

AGENDA ITEM REQUEST FORM

Department: Economic Development

Department Head: Shasa Curl

Phone: 620-6512

Meeting Date: 6/22/2021

Final Decision Date Deadline: _____

STATEMENT OF THE ISSUE: City staff members are requesting authorization to amend the contract with SCI Consulting Group to complete Phase Two of a potential Vacant Property Tax.

INDICATE APPROPRIATE BODY

- | | | | | |
|-----------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------|
| <input checked="" type="checkbox"/> City Council | <input type="checkbox"/> Redevelopment Agency | <input type="checkbox"/> Housing Authority | <input type="checkbox"/> Surplus Property Authority | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Rules and Procedures Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input type="checkbox"/> Other _____ |

ITEM _____

- | | | |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Council As Whole | |
| <input checked="" type="checkbox"/> Contract/Agreement | <input type="checkbox"/> Claims Filed Against City of Richmond | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |
| <input type="checkbox"/> Resolution | | |

RECOMMENDED ACTION: APPROVE a first amendment to the contract with SCI Consulting Group amending the service plan, related to a potential vacant parcel tax, to develop an implementation plan, engagement, and proposed ordinance, increasing the payment limit by \$55,270 to a new total limit of \$65,270, and extending the term of the contract to June 30, 2022 - City Manager's Office (Shasa Curl 510-620-6512).

REVIEWS/APPROVALS **DO NOT WRITE IN THIS SPACE**

Only items submitted by City Staff have been reviewed and approved for this agenda by the **FINANCE DIRECTOR or DESIGNEE, CITY ATTORNEY or DESIGNEE, and CITY MANAGER or DESIGNEE.**

AGENDA ITEM NO:

I-10.



AGENDA REPORT

CITY MANAGER'S OFFICE

DATE: June 22, 2021

TO: Mayor Butt and Members of the City Council

FROM: Shasa Curl, Deputy City Manager, Economic Development

SUBJECT: CONTRACT AMENDMENT WITH SCI CONSULTING GROUP FOR
POTENTIAL VACANT PROPERTY TAX BALLOT MEASURE

STATEMENT OF THE ISSUE:

City staff members are requesting authorization to amend the contract with SCI Consulting Group to complete Phase Two of a potential Vacant Property Tax ballot measure.

RECOMMENDED ACTION:

APPROVE a first amendment to the contract with SCI Consulting Group amending the service plan, related to a potential vacant parcel tax, to develop an implementation plan, engagement, and proposed ordinance, increasing the payment limit by \$55,270 to a new total limit of \$65,270, and extending the term of the contract to June 30, 2022 - City Manager's Office, Economic Development (Shasa Curl 510-620-6512).

FINANCIAL IMPACT:

In the short term, \$55,270 will be added to the City Manager's Office, Economic Development Fiscal Years 2020 – 21 and 2021 – 2022 as appropriate (01361165 400201).

DISCUSSION:

The City is evaluating several options to achieve the City's goal of a structurally balanced budget. The City of Richmond entered into a contract with SCI Consulting Group ("SCI") to provide a feasibility analysis and recommendations on a potential Vacant Property Tax ballot measure ("VPT"). The funding generated from the potential tax could address, among other things, blight, abatement, and code compliance more effectively. The goal is to place the item on the 2021 recall election ballot

SCI Consulting Group is uniquely focused on revenue enhancement services for public agencies, including planning, designing, justifying, and successfully establishing new districts, zones, and associated revenues for their service and capital improvement needs, and managing special assessment levies. The consulting firm is familiar with the City of Richmond and currently under contract with the City to provide annual administration services supporting the Hilltop Landscape Maintenance Assessment District and provide local cannabis policy support.

The most notable cities who have passed Vacant Property Taxes include Oakland, CA (passed Nov 2018) Vancouver, BC (passed 2016), and Washington DC (passed 2010). City of Richmond staff members are interested in exploring an ordinance similar to the City of Oakland's Measure W. The city of Oakland's ordinance is quickly becoming the model ordinance for cities as the City of Los Angeles has modeled their ordinance scheduled for the 2022 ballot after Oakland's.

