

**REPORT TO THE  
CITY COUNCIL**  
*City of Salinas, California*

DATE: June 14, 2016

FROM: Megan Hunter, Director of CDD

BY: Lisa Brinton, Senior Planner

**SUBJECT: Professional Services Agreement between the City of Salinas and Economic Planning Systems, Inc (EPS)**

**RECOMMENDATION:**

It is recommended that the City Council approve a resolution authorizing the City Manager to enter into an agreement for professional services (Agreement) with Economic Planning Systems, Inc (EPS) to prepare Housing Target Market Analyses (HTMA) for the Downtown, Chinatown and Alisal/East Salinas neighborhoods.

**DISCUSSION:**

Background

Over the past ten years, the City of Salinas, in partnership with various community groups, business associations, and private individuals/entities, has undertaken a significant amount of work in the area of housing and community/neighborhood planning. Past work includes extensive community outreach, studies, reports and plans focused on the Downtown, Chinatown and the Alisal/East Salinas areas. These three areas represent the City's primary nodes of activity and greatest areas of opportunity. As part of the community outreach and planning process, each area identified opportunities and constraints to creating a more vibrant, walkable, safe and prosperous place to live, work and play. Common themes and priorities emerged through each planning process including the need for a variety of housing types for all family sizes and income levels; community amenities and resources (open space/recreation, grocery stores, neighborhood serving retail and restaurants, medical services, civic services); multi-modal connectivity and ease of access to services and employment, and sustainable development.

One of the key implementation recommendations of the Downtown Vibrancy Plan (2015) was to stimulate development activity by creating catalyst sites through the re-zoning of public surface parking lots to allow for desired uses such as residential or mixed-use development, and to focus on aligning the land use approval process to facilitate private investments in downtown development. This includes amending City land use designations and regulations to allow for and incentivize the recommended type(s) of housing development.

A better understanding of the housing target market, product demand, and absorption rates will allow the City and its partners and stakeholders to prioritize housing development efforts in these target areas. The HTMA will serve as an important tool to ensure that local planning and practice is in

alignment with emerging markets. The HTMA outcomes will assist the city, private developers, and the community to focus and diversify their approach to community development, target funding to increase impact, and focus efforts where the data supports housing development.

While the implementation of the Downtown Vibrancy Plan was the initial driver for the HTMA, Chinatown and Alisal/East Salinas have been included in the scope of work as both areas will soon be re-engaging community stakeholders to update and prepare community plans. The HTMA information will provide data that will need to be considered as part of these planning processes. There is an economy of scale to prepare HTMA for all three areas in that all three analysis include looking at the regional market data and conduct outreach to developers, brokers and housing professionals to validate market assumptions.

### Consultant Selection Process

On March 21, 2016 the City released a Request for Proposals (RFP) soliciting proposals from qualified firms to prepare Housing Target Market Analyses (HTMA) for the Downtown, Chinatown and Alisal/East Salinas areas. The RFP scope of work was prepared in consultation with community stakeholders including Salinas Planning and Research Corporation, the Salinas City Center Improvement Association, Old Town Salinas Business Association, the Salinas Valley Chamber of Commerce Business Development Committee, Monterey County Board of Realtors, and Building Healthy Communities. One proposal, from EPS working EMC Planning Group as a sub-consultant, was received by the submittal deadline of April 13, 2016. The proposal was distributed to a panel consisting of staff and six (6) community stakeholders for review, comment and rating. Panel participants included the following individuals and groups.

- Alfred Diaz-Infante, CHISPA
- Peter Kasavan, SPARC
- Brian Finegan & SCCIA Land Use Committee
- Gloria Moore, MCAR
- Betsy Nahas Wilson, Mid-Peninsula Housing
- Jane Barr, Monterey County

In their review the panel raised several issues regarding the necessity and timing of the analyses, the scope of work deliverables, and the consultant's past experience and qualifications. Based on the panel feedback, staff and EPS discussed and strategized how the scope could be revised to address the panel's concerns. New data, a downtown market study, was also made available to EPS. With this data, EPS is able to reduce the amount of time and resources allocated for the Downtown HTMA from data collection and stakeholder outreach in order to focus more on catalyst site development strategy, including the preparation of information (GIS mapping, pro forma analysis and conceptual site plans and design elements) to be incorporated into marketing packages, and the preparation of the General Plan and Zoning Code amendments based on the HTMA's findings and recommendations.

On May 26, 2016, the revised scope of work was distributed to the panel for review and staff met with the SCCIA Land Use Committee to discuss the revised scope of work and how it addressed their concerns.

