



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: June 27, 2016

ITEM NO: 11

SUBJECT: SELECTION AND PARTIAL FUNDING COMMITMENT FOR PLANNING CONSULTANT TO PREPARE THE NORTHSIDE SPECIFIC PLAN INCLUDING RIVERSIDE PUBLIC UTILITIES REAL PROPERTY ASSETS – NOT TO EXCEED \$813,000; SUPPLEMENTAL APPROPRIATION FROM WATER AND ELECTRIC RESERVE ACCOUNTS

ISSUE:

There are two issues before the Board of Public Utilities for consideration: 1) to receive and file this report as it relates to the consultant and selection process led by the Community & Economic Development Department for the preparation of a Northside Neighborhood & Pellissier Ranch Inter-Jurisdictional Specific Plan (Northside Specific Plan); 2) to partially fund the cost of the preparation of the specific plan, based on potential benefits resulting from the specific plan preparation of property alternatives analysis.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Review and consider the qualifications and proposals presented by consultant teams proposing on the Northside Specific Plan, the consultant evaluations prepared by the staff evaluation committee, and the evaluations received from the public following community interviews of the consultants;
2. Receive and file the report related to the Northside Specific Plan consultant selection process;
3. Authorize an expenditure not to exceed \$813,000 to fund Riverside Public Utilities share of the Northside Specific Plan planning effort, which is an amount commensurate with the proportion of land under Riverside Public Utilities ownership that will receive a benefit from the Specific Plan, subject to the approval of a final Scope of Work and budget;
4. Recommend that the City Council appropriate \$683,000 from the Water Fund Balance to Water Professional Services Account 6210000-4210000; and
5. Recommend that the City Council appropriate \$130,000 from the Electric Fund Balance to Electric Professional Services Account 6100000-4210000.

BACKGROUND:

On April 28, 2015, Community & Economic Development Department (CEDD) staff provided the City Council a summary of the status and history of City-owned properties within the Northside Neighborhood, including the former Riverside Golf Course and Ab Brown Sports Complex. The Council report (Exhibit 1) outlined the ownership and transfer history, legal obligations of the City of Riverside, the Riverside Public Utilities and the Successor Agency, existing uses and active recreation leases, as well as adopted Zoning requirements and General Plan 2025 policies related to the Northside Neighborhood. During deliberations, the City Council directed staff to pursue a specific plan for the Northside Neighborhood. The Council also directed staff to engage the public prior to soliciting a Specific Plan consultant.

On March 23, 2016, a Request for Qualifications (RFQ) and Proposals (RFP) was released by CEDD. The RFQ/RFP outlined the need for a multi-disciplinary consultant team who would work with the community and city staff to create the Northside Specific Plan and accompanying Program Environmental Impact Report (PEIR). The RFQ/RFP was developed with input from various community stakeholders groups, including the Northside Improvement Association, the Springbrook Heritage Alliance, the Spanish Town Heritage Foundation, and the Greater Riverside Chamber of Commerce's Hunter Park Business Council, in addition to business organizations and other interested parties. CEDD also hosted a pre-RFQ community meeting on November 4, 2015 to introduce the project, identify community driven issues, and seek input on what should be included in the RFQ/RFP. The Northside Specific Plan RFQ/RFP clearly outlines the desired approach and goals for the development of the specific plan, and identifies the desired qualifications for the selection of a consultant. On April 25, 2016, CEDD staff presented a status report on the Specific Plan process to the Board of Public Utilities outlining the assets held by RPU in the Northside area and policy issues associated therewith.

The selected consultant will help create the Northside Specific Plan through a combination of community visioning workshops and meetings, an evaluation of site-specific strengths and weaknesses, and technical analyses. The intended outcome is a regulatory document that encourages the use of vacant and underutilized properties in a manner that reflects a community-based vision. This document will also be instrumental in guiding the future of properties owned by the City of Riverside, including properties that may be deemed surplus or underutilized by Riverside Public Utilities (RPU) or the City of Riverside.

The development of a specific plan for the Northside Neighborhood is anticipated to occur over an 18-20 month period, with a project commencement in August/September 2016. The City's Planning Division will administer and manage the contract with the selected consultant, in close coordination with Riverside Public Utilities, the City of Colton staff, and other stakeholders.