SCI is currently the primary consultant responsible for implementing the City of Oakland's Measure W VPT, approved by Oakland voters on November 6, 2018, with 70 percent support. The City of Oakland engaged SCI in 2019 for two phases of work. Phase one involved drafting an implementation ordinance which included exemption administration policies and administrative procedures, and significant community outreach. Phase two was comprehensive VPT and exemption administration for five fiscal years.

SCI is currently conducting Phase I, a feasibility analysis and draft recommendations. When complete, they will provide a five to ten-page technical memo including:

- A general outline of the political and administrative process
- General recommendations on substance and structure of supporting tax ordinance
- Description of community engagement and outreach
- Projected potential revenue
- The projected impact on blight, abatement, and code compliance
- Description of post-election implementation and administration
- Overall feasibility and recommendations
- Next steps

The Phase I Scope of Work is included as Attachment 1. Attachment 2 includes the proposed contract amendment with the outlined Scope of Services. Due to the short timeframe, the contract amendment for Phase II is coming before city council in order to make the potential 2021 recall election deadline. As of June 10th, 1.6 million Californians signed the recall petition and meeting the requirement for prompting a recall election. County election officials have until June 22nd to report to the State if any signatures were withdrawn. The minimum number of verified signatures needed to activate a recall election are 1.495 million.

The Phase II deliverables are divided into three tasks and include:

Task 1: VPT Implementation Planning including Stakeholder Engagement

- Project kickoff meeting
- Detailed analysis of voters, properties, and ownership
- Two community meetings and ten 30-minute stakeholder engagement interviews
- Preliminary special tax analysis and alternative special tax methodologies
- VPT Implementation Planning Memorandum
- Presentation of VPT Implementation Planning Memorandum to the City Council

Task 2: Mailed Public Opinion Survey (Optional)

- The mailed survey, accompanying informational item, outgoing and a postage-prepaid return envelope to a randomized, stratified sample of 7,000 registered voters.
- A report of survey findings and recommendations for a successful special tax election or a benefit assessment mailed ballot proceeding.
- Profiles of likely supporters and opponents.
- A summary of the most desired services and improvements and the most effective messaging approaches.
- Presentation of survey results to the City Council.

Task 3: Ordinance Development

- Develop and finalize the comprehensive ordinance, including tax structure.
- Prepare the full text of the measure (Resolution of Consolidation) ordering the election, including the 75-word ballot question and the full text of the measure.
- Review the Resolution of Consolidation with City staff and the City Attorney and, if necessary, incorporate revisions.
- Presentation of the ordinance and full ballot text to the City Council.

NEXT STEPS:

Phase III: Special Tax Election Services

Phase III services would be initiated if the City Council voted to accept the associated VPT Ordinance and place the measure on the ballot. The scope would generally include 1) coordination with the Contra Costa County Elections Division, 2) development of all election materials, 3) non-advocacy community information and stakeholder outreach. The budget for Phase III would be developed at a later date.

Phase IV: VPT Levy and Exemption Administration

Phase IV services would be initiated if the VPT measure is approved by the voters. The scope would generally include 1) development of implementation plan, 2) development of a list of potentially taxed parcels, 3) processing of exemption applications, 4) associated outreach, and 5) noticing of properties subject to the VPT. The budget for Phase IV would be developed at a later date.

ATTACHMENTS:

Attachment 1 –Phase 1 Scope of Work from SCI Consulting Group
Attachment 2 – SCI Consulting Group Contract Amendment #1

Tuesday, June 1, 2021

Submitted via email

shasa_curl@ci.richmond.ca.us

Shasa Curl, Deputy City Manager
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804-1630

Re: Proposal for Vacant Property Tax Feasibility Analysis and Recommendations

Dear Ms. Curl:

SCI Consulting Group (“SCI”) is pleased to submit, for your review, this proposal to provide feasibility analysis and recommendations on a proposed Vacant Property Tax (“VPT”) to the City of Richmond (“City”). We understand that the City is evaluating several options to enhance revenue. We also understand that the City would like to address blight, abatement, and code compliance more effectively, especially on under-used parcels. A well-implemented VPT could help the City address these challenges.

