



**STAFF REPORT**  
**10/14/2020**

**TO:** Honorable Mayor and City Council Members

**FROM:** Luis Lopez, Development Services Director

**SUBJECT:** Professional Services Agreement with Lisa Wise Consulting, Inc. to prepare the City of Coachella - 6<sup>th</sup> Cycle Housing Element Update to the General Plan, in the amount of \$96,050.00 and authorize a re-allocation of LEAP Grant funding and SB-2 Grant funding for this Agreement and Housing-Related Tasks.

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**STAFF RECOMMENDATION:**

Staff recommends that the City Council authorize the City Manager to execute the attached Professional Services Agreement with Lisa Wise Consulting, Inc, in the amount of \$96,050.00 and authorize a re-allocation of LEAP Grant and SB-2 Grant funds for this Agreement, and Housing-Related Tasks.

**BACKGROUND:**

Every eight (8) years, all cities and counties in California are required to adopt a new Housing Element, as an amendment to the agency's General Plan. The City's current Housing Element covers the planning period from 2013 to 2021. Therefore, a new Housing Element must be adopted by the City and approved by the State of California, by the end of year 2021. The Housing Element is the only element of the General Plan that is strictly regulated by State laws requiring local policies to accommodate regional housing needs through removal of zoning barriers (i.e., Regional Housing Needs Allocation assignments) and requiring a certification by the State's Housing and Community Development Department (HCD) prior to completion. The Housing Element is also a pre-requisite qualification for numerous State and Federal affordable housing programs which the City of Coachella takes advantage of frequently.

**DISCUSSION/ANALYSIS:**

In late June 2020, staff published a Request for Proposals (RFP) advertising the need to hire a consultant for the City's 6<sup>th</sup> Cycle Housing Element Update with a filing deadline of August 14, 2020. The RFP included a contract budget estimate range of \$60,000 - \$65,000, comparable to what other local cities have paid (i.e. Palm Desert's contract with Terra Nova Planning and Research). The City received no proposals from any consultants. Staff received feedback from two consultants stating that the firm was already too busy to take on a new Housing Element update, and that the contract budget was inadequate for the work needed in the City of Coachella. Part of the looming budgetary issues were the need to finish the "5<sup>th</sup> Cycle Rezoning Program"

which must be completed during the current planning period, and for which staff had been contemplating a possible “RHNA carry-over” into the 6<sup>th</sup> Cycle and which would have required a significant amount of added work.

#### HCD Technical Assistance:

As a result of the unavailability of consultants, staff was advised by our HCD representative, to schedule technical assistance with HCD staff, and to participate in two SCAG Housing Virtual Workshops in late August, 2020. Staff learned that many cities are having difficulty finding qualified consultants for their Housing Elements. Additionally, staff was informed that the 5<sup>th</sup> Cycle Rezoning Program is a critical task because a “RHNA Carry-over” into the new planning period would subject the Program to current legislation. The state statutes have changed such that any rezoning program intended to fill the housing category for “Low and Moderate Income” households, cannot be over 10 acres in size. The current rezoning program is much more flexible and allows large land holdings to qualify for high-density residential rezoning, making it easier and less costly to accommodate zoning for over 2,000 new units as required. Additionally, HCD advised that Coachella’s Housing Element Update should be in the \$80,000 to \$90,000 budget range due to our large RHNA allotment and the new mandated programs.

As a result of the technical assistance call, staff immediately executed a contract with MSA Consulting (contract approved on September 9, 2020 City Council meeting) and began work on the 5<sup>th</sup> Cycle Housing Element rezoning effort. Additionally, two consultants requested that the RFP deadline be extended for their re-consideration given this new fact and the City’s willingness to augment the contract award. Michael Baker International (MBI) and Lisa Wise Consulting, Inc. were still in discussions with staff about a possible proposal in early September 2020. Both of these firms are highly-qualified and are recognized as industry experts in the professional land use planning field.

Unfortunately, MBI decided not to submit a proposal due to the uncertainty of the tasks. Therefore, Lisa Wise Consulting, Inc. is the only official proposal presented, at a contract price of \$96,050.00. Due to the unusual circumstances, and the urgency to get started on this work, staff recommends that the City Council authorize the current Agreement with Lisa Wise Consulting, Inc. as a sole-source offer because we were unsuccessful in getting any other bids.