DISCUSSION:

Northside Specific Plan and Riverside Public Utilities

The Northside Specific Plan has an initial project area of approximately 2,240 acres, including properties located within the cities of Riverside and Colton. It is important to note, however, that a number of areas within the initial project area have been included for the purpose of community dialog and analysis, and it is possible that some of the outlying areas will not be part of a final adopted specific plan. As an example, it is unlikely that the 336 acre Roquet Ranch will be included in the Northside Specific Plan, as the property owner has recently submitted its own specific plan proposal for consideration by the City of Colton.

Riverside Public Utilities (RPU) is the largest landowner within the Northside Specific Plan's project area. RPU properties include the Ab Brown Sports Complex (56 acres), a portion the former Riverside Golf Course (63 acres) and Pellissier Ranch in the City of Colton (227 acres), for a total of approximately 346 acres. While there are currently activities occurring on these properties, such as the soccer fields at Ab Brown, and cross-country races on the former Riverside Golf Course, from a utilities perspective the uses are interim and should transition to market rate transactions.

Pursuant to state law, existing bond covenants and its adopted Real Property Financial Management Policy, RPU has an obligation to ensure the preservation of ratepayer investments, including real property. Therefore, evaluation of RPU's current and future infrastructure needs and market based transactions at the highest and best use become the lens through which RPU staff and the Board should evaluate alternatives developed through the specific plan process.

The purpose of the Northside Specific Plan is to establish a clear community vision and land use policy for the entire Northside neighborhood. The outcome of the Northside Specific Plan process has significant implications for RPU which is the largest land owner in the Northside Specific Plan Area. A successfully community-driven specific plan effort will provide certainties about the future of the City and RPU properties, which will help determine the "highest and best use" of properties RPU controls. A successful

specific plan will also provide certainty for privately owned properties in the Northside Neighborhood, and will allow the City to better plan for infrastructure at build-out, including electric and water utilities. Furthermore, because the specific plan will identify changes in the community that can eliminate land use conflicts and increase area amenities, it will make significant strides in improving the health, economy and livability of the neighborhood. Such improvements to the neighborhood benefit RPU through private investments in infrastructure upgrades, economic prosperity, and increased property values. In short, the health of the community directly correlates with the ability of the community to support the construction, maintenance and use the City's infrastructure.

Northside Specific Plan Consultant Evaluation and Interview Process

The creation of a successful specific plan for the Northside Neighborhood area will require strong community support, and a detailed look at the existing land use conflicts, infrastructure, traffic patterns, environmental conditions, and other barriers to community and economic development. As a result, the Northside Specific Plan effort will require a consultant team comprised of multi-disciplined professionals.

The City received responses to the Northside Specific Plan RFQ/RFP from four qualified consultant teams. A staff evaluation committee made up of 16 representatives from various City departments, including RPU and the City of Colton, reviewed and evaluated the initial statement of qualifications and concept proposals submitted by the four teams. Per the City's published RFQ process, the staff evaluation committee identified the top three consultants, and invited them to move on in the process by submitting refined proposals and budgets. The three top consultant teams are led by CallisonRTKL, Danielian Associates, and Rick Engineering. Refined proposals were received from these consultants on May 18, 2016 (Exhibit 3).

During the day on May 26, 2016, the staff evaluation committee conducted interviews and completed evaluations of the shortlisted consulting firms. Staff evaluations were mostly focused on the technical merits of the teams, their ability to perform the required tasks, previous experience, recommended approach, and estimated cost. On the evening of May 26, the community was provided an opportunity to interview and score the consulting firms. This unique community engagement process included a 20 minute presentation by each consultant team, followed by questions from the public. The community was asked to evaluate the consultants' communication skills and ability to respond to questions, their familiarity with the City, and the consultant team's overall "fit" for the community.

There were a total of 135 points possible for the entire evaluation processes, with the staff evaluations comprising 100 points, and the community evaluations 35 points (approximately 25% of the overall score). Following the interview the staff evaluation committee and the community interview scores were compiled and averaged. The following are the results of the scoring:

	Possible Score	Danelian Associates	CallisonRTKL	Rick Engineering
Staff Evaluation Committee Average Score	100	74.4	83.7	86.0
Community Evaluation Average Score	35	26.3	30.5	29.0
Total Compiled Score	135	100.7	114.2	115.0
Proposed Cost	-	\$1,030,000	\$1,716,000	\$1,810,638

As indicated in the table above, the staff evaluation committee narrowly identified Rick Engineering as the preferred consultant, while the community narrowly preferred CallisonRTKL. The aggregate score results in a slim margin in favor of Rick Engineering. Danielian Associates received the lowest score from both the staff evaluation committee and the public evaluations.