By way of introduction, SCI is a California Chapter S Corporation formed in 1985 and uniquely focused on revenue enhancement services for public agencies, including planning, designing, justifying, and successfully establishing new districts, zones, and associated revenues for their service and capital improvement needs, and managing special assessment levies.

We are currently under contract with the City to provide annual administration services supporting the Hilltop Landscape Maintenance Assessment District and provide local cannabis policy support - we are currently engaged in a cannabis-related equity analysis study for the City.

SCI is currently the primary consultant responsible for implementing the City of Oakland’s Measure W VPT, approved by Oakland voters on November 6, 2018, with 70% support. The City of Oakland engaged SCI in 2019 for two phases of work. Phase one involved drafting an implementation ordinance which included exemption administration policies and administrative procedures, and significant community outreach. Phase two was comprehensive VPT and exemption administration for five fiscal years. (Please contact Huey Dang at HDang@oaklandca.gov for more information.)

Proposed Tasks and Timeline

SCI will perform analysis and prepare a five to ten-page technical memo, with an executive summary, to be completed within two weeks of the date of the signed contract. The technical memo will include the following sections:

- A general outline of the political and administrative process
- General recommendations on substance and structure of supporting tax ordinance

- Description of community engagement and outreach
- Projected potential revenue
- The projected impact on blight, blight, abatement, and code compliance
- Description of post-election implementation and administration
- Overall feasibility and recommendations
- Next steps

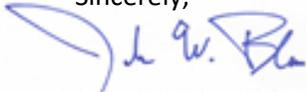
Fees / Manner of Payment

Compensation for the above tasks and related consulting services shall be a fixed fee of \$7,800 with a contingency of up to \$2,200 (total = \$10,000). SCI shall submit an invoice after the completion of the tasks.

We look forward to this opportunity to assist the City with this important project and stand ready to proceed. If you have any questions or require additional information, please do not hesitate to contact me. I can be reached at (707) 208-0940 or via email at john.bliss@sci-cg.com.

- John Bliss will be the primary contact for the proposed contract.
- Chris Coulter (chris.coulter@sci-cg.com) will be the day-to-day project manager.

Sincerely,



John W. Bliss, P.E.
President

cc: James Atencio, City of Richmond
Samantha Carr, City of Richmond
Chris Coulter, SCI Consulting Group
Blair Aas, SCI Consulting Group

**CITY OF RICHMOND
CONTRACT AMENDMENT**

Department:	Project Manager:
Project Manager E-mail:	Project Manager Phone No:
P.R. No: Vendor No:	P.O./Contract No:
Description of Services:	
Amendment No. ___ modifies the: (2nd or subsequent amendments attach Amendment History page) <input type="checkbox"/> Term, Payment Limit and Service Plan <input type="checkbox"/> Payment Limit and Service Plan <input type="checkbox"/> Term and Service Plan <input type="checkbox"/> Service Plan	

The parties to this Contract Amendment do mutually agree and promise as follows:

1. Parties. The parties to this Contract Amendment are the City of Richmond, California, a municipal corporation (City), and the following named Contractor:

Company Name: _____
Street Address: _____
City, State, Zip Code: _____
Contact Person: _____
Telephone: _____ Email: _____
Business License No: _____ / Expiration Date: _____

A California [] corporation, [] limited liability corporation [] general partnership, [] limited partnership, [] individual, [] non-profit corporation, [] individual dba as [specify:] _____
[] other [specify:] _____

2. Purpose. This Contract Amendment is being entered into to amend the Contract between City and Contractor which was approved by the City Council of the City of Richmond or executed by the City Manager on _____, which **original** term commenced on _____ and terminates _____ with an **original** contract payment limit of \$ _____. Said contract shall hereinafter be referred to as the "Original Contract" and is incorporated herein by reference.