## Scope of Work

EPS has considerable knowledge of and involvement with planning efforts in the City and the study areas. Since 1991, EPS has provided technical support to the City for numerous economic studies, including the draft EDE, prior feasibility analysis of a proposed condo-hotel project in Downtown Salinas, and the evaluation of economic impacts related to a proposed relocation of Monterey County offices. In addition, EPS and EMC have worked collaboratively and bring in-depth knowledge of regional economic dynamics, socio-economic trends, community composition, and land and other underutilized assets throughout the City.

The final negotiated scope of work is attached to the professional services agreement as Exhibit "A". The deliverables under this scope include a target market analyses report that will provide actionable, strategic recommendations to advance viable development prototypes for specific development sites. Particular attention will be placed on the need to ensure that zoning, parking, densities, and other regulatory policies do not constrain development feasibility. EPS will evaluate any anticipated financing gaps and will recommend incentives or policy options necessary to ensure development feasibility. Recommended policy and regulation changes will be presented in the form of recommended General Plan and Zoning Code amendments for the City's consideration. In addition, GIS mapping, pro forma information, and consideration of key design elements will be prepared for the City to incorporate into marketing packets to promote the catalyst sites.

## Timing

The Scope of Work includes an overall schedule in which final deliverables are to be provided in three (3) months, which is four (4) weeks shorter than the original schedule. The deliverables for the Downtown area will be prioritized as the first deliverable and will be provided eight (8) to ten (10) weeks after project initiation.

## **ISSUE:**

Shall the City Council approve a resolution authorizing a professional services agreement with EPS for the preparation of a Housing Target Market Analysis for Downtown, Chinatown and Alisal/East Salinas areas?

## **FISCAL IMPACT:**

The Agreement provides a comprehensive scope of work to prepare three Housing Target Market Analysis. The total not to exceed contract amount is One Hundred Twenty-Nine Thousand Five Hundred (\$129,500) Dollars. The cost breakdown per target area is \$54,010 for the Downtown and \$37,744 for Chinatown, and \$37,744 for Alisal/East Salinas. The funding sources for this agreement is the City's 2016-2016 FY Capital Improvement Program Budget, CIP Project 9246 Downtown Vibrancy Plan Zone Changes (\$54,010) and CIP Project 9136 EDE Adoption and Implementation (\$75,488).

## **TIME CONSIDERATIONS:**

The approval of this Agreement is the first step towards implementing the Downtown Vibrancy Plan's recommendation to re-zone city surface parking lots for residential and/or mixed-use development. Time is of the essence in that the economy and housing markets are cyclical. It is important to engage

developers and incentivize development before the housing market shifts into its next cyclical downturn. The revised scope of work addresses the panel's concerns with timing by reducing the project schedule from four (4) to three (3) months, and by phasing deliverables to focus on the Downtown analysis, strategy and recommendations first.

**ALTERNATIVES/IMPLICATIONS:**

As an alternative to approving this Agreement, the City Council could request staff to modify the scope of work and return to the Council for further consideration, refer the agreement to other Boards or Commissions, reissue an RFP, take no action regarding this Agreement, or other actions the City Council deems appropriate in this matter. However, staff will not be able to move forward with the re-zoning of the surface parking lots without the HTMA data, which would stall the implementation of the Downtown Vibrancy Plan.

**CITY COUNCIL GOALS:**

This Agreement will be the foundation for the preparation zoning amendments, which is a critical implementation component of the Downtown Vibrancy Plan and will provide important housing market information to guide the preparation of the Chinatown and Alisal/East planning processes. All three of these areas are identified as Focused Growth Areas in the City's accepted draft Economic Development Element (EDE). The preparation of the HTMA is key to the implementation of several EDE policies and actions items related to promoting economic development and vibrancy in these three areas. The EDE, as a strategy document, as well as its implementation, aligns closely with the City Council's goals (2016-2019) of Economic Diversity and Prosperity, Safe, Livable Community, Effective, Sustainable Government, Well Planned City and Excellent Infrastructure, and Quality of Life. The HTMA specifically promotes the goal of Economic Diversity and Prosperity.

**CONCLUSIONS:**

Housing is critical to growth and vibrancy in the Downtown. Currently housing is sparse in the Downtown. Bringing housing into the city center will create a 24/7 atmosphere, in which there is a symbiotic relationship between residents and businesses. Having more rooftops attracts more retail amenities which benefit from a local customer and employee base. Residents benefit from living close to amenities and employment. Based on EPS' demonstrated knowledge of the local and regional housing and retail markets, and track record of producing quality work product on time and within budget, it is recommended that the City Council adopt the attached resolution authorizing the City Manager to enter into a professional services agreement with Economic Planning Systems, Inc (EPS) to prepare Housing Target Market Analyses (HTMA) for the Downtown, Chinatown and Alisal/East Salinas neighborhoods.

Distribution:  
City Council  
City Manager  
City Attorney  
Department Directors

Attachments: Resolution, Professional Services Agreement