



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 6/13/2019

To: Board of Supervisors

Department or Agency Name(s): Permit Sonoma

Staff Name and Phone Number: Milan Nevajda, 565-2332

Vote Requirement: Majority

Supervisory District(s): County wide

Title:

Planning Consultant Contract Amendment - e360, LLC

Recommended Actions:

Authorize the Director of Permit Sonoma to execute an amendment to the agreement with planning consultant e360, LLC to increase the cost-recovery contract amount by \$1,000,000, resulting in a new not-to-exceed amount of \$2,765,000 to designate key personnel; provide for an option to extend term; and to modify indemnification provisions in the agreement for planning-related services.

Executive Summary:

The Permit Sonoma Project Review Division is responsible for processing planning applications in the County. The Division has determined that additional contract support is required to support both regular planning application workload, the cannabis-related workload, and condition and mitigation compliance monitoring. The Division currently relies on two planning consulting firms to assist with application processing: e360, LLC (in partnership with MIG) and Land Logistics Planning and Development Services. Permit Sonoma's contract with e360, LLC has been exhausted as of April, 2019 due to higher than anticipated workload and successful project processing by the consultant, which has led to expanded condition and mitigation compliance workload. Among other things, the proposed contract amendment increases the existing contract amount by \$1,000,000 to ensure uninterrupted permit processing while cost recovery through application fees is completed.

As indicated in the FY 2019-20 Recommended Budget, the fluctuating environment related to development as well as the increase in cannabis-related activities is prompting the Department to return to the Board with a mid-year revenue analysis to determine if any operational adjustments for FY 2019 are in order. The term of this contract is consistent with the Department's intent to return to the Board.

Discussion:

At its December 13, 2016 the Board of Supervisors approved a two-year contract with e360, LLC (in partnership with MIG), for a not to exceed amount of \$175,000, for a two year term beginning December 13, 2016 and ending December 13, 2018. In anticipation of increased workload related to cannabis applications, the Board approved an amended contract on January 23, 2018 for an additional \$400,000 with a contract time extension to December 31, 2019.

On August 28, 2018, a second amendment was approved by the Board to further increase the e360, LLC contract by \$1,190,000 for a not-to-exceed contract amount totaling \$1,765,000. The second amendment was necessary due to a significant increase in the number of complex and controversial planning applications and because Permit Sonoma had lost five senior planning staff and the Project Review Division Manager.

Furthermore, cannabis use permit applications proved to be controversial and, as a new land use, have required significant staff involvement to address neighborhood concerns, ensure project consistency with regulations, research and analysis to develop best practices and processing refinements, and reporting.

Since the consultant was brought on board in 2016, contract planners have been assigned 114 files, where 104 files are Use Permits on track for public hearings and 57 of the 114 permits are cannabis-related. As of June 6, 2019, contract staff have processed 43 files of the 114 applications, and have a remaining pipeline of 71 active projects to complete.

Permit applications have not slowed since the last amendment was approved in August, 2018. Several additional factors, detailed in Attachment 3, have exhausted the resources committed within the existing e360, LLC contract:

- 24 applications have been assigned to staff through 2018 that were not factored into the original budget estimate in response to continued high application intake volume.
- Administrative expectations have expanded to reduce County staff workload and maintain efficient cost recovery. This includes more detailed reporting requirements, coordination with staff through meetings, participation in staff meetings to inform and help develop policy, increased site work and more involvement in noticing.
- Cannabis processing standards modifications and participation in the cannabis Penalty Relief Program have expanded the labor commitment for cannabis permits.
- Refined Permit Sonoma project review procedures have added additional processing demand on contract staff, including expanded consultation and coordination between contract staff, applicants, and Fire Department staff to mitigate wildfire risk in projects;
- Changes in environmental resource thresholds (e.g. related to regulating groundwater use and activities in sensitive watersheds) have added complexity to CEQA determinations and increased the need for research into environmental resource issues and closer coordination with County staff in the Project Review and Natural Resources Sections of Permit Sonoma;