3. Original Contract Provisions. The parties hereto agree to continue to abide by those terms and conditions of the Original Contract, and any amendments thereto, which are unaffected by this Contract Amendment.

4. Amendment Provisions. This Contract Amendment is subject to the Amendment Provisions attached hereto, which are incorporated herein by reference, and which control over any conflicting provisions of the Original Contract, or any amendment thereto.

5. City of Richmond Business License Active Status Maintained. Pursuant to Municipal Code Section 7.04.030, the Contractor must maintain its City of Richmond business license for this Contract Amendment to be deemed to be in effect.

6. Insurance Coverage Updated and Maintained. Pursuant to the Original Contract, the Contractor shall provide the City with updated insurance certificates, and the Contractor shall maintain insurance coverage, for this Contract Amendment to be deemed to be in effect.

7. Signatures. These signatures attest the parties' agreement hereto:

CITY OF RICHMOND, CALIFORNIA
a municipal corporation

CONTRACTOR:

By _____

(*The Corporation Chairperson of the Board, President or Vice-President should sign on the line below.)

Title:

By _____

I hereby certify that the Original Contract and this Amendment have been approved by the City Council or executed by the City Manager.

Title: _____

(*The Corporation Chief Financial Officer, Secretary or Assistant Secretary should sign on the line below.)

By _____
City Clerk

By: _____

Title: _____

Approved as to form:

(NOTE: Pursuant to California Corporations Code Section 313, if Contractor is a corporation or nonprofit organization, this Contract (1) should be signed by the Chairperson of the Board, President or Vice-President and the Chief Financial Officer, Secretary or Assistant Secretary; (2) should have both signatures conform to designated representative groups pursuant to Corporations Code Section 313.

By _____
City Attorney

List of Attachments:

1. Amendment Provisions
2. Updated Insurance Certificates

AMENDMENT PROVISIONS (TERM, PAYMENT LIMIT AND SERVICE PLAN)

- 1. Paragraph 2 (Term) of the Original Contract is hereby amended to extend the Contract term. Paragraph 2 of the Original Contract is amended to read as follows:

"2. Term. The effective date of this Contract is

(Insert original contract commencement date)

and it terminates

(Insert new contract termination date)

unless sooner terminated as provided herein."

- 2. Paragraph 3 (Payment Limit) of the Original Contract is hereby amended to increase the payment limit by \$_____. Paragraph 3 of the Original Contract is amended to read as follows:

"3. Payment Limit. City's total payments to Contractor under this Contract shall not exceed \$_____ including expenses."

"The City of Richmond shall not pay for services that exceed the Contract Payment Limit without the prior written approval of the City Manager if the total Contract amount does not exceed \$10,000 or without the prior approval of the City Council if the total Contract amount is over \$10,000."

- 3. The Service Plan (Exhibit A) of the Original Contract is hereby amended to include the following tasks and/or services:

Tuesday, June 8, 2021

Submitted via email

shasa_curl@ci.richmond.ca.us

Shasa Curl, Deputy City Manager
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804-1630

Re: Proposal for Vacant Property Tax Implementation Planning, Engagement and Ordinance Development (Phase II Services)

Dear Ms. Curl:

SCI Consulting Group (“SCI”) is pleased to submit, for your review, this brief proposal to provide Implementation Planning, Engagement, and Ordinance Development for the proposed Vacant Property Tax (“VPT”) Measure for the City of Richmond (“City”). We understand that the City is evaluating several options to enhance revenue. We also understand that the City would like to address blight, abatement, and code compliance more effectively, especially on under-used parcels. A well-implemented VPT measure could help the City address these challenges.

We propose dividing the implementation of a VPT in the City into four sequential phases:

Phase I: Feasibility Analysis and Recommendations

The scope and budget for these services were proposed to the City on June 1, 2021.

Phase II: Implementation Planning, Engagement and Ordinance Development

The scope and budget for these services are described in this proposal.