#### Grant Funding Re-Appportionment:

The Agreement with Lisa Wise Consulting, Inc. qualifies for grant funding under California HCD’s Local Early Action Planning (LEAP) Grants program, and staff previously obtained City Council authorization for this work in the amount of \$65,000.00. Staff would like to re-appportion additional funding from the SB-2 Grant funds to make up the difference in the contract amount, by reducing the prior allocation to the City’s “Permit Tracking Software” housing activity.

Similarly, staff would like to augment the “5<sup>th</sup> Cycle Housing Element Rezoning” (currently under contract with MSA Consulting, Inc.) by \$3,310 to reflect the recently-approved contract amount. This would allow for both Housing Element contracts to be fully funded, while reducing the prior

allocations towards the City’s Permit Tracking Software, which can still be fulfilled with remaining funds as explained below.

The following charts show the previously-allocated grant amounts for a variety of housing-related tasks. The columns on the far right indicate how staff intends to re-apportion the funding to make up the difference in the anticipated contract work for the Housing Element Update, and the recently-authorized 5<sup>th</sup> Cycle Rezoning program work (MSA contract was for \$53,310.00).

**SB2 Grant**

	<i>Allocated Amounts (Highlighted amount to be reduced)</i>	<i>Amount to Allocate to Housing Element Update</i>
ADU Outreach/Research Design	\$12,000	
Final ADU Building Plans + Plan Renewal Fees	\$13,000	
Permit Tracking System	\$135,000 (\$34,360)	\$31,050
<b>GRANT TOTAL</b>	<b>\$160,000</b>	<b>\$31,050</b>

**LEAP Grant**

Housing-Related Tasks	<i>Allocated Amounts</i>	<i>Amount to Augment for 5<sup>th</sup> Cycle Rezoning Effort</i>
Process 4 Re-Zonings + 2 CEQA Neg. Decs.	\$50,000	\$3,310
Prepare + Adopt Housing Elements	\$65,000	
Permit Tracking System	\$25,000	
Develop Pre-Approved ADU/JADU Architectural Drawings	\$10,000	
<b>GRANT TOTAL</b>	<b>\$150,000</b>	<b>\$3,310</b>

The above charts show the City’s previously-allocated amount of \$65,000 for the Housing Element Update as part of the LEAP Grant funds. Additionally, staff had apportioned \$135,000 for a new “Permit Tracking System” under the SB-2 Grant and staff completed a feasibility study for that project. As a result of the feasibility study, it was found that the vendors analyzed are cost-prohibitive, and there is a less expensive alternative with a vendor that offers a “web based software-as-a-service” subscription for permit tracking that will save the City more than half of the allocated grant amount. Therefore, staff would like to reduce funding for the Permit Tracking System under the SB-2 Grant program and to augment \$31,050 towards the Housing Element Update (Lisa Wise Consulting, Inc. Agreement) and augment \$3,310 towards the 5<sup>th</sup> Cycle Rezoning Effort (to reflect the current \$53,310.00 contract with MSA Consulting, Inc.).

Based on the above discussion, the attached Professional Services Agreement is contingent upon grant funding being in place to pay for at least 75% of the award, even though the City's Grants Manager has assured staff that 100% of this work qualifies under the existing grant programs as explained above.

**ALTERNATIVES:**

1. Authorize the City Manager to execute the attached Professional Services Agreement with Lisa Wise, Inc. and re-allocate grant funding for the Housing-Related Tasks.
2. Authorize the City Manager to execute the attached Professional Services Agreement with Lisa Wise, Inc., with added or modified terms, and re-allocate grant funding for the Housing-Related Tasks.
3. Continue this item and provide staff direction.

**FISCAL IMPACT:**

The terms of the Lisa Wise Consulting, Inc. Agreement would require the City to pay up to 25% of the contract cost, or \$24,012.00 out of General Fund accounts, which are budgeted for in the current operating budget for the Community Development Department. The remaining 75% of the contract work must qualify for grant funding. Staff anticipates no fiscal impact in that the project will qualify for full funding through the LEAP Grant Program and a re-apportionment of the SB-2 Grant funding that the City has been awarded. City Council appropriates the amount of the grant-funded portion of the agreement in the general fund (101) and grants fund (152) and approves a corresponding transfer from the City's grants fund (152) to the general fund (101).

**RECOMMENDED ALTERNATIVE(S):**

Staff recommends Alternative #1 or #2 as noted above.

Attachment: Professional Services Agreement with Lisa Wise Consulting, Inc.  
Proposal submitted by Lisa Wise Consulting, Inc.