



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/04/2022

ITEM NO: 5

DATE: September 29, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Second Amendment to the Agreement with M-Group for Consultant Services as Provided in the Senate Bill 2 Los Gatos Planning Grant Program Application by Increasing Compensation to a Total Not to Exceed Amount of \$130,279 Including Contingencies and Authorize a \$67,279 Revenue Budget Adjustment to Recognize the Grant Receipt

RECOMMENDATION:

Authorize the Town Manager to execute a second 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 increasing compensation to a total not to exceed amount of \$130,279 including contingencies and authorize a \$67,279 revenue budget adjustment to recognize the grant receipt.

BACKGROUND:

On November 5, 2019, the Town Council adopted Resolution 2019-053 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 for the review of qualifying housing development applications.

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. 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.

PREPARED BY: Jennifer Armer, AICP
Planning Manager

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

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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.

On March 1, 2022, the Town Council authorized the Town Manager to execute a first amendment to the agreement with M-Group to increase compensation and extend the agreement to September 30, 2023. The revised agreement was for a not to exceed amount of \$107,679.

DISCUSSION:

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 were conducted to gather feedback from residents and stakeholders. On May 12, 2022, a preliminary draft of the objective standards was presented and discussed at a second community engagement meeting. Based on the feedback from the Planning Commission subcommittee and the community, staff and M-Group developed Draft Objective Standards and presented them to the Planning Commission on June 22, 2022. The Planning Commission provided feedback and recommended modifications which were then reviewed by Planning Commission on August 24, 2022, and September 14, 2022.

The original scope of work agreed upon by the Town and M-Group has evolved, and now that the Planning Commission has provided their full recommendation M-Group has provided a memo summarizing what is expected for the remainder of the process (Attachment 1, Exhibit A). The change in project scope and additional meetings requires a contract amendment of \$22,600. The estimated total cost to complete the revised scope of work is now \$130,279 (Attachment 1, Exhibit A). The revised cost is within the reimbursable grant funding under the existing agreement with HCD.

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CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute a second amendment to the agreement with M-Group (Attachment 1) by augmenting the total agreement amount by \$22,600 due to changes in the project scope to include additional public hearings and document revisions. This change would result in a total agreement cost of \$130,279, 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 total agreement amount for the project by \$22,600 to \$130,279. The cost of the revised project would be reimbursed by an equal amount of grant revenue received. While this project is executed through multiple fiscal years, the grant reimbursement will be collected at the completion of the project during the current fiscal year. Staff is recommending a revenue budget adjustment of \$67,279 (from \$63,000 to \$130,279) for the anticipated grant receipts.

ENVIRONMENTAL REVIEW:

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

Attachment:

1. Draft M-Group Second Amendment to an Agreement with Exhibit A

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