Phase III: Special Tax Election Services

Phase III services would be initiated if the City Council voted to accept the associated VPT Ordinance and move forward with a special tax election. The scope would generally include 1) coordination with the Contra Costa County Elections Division, 2) development of all election materials, 3) non-advocacy community information and stakeholder outreach. The budget for Phase III would be developed at a later date.

Phase IV: VPT Levy and Exemption Administration

Phase IV services would be initiated if the VPT measure is approved by the voters. The scope would generally include 1) development of implementation plan, 2) development of a list of potentially taxed parcels, 3) processing of exemption applications, 4) associated outreach, and 5) noticing of properties subject to the VPT. The budget for Phase IV would be developed at a later date.

ABOUT SCI CONSULTING GROUP

By way of introduction, SCI is a California Chapter S Corporation formed in 1985 and uniquely focused on revenue enhancement services for public agencies, including planning, designing, justifying, and successfully establishing new districts, zones, and associated revenues for their service and capital improvement needs, and managing special assessment levies.

We are currently under contract with the City to provide annual administration services supporting the Hilltop Landscape Maintenance Assessment District and provide local cannabis policy support - we are currently engaged in a cannabis-related equity study for the City.

SCI is currently the primary consultant responsible for implementing the City of Oakland's Measure W VPT, approved by Oakland voters on November 6, 2018, with 70% support. The City of Oakland engaged SCI in 2019 for two phases of work. Phase one involved drafting an implementation ordinance which included exemption administration policies and administrative procedures, and significant community outreach. Phase two was comprehensive VPT and exemption administration for five fiscal years. (Please contact Huey Dang at HDang@oaklandca.gov for more information.)

SCOPE OF WORK AND APPROACH

Based on our current understanding of the proposed measure, technical analysis, and advice needed by the City, we propose the following Phase II scope of work and approach.

Phase II, Task 1: VPT Implementation Planning including Stakeholder Engagement

Our approach for Task 1 services will begin with a kickoff meeting with City staff to discuss the budget, goals and objectives, and timelines. Next, SCI will perform a comprehensive analysis the desired services, property ownership, voter statistics, tax base, demographics, and political profiles in the City.

Then, working with staff, SCI will develop a basic framework and structure for the proposed VPT in order to engage the public and receive input. SCI proposes a combination of outreach approaches, including community meetings and one-on-one interviews. Landlords, vacant property owners, developers and neighborhood groups, the overall community, and other stakeholders would be engaged.

Based upon the input from the community and the overall project goals, and our direct experience, SCI will develop several preliminary tax methodologies which optimize the following attributes:

- Various definitions of vacancy/in-use
- Various special tax rates and durations
- Types of parcels to be taxed (e.g., undeveloped, vacant residential, condominium, ground floor retail, etc.)
- Various exemptions (e.g., low income, financial hardship, active building permit, etc.)

Finally, a memorandum will be provided a detailed path forward with recommended essential elements.

Deliverables:

- Project kickoff meeting
- Detailed analysis of voters, properties, and ownership

- Two community meetings and ten 30-minute stakeholder engagement interviews
- Preliminary special tax analysis and alternative special tax methodologies
- VPT Implementation Planning Memorandum
- Presentation of VPT Implementation Planning Memorandum to the City Council

Phase II, Task 2: Mailed Public Opinion Survey (Optional)

The principals at SCI have developed a sophisticated research methodology for identifying community support levels and priorities for a proposed special tax. This methodology will reveal whether voters will support a local VPT and, if so, how best to craft a measure for success.

A scientific, stratified, and randomized mailed survey is the recommended data collection technique for the feasibility of a special tax to be evaluated. Working closely with City staff, SCI would design the survey informational and questionnaire, print and mail the survey, and analyze and report the results. If the City decides to proceed with a survey for a special tax measure, SCI recommends that a mailed survey be sent to 7,000 registered voters for a likely margin of error of +/- 3%.