The table above also includes are the proposed costs associated with each proposal. Although there appears to be a large discrepancy between the highest and lowest proposal costs, staff believes that, in all cases, the costs are commensurate with the proposed scope of work, depth and breadth of relevant work experience, key staff member availability, and overall proposal quality.

Although both CallisonRTKL and Rick Engineering presented solid specific plan proposals, and both represented themselves well during the interviews, staff recommends that Rick Engineering be selected as the preferred consultant based on the overall compiled scoring of the staff evaluation committee and the community evaluations. Generally speaking, the staff evaluation committee felt that Rick Engineering's proposal includes a strong community planning component, led by two community planners, both of whom have extensive experience addressing challenges similar to those in the Northside Neighborhood. Furthermore, the evaluation committee recognized that the Rick Engineering proposal most clearly identified the community engagement and plan iteration process, such that it was clear what the roles of the various team members would be, and how the planning effort would transition from community ideas into a final product.

Funding the Specific Plan

The City Council directed staff to move forward with the Northside Specific Plan in April, 2015. Since that time partial funding has been identified in the General Fund, and is part of the budget proposal to be received by the City Council in June. Given the ongoing City-wide budget conversations, Planning Division staff is aware that the funding of a Northside Specific plan is a difficult discussion. As currently proposed, the CEDD budget allocates a total of \$910,000 for the project, including \$410,000 in FY 2016/17, and \$500,000 in FY 2017/18.

That said, the California Government Code does not require a city to bear the full cost of the preparation of a specific plan and environmental impact report. The Government Code authorizes cities to pass the costs of specific plan, specific plan amendment, and plan revocations on to persons who benefit from the preparation of the specific plan. Furthermore, when there is no advocating developer when a specific plan is initiated, a City may "front" the costs of a specific plan, and then recuperate the costs through a prorated reimbursement fee that would be collected at the time a person seeks a government approval for property subject to the specific plan. Specifically, Government Code Sec. 65456(a) states the following:

"The legislative body, after adopting a specific plan, may impose a specific plan fee upon persons seeking governmental approvals which are required to be consistent with the specific plan. The fees shall be established so that, in the aggregate, they defray but as estimated do not exceed, the cost of preparation, adoption, and administration of the specific plan, including costs [related to the California Environmental Quality Act]. As nearly as can be estimated, the fee charged shall be a prorated amount in accordance with the applicant's relative benefit derived from the specific plan. It is the intent of the Legislature in providing for such fees to charge persons who benefit from specific plans for the costs of developing those specific plans which result in savings to them by reducing the cost of documenting environmental consequences and advocating changed land uses which may be authorized pursuant to the specific plan."

Although new fees are typically not well received by the public at large, a specific plan fee as identified above is often perceived as "money well spent" when a specific plan is well prepared. This is not only because of the costs savings mentioned in the last sentence of the statute above, but also because a specific plan often defines a neighborhood based vision and community expectations; therefore most projects that comply with the specific plan can be initiated with more certainty and less community opposition. Furthermore, the prorated reimbursement fee will be based on the real costs of preparing a specific plan, which, unless an inflationary factor is applied, often means that a future builder would be receiving the benefits of a specific plan that was prepared at the lower cost of an earlier year.

Although a city can recuperate costs for preparing a specific plan, it is important to note that cost recovery takes a long time, and may not equal 100 percent. This is because the prorated reimbursement fee is only collected when properties are developed. Properties that are not developed would not pay a reimbursement fee.

It is also important to note that a specific plan reimbursement fee would need to be a prorated amount commensurate with the benefit a property would receive from the preparation of a Specific Plan. Therefore,

the fees paid will not be the same for every property owner. For instance, it is reasonable to expect that a single family residence in an existing residential subdivision would pay a very limited specific plan fee, since there is no substantial change in zoning from which the existing residential lot would receive a benefit.

