



TO: Mayor and Councilmembers

SUBMITTED BY: Peter Imhof, Planning and Environmental Review Director

PREPARED BY: Anne Wells, Advance Planning Manager
Andy Newkirk, Supervising Planner
Molly Cunningham, Assistant Planner

SUBJECT: Amendment No. 1 to Professional Services Agreement 2024-097 with BAE Urban Economics for Housing Element Implementation Services

RECOMMENDATION:

Authorize the City Manager to execute Amendment No. 1 to Professional Services Agreement 2024-097 with BAE Urban Economics for Housing Element Implementation Services, increasing the contract amount by \$15,000 for a new not-to-exceed amount of \$81,100, updating rates, and amending tasks.

BACKGROUND:

The Housing Element 2023-2031 includes goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. While many Housing Element implementation programs can be implemented by City staff, City staff identified the need for consulting services for four programs. These programs are Program 1.7 Monitor and Address Impact of Short-Term Vacation Rentals on Existing Housing Stock, Program 1.8 Research Impact of Underused Housing Stock, Program 2.2(a) Housing Priority for Goleta Residents and Employees, and Program 2.4(g) Affordable Housing Design.

To support these programs, the City entered into Agreement 2024-097 with BAE Urban Economics (BAE) with subconsultant support from Veronica Tam and Associates (the City's Housing Element consultant) and Environmental Science Associates. The four tasks included in the agreement scope of work are summarized below:

- **Task 1 Project Kick-Off Meeting.** Meet with City staff to review existing policy, historical data on the number of hotel and short-term vacation rental (STVR) permits issued, as well as the date permitted, reported availability, occupancy, and transient occupancy tax remittances by certificate number, among other potential attribute data.

- **Task 2 Housing Element Programs 1.7 (Short-Term Vacation Rentals) and 1.8 (Underused Housing Stock).** Analyze the STVR market to assess the extent to which there may (or may not) be a significant loss of existing permanent housing due to permitted and unpermitted STVRs. Research the use of existing housing stock for purposes other than a primary residency and quantify loss of existing permanent housing and recommend methods for addressing any issues identified. A report and participation at a City Council meeting are included in this task.
- **Task 3 HE 2.2(a) Housing Priority for Goleta Residents and Employees.** Explore potential options for Council to consider that would enable the City to provide housing priority to workers and residents in Goleta. Prepare a memo summarizing key findings from the analysis, including but not limited to, the methods in which local preference may be implemented in a way that mitigates potential legal challenges.
- **Task 4 HE 2.4(g) Affordable Housing Design.** Conduct affordable housing design research, summarize the research results with the public and decision makers, and identify issues and opportunities for future consideration of regulatory changes. A report and participation at a City Council meeting are included in this task.

The Consultant team prepared the research, analysis, and reports outlined in Tasks 2-4 of the agreement and presented that work at a Planning Commission meeting on March 10, 2025. With the March 10, 2025 meeting, the Consultant satisfied the scope of work outlined in the original agreement.

DISCUSSION:

As the work outlined under this agreement progressed, staff determined there was a need to review the contract deliverables with the Planning Commission prior to review by City Council. This review by Planning Commission was not envisioned in the original agreement and effectively replaced the commitment for BAE to participate in City Council meetings. Consequently, additional scope and budget are needed to include additional preparation for and participation in two presentations of the contract deliverables to City Council. Travel expenses are also proposed to allow in-person attendance at these City Council meetings by the BAE project manager. The proposed Amendment 1 to the Agreement is provided at Attachment 1 to the staff report. The amendment proposes additional meetings with City Council under existing tasks and funding to support attendance and preparation for these meetings.

FISCAL IMPACTS:

Funds for the amendment are available in the Fiscal Year 2024/25 budget in General Ledger Account #101-40-4300-51200 (Professional Services) to cover the proposed amendment. As such, no additional appropriations are needed at this time.