After our analysis, SCI will prepare a comprehensive report that summarizes the opinion research findings and makes recommendations regarding community priorities and the feasibility of moving forward with VPT measure. The report will also include profiles of likely supporters and opponents for a VPT measure, priorities, and funding support by type of use and key messaging elements and strategies. When the final report has been prepared, SCI will give a formal presentation of the survey results, findings, and recommendations to the City Council.

Deliverables:

- The mailed survey, accompanying informational item, outgoing and a postage-prepaid return envelope to a randomized, stratified sample of 7,000 registered voters.
- A report of survey findings and recommendations for a successful special tax election or a benefit assessment mailed ballot proceeding.
- Profiles of likely supporters and opponents.
- A summary of the most desired services and improvements and the most effective messaging approaches.
- Presentation of survey results to the City Council.

Phase II, Task 3: Ordinance Development

Based on the iterative direction from City staff and Phase I results, SCI will draft an ordinance supporting the proposed VPT. The ordinance shall include a definition of vacancy, special tax rates, inflationary provisions, special tax duration, types of parcels subject to be taxed (e.g., undeveloped, vacant residential, condominiums, ground floor retail, etc.), and exemptions. The ordinance would serve as the basis for the full text of the special tax measure.

Deliverables:

- Develop and finalize the comprehensive ordinance, including tax structure.
- Prepare the full text of the measure (Resolution of Consolidation) ordering the election, including the 75-word ballot question and the full text of the measure.

- Review the Resolution of Consolidation with City staff and the City Attorney and, if necessary, incorporate revisions.
- Presentation of the ordinance and full ballot text to the City Council.

PROJECT TEAM

If selected, I would serve as the City's primary contact and principal-in-charge. Chris Coulter, Senior Consultant, would be the day-to-day project manager. Blair Aas, Director of Planning Services, would be involved in all aspects of Phase II. The three of us do not have any work commitments that would interfere with our responsiveness and ability to complete the project within a reasonable timeframe.

FEE SCHEDULE / MANNER OF PAYMENT

Phase II services shall be billed on a time and materials basis with an authorization not to exceed ("NTE") of \$55,270 without prior authorization from the City. Payments shall be due and payable upon submittal of an invoice for completion of each task or milestone. The Task 2 fee shall be 50% due and payable upon submittal of the draft survey instrument, with the remaining 50% due and payable upon presentation of the survey results.

TASK	NTE
Task 1: Implementation Planning including Stakeholder Engagement	\$17,760
Task 2: Mailed Public Opinion Survey (Optional)	\$23,570
Task 3: Ordinance Development	\$12,440
Incidental Costs	\$1,500
TOTAL NOT-TO-EXCEED	\$55,270

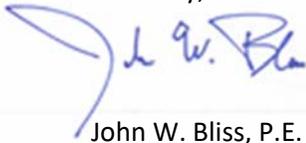
Our 2021 hourly billing rates are provided below. Customary incidental expenses, including travel, purchase of data, postage, and other out-of-pocket costs, shall be reimbursed at cost as incurred. The scope of work includes up to five (5) in-person meetings. Compensation for additional in-person meetings authorized by the City shall be billed at our hourly billing rates below.

2021 SCI HOURLY BILL RATES

Title	Rate
President	\$275
Senior Assessment Engineer	\$255
Director	\$210
Senior Consultant	\$195
Consultant	\$165
Project Analyst	\$125
Software Developer	\$245
GIS Staff	\$135
Research Assistant	\$85
Support Staff	\$70

We look forward to this opportunity to assist the City with this important next phase. If you have any questions or require additional information, please let us know. I can be reached at (707) 208-0940 or via email at john.bliss@sci-cg.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Bliss". The signature is stylized and written over a light gray rectangular background.

John W. Bliss, P.E.
President

cc: James Atencio (James_Atencio@ci.richmond.ca.us)
Samantha Carr (Samantha_Carr@ci.richmond.ca.us)
Chris Coulter (chris.coulter@sci-cg.com)
Blair Aas (blair.aas@sci-cg.com)