



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/01/2022

ITEM NO: 06

DATE: February 24, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a First Amendment to the Agreement with M-Group for Consultant Services as Provided in the Senate Bill 2 Los Gatos Planning Grant Program Application by Extending the Term of the Agreement and Increasing Compensation to a Total Not to Exceed \$107,679 Including Contingencies.

RECOMMENDATION:

Authorize the Town Manager to execute a first amendment (Attachment 1) to the agreement with M-Group for consultant services as provided in the Senate Bill (SB) 2 Los Gatos Planning Grant Program Application by extending the term of the Agreement and increasing compensation to a total not to exceed \$107,679 including contingencies.

BACKGROUND:

On November 5, 2019, the Town Council adopted Resolution 2019-053 (Attachment 2) to authorize application for and receipt of Planning Grant Program funds, including execution of an agreement with the California Department of Housing and Community Development (HCD) by the Town Manager. Planning staff submitted an application with a proposal to develop objective standards and by right findings for the review of qualifying housing development applications, and to identify amendments to the Town Code necessary to add the objective standards and findings to Chapter 29 of the Town Code (Zoning Regulations).

The Town received approval of the application and entered into an agreement with HCD to receive reimbursable grant funding for the proposed scope of work in an amount not to exceed \$160,000 (Attachment 3). The agreement with HCD required the Town to apply for reimbursement by February 28, 2022, and subsequently the Town confirmed that HCD has extended the agreement with the Town until September 30, 2023 (Attachment 4).

PREPARED BY: Sean Mullin, AICP and Ryan Safty
Senior Planner Associate Planner

Reviewed by: Town Manager, Assistant Town Manager, Community Development Director, Town Attorney, and Finance Director

BACKGROUND (continued):

Staff sent out a request for qualifications (RFQ) to provide services for preparation of objective standards for the review of qualifying housing development applications as provided in the Town of Los Gatos SB 2 Planning Grant Program application. Staff received proposals from four firms. After reviewing the submittals and conducting interviews, staff concluded that M-Group planning consultants provided the best fit, capacity, and professional expertise for the proposed scope of work.

On March 16, 2021, the Town Council authorized the Town Manager to execute an agreement with M-Group for the proposed scope of work to be completed by February 28, 2022, consistent with the terms of the HCD agreement. The estimated cost to complete the proposed scope of work was \$88,185 (Attachment 1, Exhibit A).

DISCUSSION:

Development of objective standards is currently underway and will not be completed prior to February 28, 2022. The original Agreement for consultant services with M-Group expired on February 28, 2022, consistent with the terms of the HCD agreement. Staff has confirmed with HCD that their agreement with the Town has been extended through September 30, 2023. Staff recommends extending the Agreement with M-Group to September 30, 2023, to remain consistent with HCD's extended timeline (Attachment 1, Exhibit B), even though staff anticipates completion of the project in the Fall of 2022.

To date, the project initiation phase has been completed, including review of State legislation and existing Town guidelines and standards, and collation of feedback received from five meetings with the Planning Commission subcommittee. On February 22, 2022, the first of two community engagement meetings was conducted to gather feedback from residents and stakeholders.

With consideration of the gathered feedback, staff and M-Group are currently developing draft objective standards that will be presented and discussed at a second community engagement meeting, tentatively scheduled for April 2022. After the community reviews and comments on the draft objective standards, the Planning Commission and Town Council will review the proposed objective standards. The Planning Commission meeting will likely take place in the Summer of 2022. After the Planning Commission completes its review and forwards a recommendation, the Town Council will consider adoption of the objective standards. Once adopted by the Town Council, the scope of services with M-Group will be complete and staff will work on implementation of the adopted objective standards.

DISCUSSION (continued):

The original scope of work agreed upon by the Town and M-Group has evolved to include two additional Planning Commission subcommittee meetings and an additional community meeting. The timing of several phases of the project has also been adjusted (Attachment 1, Exhibit B). The change in project scope and additional meetings requires a budget augmentation of \$9,705. The estimated cost to complete the revised scope of work is \$97,890 (Attachment 1, Exhibit B).

Consistent with other consultant service agreements, staff is also recommending a 10 percent contingency to address potential changes in the scope of work as approved by the Town Manager. The total cost with the recommended budget augmentation and a 10 percent contingency is \$107,679. The revised cost is within the reimbursable grant funding under the existing agreement with HCD.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute a first amendment to the agreement with M-Group to (Attachment 1) by:

- Extending the Agreement through September 30, 2023, consistent with terms of the HCD agreement;
- Augmenting the budget by \$9,705.00 due to changes in the project scope; and
- Including a contingency clause authorizing the Town Manager to authorize budget changes up to 10 percent.

These changes would result in a total agreement cost of \$107,679, including the contingency.

COORDINATION:

This report has been coordinated with the Town Manager's Office, Town Attorney's Office, and the Finance Department.

FISCAL IMPACT:

The amendment to the agreement would increase the budget for the project by \$9,705 to \$97,890. The total cost with the recommended budget augmentation and 10 percent contingency is \$107,679. The cost of the revised project would be reimbursed by an equal amount of grant revenue received. The grant reimbursement funds will be added to the Town's budget prior to payment of the invoices of the planning consultants.

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SUBJECT: SB 2 Planning Grant Program Planning Consultant Agreement First Amendment

DATE: February 24, 2022

ENVIRONMENTAL REVIEW:

Environmental review is not required for this agreement as it is not a project defined by the California Environmental Quality Act (CEQA).

Attachments:

1. Draft M-Group First Amendment to an Agreement with Exhibits A and B
2. Resolution 2019-053
3. HCD Agreement
4. SB2 Grant Funds Extension