

AMENDMENT NO. 1

CITY OF CHICO - PROFESSIONAL SERVICES AGREEMENT

AGREEMENT DATED DECEMBER 21, 2017

BETWEEN CITY OF CHICO

AND

BAE URBAN ECONOMICS, INC.
Architect/Consultant/Engineer

LAND ABSORPTION STUDY
Project Title

001-510-5400 & MAJNC/50160-000-4800
Budget Account Number


THIS PROFESSIONAL SERVICES AGREEMENT AMENDMENT (Amendment) is entered into on August 7, 2018, between the City of Chico, a municipal corporation under the laws of the State of California (City), and BAE Urban Economics, Inc, a California corporation, (Consultant). On December 21, 2017, City and Consultant entered into "City of Chico - Professional Services Agreement" (Agreement). The provisions of the Agreement are hereby amended as follows:

1. Exhibit B is hereby superseded and replaced by revised page B-1R1 through B-4R1, attached hereto.
2. Exhibit C is hereby superseded and replaced by revised pages C-1R1, attached hereto.
3. All other provisions of the Agreement shall remain in full force and effect.

CITY:


Mark Orme, City Manager*

CONSULTANT:


By: Matt Kowta, Managing Principal

*Authorized pursuant to Section 3.08.060
of the Chico Municipal Code

APPROVED AS TO FORM:



Vincent C. Ewing, City Attorney*

*Pursuant to The Charter of the
City of Chico, Section 906(D)

APPROVED AS TO CONTENT:



Leonardo DePaola, Community
Development Director

REVIEWED AS TO CONTENT:



Scott Dowell, Administrative Services Director*

*Reviewed by Finance and Information Systems

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EXHIBIT B

Scope of Professional Services - Basic

The Consultant shall provide professional services as follows:

The Consultant shall prepare a Land Absorption Study Report (Project) to gain insight on the supply and demand characteristics affecting affordability within residential and commercial sectors in Chico, including (a) identifying the major impediments to opening up land planned to accommodate growth, (b) an assessment of the impacts such characteristics have or are expected to have on local housing availability and affordability, and land to support new non-residential development, and (c) policy recommendations for maintaining consumer and economic development-friendly supply and demand characteristics through 2035; based on the following tasks:

Task 1: Background/Existing Conditions

Task 1.1: Project Start-Up and Tour of Growth Areas

The Consultant shall attend a kick-off meeting with City staff. The purpose of the meeting will be to review the Project objectives, scope of work, and schedule; and for City staff to provide any available background information for the Consultant to review. In addition, City staff will lead a driving tour of the areas within the City's Sphere of Influence slated for residential and non-residential development, highlighting characteristics of key areas, including ownership, infrastructure availability, environmental constraints, etc.

Task 1.2: Population and Employment Projections

The Consultant shall develop population and job projections for the City, through 2035 based on information available from Butte County Association of Governments (BCAG), combined with data from other State and federal sources (CA Department of Finance, CA Employment Development Department, US Census Bureau, etc.).

CA STD FORMS 5/5/15

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Task 1.3: Vacant Land Inventory

The Consultant shall prepare a vacant residential and commercial land inventory by use type (e.g., SF, MF; retail, office, industrial) within the City’s planned Sphere of Influence. City staff will assist by providing GIS data identifying vacant parcels with appropriate General Plan land use designation and/or zoning. The Consultant will map and provide a quantified summary of the available vacant residential and non-residential land.

In addition to the quantification of vacant residential and non-residential land, the Consultant will also conduct a qualitative assessment of the available vacant residential and non-residential land, based on an evaluation of the location and accessibility of vacant parcels, proximity to infrastructure, cost and availability of residential and non-residential land for sale, and other factors to be identified through a series of interviews with knowledgeable individuals. This will include City Planning and Engineering staff, as well as local developers and real estate brokers. City staff will assist by identifying knowledgeable individuals for the Consultant to interview, and by providing GIS layers for features such as locations of existing infrastructure, locations of properties with environmental constraints, etc. The objective of this assessment is to develop a summary of the key impediments to delivering shovel ready residential land, to develop an understanding of the ownership of vacant residential and non-residential lands, to develop an understanding of the developability of the City’s existing vacant land inventory, and owners’ interest in developing their landholdings.

Task 1.4: Current Residential and Non-Residential Market Conditions

The Consultant will conduct background research on local residential real estate market conditions, including housing for sale and for rent. This will include historic trends in housing unit production, as well as trends in home sales prices, rental rates, vacancy rates, and tenure (owner versus renter). The Consultant will also conduct background research on local non-residential real estate market conditions, including development trends, sales prices and rental rates, and business sectors driving demand for space. The Consultant will collect this information through a combination of City building permit data, published data sources and interviews with knowledgeable local real estate professionals, including realtors, apartment leasing agents, and developers who have recently completed residential and non-residential projects. Interview topics will include local market trends, primary drivers of demand for different residential and non-residential product types, and consumer preferences for residential and non-residential product types and locations within the Chico area.

Task 2: Land Demand/Supply Analysis

Task 2.1: Land Demand Analysis

Based on population and job projections and other market factors, the Consultant will develop residential and non-residential land absorption projections identifying annualized acreage needed for residential and non-residential land use categories to support a balance of land supply and demand in the Chico market through 2035. City staff will provide input into the conversion factors to apply to raw, undeveloped residential land, to estimate the yield of finished lots and parcels to accommodate single-family and multi-family housing development, and non-residential building types.

