



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

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**DATE:** July 13, 2022

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Jovan Grogan, City Manager

**PREPARED BY:** Pamela Wu, Director

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Execute a Contract Amendment With David J. Powers & Associates, Inc., in the Amount Not to Exceed \$138,850 for Services Related to Preparing Necessary Environmental Review for the Housing Element Update

**BACKGROUND:** Each jurisdiction in the State of California is required to update the Housing Element every eight years. The deadline for certification by the California Department of Housing and Community (HCD) is January 2023. The Housing Element update is subject to review under the California Environmental Quality Act (CEQA), and the city has determined that this Housing Element update will require preparation of an Initial Study and Mitigated Negative Declaration (IS/MND). Such technical expertise and resources to prepare a CEQA analysis will be conducted by David J. Powers & Associates (DJP) through an existing on-call service contract. The Initial Study and Mitigated Negative Declaration will analyze, at a program level, the development of approximately 3,600 housing units and the effect of the implementation from the proposed housing programs and policies as identified in the draft housing element.

**DISCUSSION:** The City executed an agreement with David J. Powers, Inc. in the amount of \$72,000 on February 24, 2022, to begin the necessary environmental analysis for the Housing Element update. This approach allows the environmental review to be prepared in two phases to adhere to the state-mandated Housing Element adoption timeline. The initial phase includes tasks such as preparing the initial study checklist, the cultural resources report, the transportation analysis, and the project management services while the specific housing programs, policies and the final housing unit count of the draft Housing Element are still being determined. As the initial scope of work is nearing completion, DJP informed staff that additional required tasks such air quality analysis, greenhouse gas (GHG) analysis, a noise assessment, and finalization of Initial Study-Mitigated Negative Declaration (IS/MND) are needed. To proceed with the next steps in completing the CEQA review for the Housing Element update, staff recommends City Council to authorize a contract amendment in the amount of \$66,850 for a total contract amount of \$138,850 ( $\$72,000 + \$66,850 = \$138,850$ ) with DJP.

DJP has assembled a consultant team with skills and relevant experience to complete the required environmental review for the Housing Element update. A proposed project schedule, budget and a detailed summary of hours associated with the work tasks is included in Attachment 2. The breakdown of the budget is shown in Table 1 below.

Table 1: Budget Breakdown

	Phase 1	Phase 2
Scope Amount	\$64,695	\$61,350
Contingency	\$7,305	\$5,320
Phase Total	\$72,000	\$66,850
<b>Total Contract Amount</b>		<b>\$138,850</b>

**FISCAL IMPACT:** To date, the estimated cost to complete the Housing Element Update is \$330,498. Allocation of funding is shown in Table 2 below.

Table 2: Allocated Funding Towards Completion of the Housing Element Update

Funding Source	Total Appropriation
HCD REAP Grant (Pending Contract)	\$42,498.00
HCD LEAP Grant (Pending Reimbursement)	\$80,000.00
City Council Appropriated FY 21-22 from General Fund	\$88,000.00
FY 23 Budget Enhancement Request from General Fund	\$120,000.00
<b>Total Estimated Project Cost:</b>	<b>\$330,498.00</b>

The requested contract amendment of \$66,850 is included and identified in the FY23 budget enhancement.

**ENVIRONMENTAL IMPACT:** The action is not a project subject to CEQA. The Resolution approving a consulting service agreement for preparation of Housing Element environmental review is not considered a “Project” per CEQA Guidelines and therefore no further environmental analysis is required.

**RECOMMENDATION:** Adopt a Resolution authorizing the City Manager to execute an Amendment No. 1 to the Agreement with David J. Powers, Inc., in an aggregate amount of \$138,850 for services related to the environmental review of an update of the Housing Element project.

**ALTERNATIVES:** The City Council may choose not to approve the agreement amendment and ask and direct staff to pursue alternate means of environmental review for the Housing Element project. This would cause the Housing Element update to not be certified by the state by the January 2023 deadline. This could lead to penalty fees and other enforcement actions by the state.

**ATTACHMENTS:**

1. Resolution
2. Phase 2 Scope of Work