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- New standards and guidelines have been adopted by state and other permitting agencies (e.g. State Water Board and the CA Office of Planning and Research (OPR)) that have expanded staff coordination. This includes the State Water Board's forthcoming Cannabis Guidelines which Permit Sonoma is preparing to implement, as well as new CEQA Guidelines promulgated by OPR that went into effect December 28, 2018; and
- As projects have been approved for planning entitlements, contract staff are seeing an increase in workload associated with condition and mitigation staff's review of project to ensure compliance with adopted project conditions and environmental mitigations through subsequent permitting (e.g. building, grading and other permits). For example, increasingly project conditions include submitting Greenhouse Gas Reduction Plans at the time of applying for building permits. These plans can be complex or involve negotiation with applicants to ensure that the County's climate goals are achieved, that proposed improvements are appropriate to the scale and nature of the project, and that

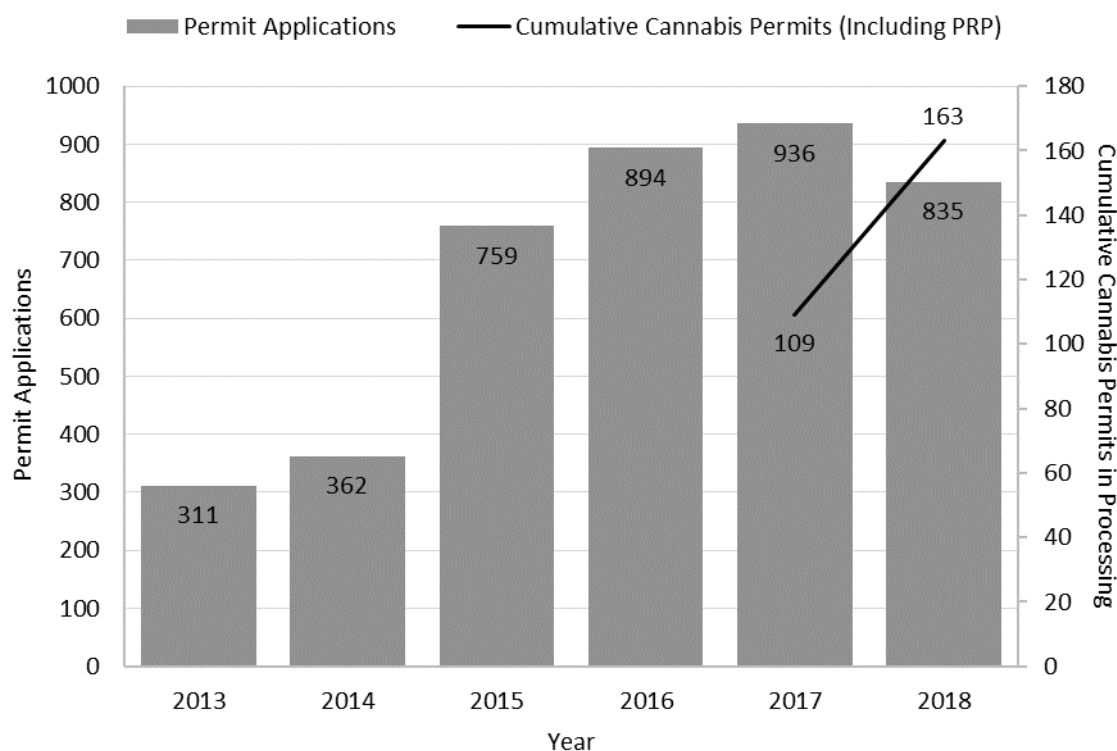
implementation methods are sufficient.

Permit Processing Workload:

Permit Sonoma continues to experience a high volume of permit applications. Figure 1, *Annual Application Volume Comparison*, below shows permit activity in the Department for 2013-2018. The Project Review Division received 835 planning applications in 2018 (not including resiliency permits), an 11% decrease from the year prior but consistent with exceptionally high permit volume in the Department since 2015 (averaging 858 files per year). The permit activity over the last 4 years is a 61% increase beyond the previous 17-year average (1998-2014).

Cannabis permits have become an increasingly complex and involved segment. Permit Sonoma has received 163 cannabis applications since July 5, 2017 when the Department began cannabis processing. 74 cannabis applications are under the Penalty Relief Program (PRP). e360, LLC permit processing workload is currently 80% Cannabis and 20% non-cannabis.