Task 2.2: Supply Analysis

Combining the information from the Vacant Land Inventory (Task 1.3) and the Land Demand Analysis (Task 2.1), the Consultant will analyze the availability of vacant residential and non-residential land to address anticipated demand. This analysis will start with a simple comparison of the number of acres of vacant residential and non-residential land available within the City's Sphere of Influence to the estimated number of acres needed to accommodate projected housing and non-residential demand through the 2035 time period.

The Consultant will also assess the suitability or "developability" of the vacant land inventory, based on the qualitative information collected in Task 1.3, considering major impediments such as environmental constraints, lack of infrastructure (location or capacity), landowner interest/willingness to develop/sell, and regulatory or financial feasibility impediments. Based on this assessment, the Consultant will evaluate the extent to which the basic quantified residential and non-residential land inventories should be "discounted" to acknowledge that some of the vacant land may not be developable, either due to environmental constraints (e.g., wetlands) or due to constraints such as lack of infrastructure, financial feasibility factors, or lack of a motivated land owner. This will include an assessment of the incremental cost difference (as an impediment to development feasibility/end-user affordability) between planned growth areas where site characteristics such as remediation of lava cap and similar site constraints increase development expense compared to planned growth areas where no such constraints exist.

Task 3: Issues and Opportunities Report

Task 3.1: Draft Report

Based on the work completed for the preceding tasks, the Consultant will prepare a Draft Report identifying Chico's core challenges in meeting projected residential housing and non-residential building demand, potential impacts on housing and business space availability and affordability, and recommendations for the City to consider to address residential and non-residential land constraints. The report will include:

- (a) Land supply analysis;
- (b) Market assessment;
- (c) Identification of major impediments to opening up land planned to accommodate growth;
- (d) Land supply/demand evaluation;
- (e) Assessment of the impacts that the anticipated supply/demand balance could be expected to have on housing and business space availability and affordability; and
- (f) Policy recommendations for maintaining consumer and economic development-friendly supply and demand characteristics through 2035.

The Consultant will prepare and submit a Draft Report to City staff in electronic (MS Word) format to facilitate City staff's review and comments. The Consultant will be available to discuss the Draft Report with City staff and answer questions.

Task 3.2: Final Report

Upon receipt of a single-consolidated set of comments from City staff on the Draft Report, the Consultant will make revisions as appropriate and prepare a Final Report. The Consultant will submit the Final Report in electronic (Adobe .PDF) format.

AMENDMENT NO. 1 TASKS

Task 4: Additional Meetings and Revisions

Task 4.1: Attend One Planning Commission Meeting

Consultant will attend one in-person Planning Commission meeting. This meeting will be attended by the Managing Principal.

Task 4.2: Attend Two City Council Meetings

Consultant will attend up to two in-person meetings of the City Council, as needed. This meeting(s) will be attended by the Managing Principal.

Task 4.3: Report Revisions, Meeting Preparation, Additional Report Work as Needed

Consultant will be available, as necessary, to make additional revisions to the revised Land Absorption Study report. Meeting preparation, including materials development, for attendance at Planning Commission and City Council meetings.

Completion Schedule

The Consultant shall complete all services outlined herein in compliance with the following schedule, upon the City’s Notice to Proceed:

<u>Task</u>	<u>Timing</u>
Task 1: Background/Existing Conditions	
Task 1.1: Project Start-Up and Tour of Growth Areas	Week 2
Task 1.2: Population and Employment Projections	Week 2
Task 1.3: Vacant Land Inventory	Week 8
Task 1.4: Current Residential and Non-Residential Market Conditions	Week 8
Task 2: Land Demand/Supply Analysis	
Task 2.1: Land Demand Analysis	Week 10
Task 2.2: Supply Analysis	Week 10
Task 3: Issues and Opportunities Report	
Task 3.1: Draft Report	Week 12
Task 3.2: Final Report	Week 16
<i>Task 4: Additional Meetings and Revisions</i>	<i>As Scheduled by City</i>
<i>Task 4.1: Attend One Planning Commission Meeting</i>	
<i>Task 4.2: Attend Two City Council Meetings</i>	
<i>Task 4.3: Report Revisions, Meeting Preparation, Additional Report Work as Needed</i>	

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COMPENSATION

Total compensation for the services outlined herein shall not exceed \$62,370.00.

Compensation shall be based upon actual invoices received and shall be paid in accordance with the completion of each task as follows:

<u>Task</u>	<u>Compensation</u>
Task 1: Background/Existing Conditions	
Task 1.1: Project Start-Up and Tour of Growth Areas	\$ 2,500.00
Task 1.2: Population and Employment Projections	\$ 3,000.00
Task 1.3: Vacant Land Inventory	\$ 16,000.00
Task 1.4: Current Residential and Non-Residential Market	\$ 10,000.00
Task 2: Land Demand/Supply Analysis	
Task 2.1: Land Demand Analysis	\$ 6,000.00
Task 2.2: Supply Analysis	\$ 5,000.00
Task 3: Issues and Opportunities Report	
Task 3.1: Draft Report	\$ 6,000.00
Task 3.2: Final Report	\$ 1,000.00
Task 4: Additional Meetings and Revisions	
<i>Task 4.1: Attend One Planning Commission Meeting</i>	<i>\$ 1,800.00</i>
<i>Task 4.2: Attend Two City Council Meetings</i>	<i>\$ 3,600.00</i>
<i>Task 4.3: Report Revisions, Meeting Preparation, Additional Report Work as Needed</i>	<i>\$ 6,620.00</i>
Reimbursable Expenses Related to Task 4	\$ 450.00
Expenses	\$ 400.00
Total	<u>\$ 62,370.00</u>