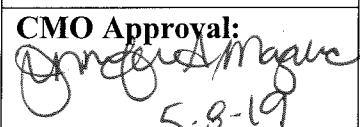


CITY COUNCIL ACTION REQUEST

Department(s): Planning, Building and Code Enforcement	CEQA: Not a Project, File No. PP17 003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	Coordination: Fire Department, Public Works Department, City Attorney's Office, City Manager's Budget Office	Dept. Approval: /s/ Rosalynn Hughey
Council District(s): Citywide			CMO Approval:  5.8.19

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH MANAGEMENT PARTNERS, INC. FOR FEE PROGRAM ANALYSIS SERVICES

RECOMMENDATION:

Approve a Second Amendment to the Agreement between the City of San José and Management Partners, Inc. for Fee Program Analysis Services, to extend the term of the Agreement through June 30, 2020, and amend Revised Exhibit B: Compensation to update Table C-4: Additional Services Payment Schedule.

Desired Outcome: Successful implementation of process improvements and development fee model recommendations.

BASIS FOR RECOMMENDATION:

The City's Development Services Partners includes the Planning and Building Divisions of the Department of Planning, Building and Code Enforcement (PBCE), the Bureau of Fire Prevention of the Fire Department, and the Development Services Division of the Public Works Department. In Fiscal Year 2017-2018, the Partners processed 1,300 planning applications, issued 39,400 building permits and conducted 182,000 field inspections.

In May 2015, staff conducted a competitive Request for Proposal leading to the recommendation and Council approval of an agreement with Management Partners, Inc. ("Consultant") for consulting services to evaluate and make recommendations to the City's service delivery and fee structure models, analyze and develop Work in Progress liability methodologies, and conduct a feasibility review for refund processing.

In November 2016, the Consultant delivered a comprehensive report to the City, entitled "Development Services Cost Recovery Analysis, Process Improvements, Calculation of Unearned Revenues, and Refund Processing" in which the Consultant delivered 91 separate recommendations for process improvements. Council accepted the report and recommendations of staff in December 2016. Upon review of the final report, it was necessary to use the Consultant to assist with prioritizing and implementing various recommendations. The Consultant also worked with the Development Services staff, as needed, to make any additional revisions or changes to their respective fee models due to refinements in service delivery, process improvements or gaps identified in fee models during implementation.

In June 2017, Council approved the First Amendment to the Agreement with Management Partners, Inc. for Fee Study and Liability Analysis Consulting Services, to extend the term of the Agreement through May 31, 2019 and increase maximum compensation by \$100,000, for a maximum not to exceed amount of \$512,737, subject to the appropriation of funds.

In spring 2018, staff engaged Management Partners to analyze proposed changes to the City's formerly named General Plan Update Fee. In April 2018, the Consultant delivered a "Citywide Planning Fee Report" which was included as part of the analysis presented to Council in May 2018 as part of the Manager's Budget Addendum ("MBA") #20 "Citywide Planning Fee and Staffing Expansion". MBA#20 included recommendations to rename the General Plan Update Fee to Citywide Planning Fee, increase the fee through a phased implementation over fiscal years 2018-2019 and 2019-2020 and expand the use of the fee based on the Consultant's report to support and grow the Citywide Planning function. Manager's Budget Addendum #20 was recommended for approval in the Mayor's June Budget Message and was approved by Council in June 2018 as part of the FY2018-2019 Proposed Budget. The estimated budget for the analysis was \$34,015 to \$44,505 depending on the total number of meetings required to complete the project. The final cost of the project was \$29,955 leaving \$70,045 under the amended maximum compensation.

Staff recommends extending the current Agreement term with the Consultant to assist Staff in the facilitation of the various process improvement recommendations, any future modifications to fees and amending the Management Partners portion of Table C-4: Additional Services Payment Schedule. The proposed changes to the Management Partners table of rates and charges are: 1.) the addition of five new positions to the table, and 2.) of the seven current positions listed in the table, increases to the three lowest hourly rates between 10.5% and 13.3% over the hourly rates approved as part of the first amendment to the agreement made in June 2017.

Commission Recommendation: This item does not have input from a board or commission.

This Council item is consistent with the City's 2018-2019 Operating Budget City Service Areas Delivery Framework for Performance-Driven Government for Operational Services: 1) community and economic development.

COST AND FUNDING SOURCE:

No change to the amended maximum compensation is being requested.

FOR QUESTIONS CONTACT: Page Benway, Senior Analyst, (408) 535-7887