meetings: EPS will prepare for and attend up to five (5) public meetings where the City's Planning Commission or City Council will discuss the inclusionary housing program. The budget for this task assumes at least one EPS staff member will attend the meetings in person. EPS will present at these meetings as requested by City staff.

Additional Task 3: Implementation Documents - Should the City adopt an inclusionary housing program, EPS will assist the City staff in preparing documents related to the implementation of the program. These will include a summary of program requirements and processes that can be provided to developers working in the City; a draft Affordable Housing Agreement that developers will enter into with the City; and a Resolution for City Council adoption detailing the program's in-lieu fees if needed.

Proposed Budget

The estimated budget to complete Tasks 1 through 3 is \$40,120. The table below details the budget for each task broken down by staff and hours:

Table 1 EPS Proposed Budget Amendment

<i>Task/Description</i> <i>Hourly Billing Rates (1)</i>	Principal- in-Charge \$325	Project Manager \$275	Technical Analyst \$195	Direct Costs (2)	Grant Total
Task 1: Updates to Feasibility Analysis	8	14	4	\$0	\$7,230
Task 2: Public Meetings	20	30	0	\$500	\$15,250
Task 3: Implementation Documents	20	32	12	\$0	\$17,640
TOTAL HOURS	48	76	16		
TOTAL PROJECT COSTS					\$40,120

[1] Hourly billing rates are effective for 2023 and subject to annual revision. [2] Direct costs include travel expenses

Staff is requesting the City Council approve the contract amendment to assist the consultant in finalizing the development of an Inclusionary Housing Program.

Section 702(w) of Purchasing Resolution 23914 states, “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (w) When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City charter, which are of such a nature that suitable technical or performance specification describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.”

The Purchasing Manager concurs that the recommended action is in compliance with Purchasing Resolution No. 23914, Section 702(w).

STRATEGIC PLAN ALIGNMENT:

The Inclusionary Housing Program contributes to **Strategic Priority 2 - Community Well-Being**, and **Goal 2.1** – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels. The Project aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** –The Inclusionary Housing Program process has incorporated public involvement by way of community meetings, workshops, and City Council public meetings.
2. **Equity** – The Inclusionary Housing Program would provide housing opportunities that benefits all residences in the community and region.
3. **Fiscal Responsibility** – Riverside is a prudent steward of public funds and ensures

responsible management of the City's financial resources while providing quality public services to all.

4. **Innovation** – The Inclusionary Housing Program would meet the growing community's needs for increased housing opportunities.
5. **Sustainability & Resiliency** – The Inclusionary Housing Program would promote a sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

The total fiscal impact of the action to extend the contract term for one additional year and amend the scope and budget to complete tasks related to the development of an Inclusionary Housing Program is \$40,120. The funds are budgeted and available in the Development Grants Fund, SB2 Planning Grant accounts.

Prepared by: Michelle Davis, Housing Authority Manager
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Mike Futrell, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Environmental and Planning Systems, Inc. Executed Contract May 20,2021
2. First Amendment to PCSA with EPS
3. Second Amendment to PCSA with EPS