If a Northside Specific Plan reimbursement fee is to be established, it would need to be evaluated and adopted as part of the specific plan process, so that the fee clearly correlates with the benefits received.

The specific relevance of Government Code Sec. 65456(a) to the Riverside Public Utilities is that there is a mechanism in place to allow for the City and RPU to recoup specific plan costs at which time a property is developed. Given that RPU is the major landowner in the Northside Specific Plan area, it is expected that RPU will benefit from the creation of a specific plan, and therefore any development on the RPU properties would be subject to the cost reimbursement fee.

Attached to this report is an aerial map that reflects the specific plan area expected to receive the most benefit from a specific plan, based on current zoning and site conditions (Exhibit 4 – Opportunity Area Analysis). In summary, the “benefit” area reflected in the map does not include established single family residential zones, or the vacant Roquet Ranch property, which has a specific plan pending in the City of Colton. With these exclusions, the total area expected to benefit from a specific plan is 893.8 acres. RPU owned property comprise nearly 346 acres, which equates to 39% of the benefits area. RPU real property holdings and fund allocation are summarized in the table below.

Parcel	Fund	Acreage	RPU Portion of Total
Total Opportunity Area		894	
Pellissier Ranch	Water	227	26%
Riverside Golf Course (portion thereof)	Water	63	7%
Total Water		290	33%
Ab Brown Soccer Complex	Electric	56	6%
Total RPU		346	39%

Because RPU property comprises approximately 39% of the benefit area as defined in the Opportunity Area Analysis (Exhibit 4), a simple assumption is that RPU initially stands to receive 39% of the benefits related to the creation of a Specific Plan. This is a simple initial assumption, as the actual benefit received by RPU will need to be evaluated at the end of the specific plan process, and could be greater than 39% if other areas of the initial specific plan area is not adopted, or lower if portions of the RPU property are preserved as open space.

Given the assumption of a 39% benefit, and the other benefits RPU would receive from utility planning and improved infrastructure in the neighborhood, combined with the ability for the City to recuperate specific plan costs pursuant to Government Code Sec. 65456(a), the staff recommends that RPU fund the Northside Neighborhood Specific Plan on a pro-rata basis of 39% of the project cost. Based on the proposed budgets presented by the prospective consultant teams, RPU’s contribution would be approximately \$813,000, assuming a 15% budget contingency (the final scope of work and related costs will be subject to consultant negotiations).

For clarity, it is important to note that Government Code Sec. 65456(a) requires that the reimbursement fee paid by persons developing a property be commensurate with the benefits received. As such, land that is set aside as undeveloped open space would not be subject to the fee, as there is no benefit. And, if land is set aside as open space, this means that there are fewer parcels to cover the cost of preparing

the specific plan, therefore the fee paid by persons with developable land will be higher. However, this may not be a significant issue, as a higher reimbursement fee might be worthwhile if it is commensurate with the benefit and value of an adjacent permanent open space, recreational areas, or other amenities created by the specific plan. Therefore, it is possible that the reimbursement fee statute could help preserve RPU lands as open space, at least in part, while the developable lands within the Northside Specific Plan reimburse RPU for its initial 39% contribution.

FISCAL IMPACT:

The actual cost of a future contract with the consultant to prepare the Specific Plan Document will be determined through a negotiation with staff from the CEDD. It is currently anticipated that an RPU contribution of 39% of the costs would not exceed \$813,000, assuming a 15 percent contingency and the proposer's specified scope and hours. Funding for this project is not currently budgeted, therefore an appropriation from Fund Balance (reserves) is required. Based on RPU water and electric fund share of the benefiting property, \$130,000 (16%) would be funded by the Electric Fund and \$683,000 (84%) would be funded by the Water Fund. The costs of preparing the specific plan may be recouped from the potential sale of any land deemed excess by the RPU Board and City, and in part through a reimbursement fee paid by projects developed within the Specific Plan area, pursuant to Government Code Section 65456(a).

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Attachments: 1. City Council Report, April 28, 2015
2. Northside Specific Plan RFQ/RFP
3. Consultant Proposals
3a. Daniellian Associates
3b. CallisonRTKL
3c. Rick Engineering
4. Opportunity Area Analysis Aerial