To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Timothy Burroughs, Director, Department of Planning and Development

Subject: Contract No. 10874A Amendment: Street Level Advisors for Development Fee Feasibility Analysis

RECOMMENDATION
Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 10874A with Street Level Advisors, to analyze the impact of fees and other variables on development project feasibility and to gather additional stakeholder input, increasing the contract amount by $30,000 to a new total not-to-exceed contract amount of $75,400, and extending the contract period to December 31, 2019.

FISCAL IMPACTS OF RECOMMENDATION
Funding for this project is available under General Fund budget code 621-53-584-622-0000-000-472-612990.

The original contract was been assigned CMS No. V31CA, and the first amendment was assigned CMS No. IGA56. The contract number is 10874.

CURRENT SITUATION AND ITS EFFECTS
On April 23, 2018, the City entered into a contract with Street Level Advisors in the amount of $40,000 (subsequently increased to $45,400) to conduct a study of development fees and other variables that affect land use development in Berkeley, and make conclusions about the effects of such variables on the overall feasibility of project development. One key deliverable under the contract is the creation of an Excel-based tool to compile inputs from prototype project pro-formas that affect expected project rates of return. The tool is designed to provide a “sensitivity analysis” to test how changes to project density, land value, construction costs, location, rents and other variables may affect the financial feasibility of a project. Other deliverables include a study of fees charged by other local jurisdictions, a summary of findings regarding the effects on feasibility from different fee rates and structures, and the presentation of those findings to community stakeholders and policy making bodies, such as the Planning Commission and City Council.

Work under the contract to date has progressed well. Street Level Advisors has compiled detailed data on development fees in Berkeley and comparison jurisdictions,
and developed a series of project pro-formas in order to illustrate the impact of fee alternatives and other variables on project financial feasibility. Staff at Street Level Advisors are currently working with City staff to review and refine the draft Excel-based tool.

Staff propose increasing the amount of the contract and extending the timeline to enable Street Level Advisors to implement an expanded but related scope of work. Specifically, additional resources and time will enable Street Level Advisors to apply the financial feasibility tool to upcoming potential zoning amendments, such as amendments that may be proposed through the Adeline Corridor Specific Plan and Citywide Density/Development Standards Study. This contract amendment will also enable additional meetings with City staff, City Council, and community members to help gather community input on any potential policy options.

BACKGROUND
The Planning Department issued an RFP (Spec. #18-11172) to conduct a Development Fee Feasibility Analysis for the City of Berkeley on September 25, 2017, and based on written proposals and subsequent interviews, selected Street Level Advisors as the preferred firm to perform the work. Contract 10874 was entered into on April 23, 2018, in an amount not-to-exceed $40,000, and was subsequently amended (10874-A) to increased that amount to $45,400 and to extend the contract duration to June 30, 2019.

On June 27, 2017, as part of its action to revise the amount and timing of payments of the City’s Affordable Housing Mitigation Fee, the City Council directed staff to:

“…conduct a Nexus Study every five years with an economic feasibility analysis of housing development fees every 2 ½ years; provide a housing pipeline report when each Nexus Study and feasibility analysis are completed; evaluate the amount of the fees when feasibility analysis is issued; complete the next feasibility study no later than December 2018.”

ENVIRONMENTAL SUSTAINABILITY
There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION
The City is satisfied with the work delivered by Street Level Advisors to date under this contract, and believes that the proposed amendment will provide the consultant with additional capacity to apply the draft financial feasibility tool to other potential policy changes and conduct additional community outreach.

ALTERNATIVE ACTIONS CONSIDERED
None.
CONTACT PERSON
Timothy Burroughs, Director, Planning and Development Department, 510-981-7437
Steven Buckley, Manager, Land Use Division, 510-981-7411

Attachments:
1: Resolution
   Exhibit A: Draft updated Scope of Work
RESOLUTION NO. ##.###-N.S.

CONTRACT NO. 10874A AMENDMENT: STREET LEVEL ADVISORS FOR DEVELOPMENT FEE FEASIBILITY ANALYSIS

WHEREAS, the Planning Department issued a Request for Proposals (Spec. #18-11172) on September 25, 2017, seeking a vendor to conduct a Development Fee Feasibility Analysis; and

WHEREAS, based on written proposals received and staff panel interviews, Street Level Advisors was selected as the best qualified and most responsive firm to perform the work; and

WHEREAS, a contract was entered into on April 23, 2018 (Contract No. 10874) in the amount of $40,000 for Street Level Advisors to provide these services; and

WHEREAS, a contract amendment was entered into on July 9, 2018 (Contract No. 10874A) to add an additional $5,400 for the services, bringing the new contract total not-to-exceed amount to $45,400; and

WHEREAS, the work by Street Level Advisors on the Development Fee Feasibility Analysis to date has been highly satisfactory; and

WHEREAS, the remaining work to augment the analysis and present the findings to City staff, community stakeholders, the Planning Commission and the City Council, among others, will require work from Street Level Advisors which exceeds its current contract funding; and

WHEREAS, the cost of the contracted service is allocated in FY 2019 in budget code 621-53-584-622-0000-000-472-612990; and

WHEREAS, the latest proposed contract amendment has been entered in the Citywide contract database;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to Contract No. 10874A with Street Level Advisors to continue its Development Fee Feasibility Analysis for an additional amount of $30,000, to a new total contract not-to-exceed amount of $75,400, for the period extending through December 31, 2019.

BE IT FURTHER RESOLVED that a record signature copy of said contract and any amendments will be on file in the Office of the City Clerk.

Exhibit
A: Draft Scope of Work
Proposed Scope of Services

- Develop presentation additional materials to communicate results of feasibility analysis of various potential changes to zoning regulations to community stakeholders, Boards and Commissions and City Council. (30 hours)
- Utilize the draft tool to analyze the financial feasibility of potential changes to zoning development standards related to other Planning Department initiatives, such as the Adeline Corridor Specific Plan, the citywide density standard study and Zoning Ordinance Revision Project and the application of the State Density Bonus. This task includes meetings with City staff and written documentation of the results of the analysis. (75 hours)
- Prepare and attend additional meetings with Board/Commission/Council members to get feedback about the findings from the feasibility analyses to inform policy discussions. (30 hours)

Hourly Rates:
Principal: $250
Associate: $150