



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: NOVEMBER 19, 2024

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

THROUGH: VINCENT MONTGOMERY, PLANNING MANAGER

BY: FRANCISCO BRAMBILA, MANAGEMENT ANALYST
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TITLE: AGREEMENT FOR PROFESSIONAL SERVICES WITH OPPORTUNITY SPACE, INC. DBA TOLEMI FOR RESIDENTIAL RENTAL REGISTRATION AND RENT STABILIZATION PROGRAM ONLINE MANAGEMENT PLATFORM

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the City Manager to execute an Agreement for Professional Services with Opportunity Space, Inc. dba Tolemi to provide an online management platform for the Residential Rental Registration and Rent Stabilization programs in an amount not to exceed \$141,000 for a one-year term commencing on November 20, 2024 through November 19, 2025.

EXECUTIVE SUMMARY:

The Residential Rental Registration (RRR) and Rent Stabilization (RSO) Programs (Program) requires property owners to register their rental units, ensuring compliance with approved ordinances. The proposed Agreement for Professional Services (Agreement) with Opportunity Space, Inc. dba Tolemi (Tolemi) to develop an online management platform will streamline operations, increase transparency, and enhance user experience, as well as improve registration tracking, reporting and communication between property owners and the City of Salinas (City) departments. The term of the Agreement is November 20, 2024, to November 20, 2025. Based on performance, the term may be extended annually.

BACKGROUND:

City Council approved the implementation of the Residential Rental Registration Ordinance on April 4, 2023, and on September 24, 2024, approved the Rent Stabilization, Tenant Protection and Just Cause Eviction, and Anti-Harassment Ordinances. These Ordinances require property owners to register residential rental units subject the Ordinances with the City of Salinas.

In response, the City issued a Request for Proposal (RFP) to select a qualified vendor to provide an online platform for managing the Program. The City received proposals from five vendors at the end of the RFP period. A selection committee, comprised of representatives from the Community Development, Administration, Public Works GIS, and IT departments, was tasked with evaluating and rating and ranking each proposal based on RFP criteria including technical assessment, qualification and management, and relevant experience. The competitive process included reviewing each vendor's written proposal, interviewing key personnel, and conducting product demonstrations. After careful consideration, the committee narrowed the field to the top three vendors to interview.

Tolemi was selected as the top vendor because of its ability to launch the platform on January 1, 2025, and the software’s capability to search and identify potential rental properties subject to the Ordinances within Salinas using different criteria. This feature could help achieve a higher compliance rate.

The Table 1 below lists the proposals received, the estimated cost, proposal median score, and product demonstration median score.

Table 1: RFP responses

	Est. Cost Year 1	Est. Cost Year2	Est. Cost Year3	Proposal Median Score	Product Demo Median Score
Opportunity Space, Inc dba Tolemi	\$141,000	\$129,000	\$129,000	95	24
Neumeric Technologies*	\$82,000	\$60,000	Not provided	93	14
3Di, Inc.	\$38,111	\$49,500	\$50,445	91	20
CloudBase Services	\$122,890	\$162,144	\$178,273	79	<i>Not selected for interview</i>
FSH Tech	\$73,000	\$66,000	\$66,000	52	

* Cost is based on 50 users. For Salinas, the cost could be up to \$180,000 per year for unlimited number of users.

After thorough analysis, the selection committee determined that Tolemi best met the City's needs for the RRR and RSO Program platform. Tolemi’s platform offers a user-friendly interface that will allow property owners to easily register properties, pay fees, and monitor compliance online. The platform integrates a robust reporting system and integrates well with the City's existing systems, ensuring smooth data transfer, and reducing manual data entry. Additionally, Tolemi demonstrated a strong track record of successful platform implementation with other municipalities and provided robust customer support and ongoing maintenance services. While their proposal was higher in cost than some competitors, the long-term benefits and superior features provided greater value that compensates for the higher cost.

The initial cost for implementing Tolemi's platform is estimated at \$141,000 for year 1 and on-going annual maintenance and support costs are \$129,000. The project will be funded through the RRR and RSO program budget, which is supported by Program registration fees paid by property owners. The platform is expected to generate efficiencies that will reduce staff time spent on manual tasks, allowing resources to be reallocated to other critical functions. Over time, the increased compliance and streamlined processes are anticipated to lead to enhanced revenue

collection for the program. The platform is expected to be available for end users by January 1, 2025, the Program effective date. Staff is working to develop a plan in the event there are delays with the platform implementation.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The City Council’s consideration of the proposed action is consistent with and furthers the City Council’s goal of promoting Housing/Affordable Housing (City of Salinas Strategic Plan 2022-2025).

DEPARTMENTAL COORDINATION:

Ordinance and Program implementation, selection of vendor, and preparation of the Agreement for Professional Services with Tolemi is a collaborative effort among Community Development, Public Work GIS, Legal, Finance, Administration, and IT departments and divisions.

FISCAL AND SUSTAINABILITY IMPACT:

On November 19, 2024, City Council will also consider the establishment of Program registration fees and a FY 24-25 budget, workforce augmentation to hire additional administrative staff, and authorization of a transfer from the General Fund to cover Program start-up costs prior to collecting sufficient Program fee revenue to cover Program expenses. The cost of this Agreement is included in the FY 24-25 Budget. The table below is based on City Council approval of the above actions.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action
2530	30.3220-63.5900	Outside Services - Other Professional Services	\$300,000	\$141,000	N/A	N/A

ATTACHMENTS:

Resolution

Draft Agreement for Professional Services