Figure 1: Annual Permit Applications: Permit Sonoma Project Review Division



Application Processing Timelines and Targets:

To ensure high quality customer service, Permit Sonoma has developed processing timeline targets that are incorporated into the existing e360, LLC contract. Timelines are based on the period when applications are deemed complete for processing to the first County action on the item. Pursuant to State law (i.e. the *Permit Streamlining Act*, Government Code §65920 et seq.), within 30 days of application submittal, Staff determines if the application is complete for processing. If the application is incomplete, Staff sends an incompleteness

letter defining the additional information that is required to analyze and make a determination on the project.

The first County action on an item may be an approval letter issued on an administrative project or the first decision passed by a decision-making body in a public hearing. Decision making bodies include: Board of Supervisors, Planning Commission, Board of Zoning Adjustments, Project Review and Advisory Committee, Design Review Committee, and Landmarks Commission.

e360, LLC processing timelines for approved applications (Administrative Design Review and Lot Line Adjustments) averages 45 days, consistent with the required 60 day processing timeline in the current contract. The amended contract includes the same processing timeline requirements. Recognizing that there are several factors that may impact timelines (e.g. applicant responsiveness, level of community involvement, PRMD staff availability), project delays that are outside the Consultant's influence are not included in the processing targets.

Planning management monitors consultant processing timelines and conducts weekly application status consultation to ensure efficient processing. If the consultant does not meet processing timelines, planning management will first work with the contractor to correct any delays. If the contractor fails to meet processing targets thereafter, the contract can be terminated per standard contract termination language. Staff will continue to monitor permit processing time with e360, LLC.

Option to Extend:

The existing e360, LLC contract will expire December 31, 2019. The requested contract amendment to increase the not-to-exceed contract amount to \$2,765,000 is projected to cover services rendered within this contract period. Permit Sonoma plans to release new Requests for Qualifications (RFQ) this summer to certify a new list of vendors for planning and other planning-related technical services. All vendors will be required to provide qualifications that demonstrate a capacity to meet established permit processing timelines and customer service targets. The contract amendment includes an option for the Permit Sonoma Director to authorize a 6-month contract extension if necessary to maintain services until a new vendor is secured through the competitive RFQ process.

Prior Board Actions:

December 13, 2016: Existing contract approved (#16/17-013)

December 19, 2017: Continued approval of two amendments to the contract to develop and include application processing targets.

January 23, 2018: Existing contract time extension approved to December 19, 2019, and contract amount increased by \$400,000 for an updated not-to-exceed contract of \$575,000.

August 28, 2018: Second amendment approved to increase the contract by \$1,190,000 for an updated not-to-exceed contract of \$1,765,000. The Board also approved an \$800,000 budget appropriation to facilitate the at-cost billing for contract services.

FISCAL SUMMARY

FISCAL SUMMARY Expenditures	FISCAL SUMMARYFY 18-19 Adopted	FISCAL SUMMARYFY19-20 Projected	FISCAL SUMMARYFY 20-21 Projected
Budgeted Expenses		1,000,000	
Additional Appropriation Requested	0		
Total Expenditures	0	1,000,000	0
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	0	1,000,000	
Use of Fund Balance			
Contingencies			
Total Sources	0	1,000,000	0

Narrative Explanation of Fiscal Impacts:

This request will increase the e360, LLC contract by \$1,000,000 for a new contract limit of \$2,765,000. Sufficient appropriations exist in FY 2019-20 to cover the increased contract costs. However, as indicated in the FY 2019-20 Recommended Budget, the fluctuating environment related to development as well as the increase in cannabis-related activities is prompting the Department to return to the Board with a mid-year revenue analysis to determine if any operational adjustments for FY 2019 are in order.

Staffing Impacts:			
Position Title (Payroll)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

The contract amendment, if approved, would not result in expenditures for new staff.

Attachments:

Att. 1 - Exhibit A to Attachment 1 - Amended e360, LLC contract

Att. 2 - Single-source authorization

Related Items "On File" with the Clerk of the Board:

Not applicable