ALTERNATIVES:

The City Council may choose not to authorize Amendment 1 to Professional Services Agreement 2024-097 with BAE. Doing so would require staff to prepare for and proceed with additional public meetings to present the work prepared under the agreement without the subject-matter expertise and presence of the consultant team.

LEGAL REVIEW BY: Isaac Rosen, Acting City Attorney

APPROVED BY: Robert Nisbet, City Manager

ATTACHMENTS:

1. Amendment No. 1 to Professional Services Agreement No. 2024-097 with BAE Urban Economics
2. Professional Services Agreement No. 2024-097 with BAE Urban Economics

Attachment 1

Amendment No. 1 to Professional Services Agreement No. 2024-097 with BAE Urban Economics

**AMENDMENT NO. 1
TO A PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
BAE URBAN ECONOMICS**

This **Amendment No. 1** to the Professional Services Agreement by and between the **City of Goleta**, a municipal corporation ("City") and **BAE URBAN ECONOMICS, INC.** ("Consultant") dated October 1, 2024 ("Agreement," Agreement No. 2024-097) is made on this 15th day of April, 2025.

SECTION A. RECITALS

1. This Agreement is for professional housing planning services for Housing Element Implementation; and
2. The Agreement currently provides in Section 3 Subsection (a) for the total compensation amount not to exceed \$66,100; and
3. The parties desire to amend the Agreement so as to provide for additional compensation in the amount of \$15,000 for amended tasks; and
4. The Agreement currently provides in Exhibit A entitled "Scope of Work" the complete and particular description of services; and
5. The parties desire to amend Exhibit A by adding additional services as more completely and particularly set forth in the Scope of Work, attached as Exhibit "A-1"; and
6. The Agreement currently provides in Exhibit B entitled "Rates" the hourly rates and reimbursable expenses; and
7. The parties desire to amend Exhibit B of the Agreement to identify additional reimbursable expenses, attached as "Exhibit B-1"; and
8. City Council approved this Amendment No. 1, on this 15th day of April, 2025.

SECTION B. AMENDED TERMS

Now therefore City and Consultant agree that the Agreement be, and hereby is, amended as follows:

1. **Subsection (a) of Section 3. COMPENSATION AND PAYMENT** of the Agreement is amended to add an additional authorized amount of \$15,000 and to read in its entirety:

(a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$81,100 (herein "not-to-exceed amount") and shall be earned as the work progresses.

Hourly at the hourly rates and with reimbursement to CONSULTANT for those expenses set forth in CONSULTANT's Schedule of Fees marked Exhibit "B," attached and incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon CONSULTANT until June 30, 2026, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

2. This Agreement is amended to delete and replace in its entirety:

Exhibit A "Scope of Work" with **Exhibit A-1 "Scope of Work"** attached hereto and incorporated herein.

3. This Agreement is amended to delete and replace in its entirety:

Exhibit B "Rates" with **Exhibit B-1 "Rates"** attached hereto and incorporated herein.

4. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

In concurrence and witness whereof, this Amendment No. 1 has been executed by the parties effective on the date and year first above written.

CITY OF GOLETA

CONSULTANT

Robert Nisbet, City Manager

Matt Kowta, President

ATTEST:

Deborah Lopez, City Clerk

Sherry Okun Rudnak, Treasurer

APPROVED AS TO FORM:

ISAAC ROSEN, ACTING CITY ATTORNEY

Signed by:



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Scott Shapses, Deputy City Attorney

EXHIBIT A-1 SCOPE OF WORK

Task 1: PROJECT KICK-OFF MEETING

CONSULTANT will meet virtually with City staff to discuss the scope of work, budget, and schedule. City staff will provide background information on existing policy, historical data on the number of hotel and STR permits issued, as well as the date permitted, reported availability, occupancy, and transient occupancy tax (TOT) remittances by certificate number, among other potential attribute data.

Deliverables:

- One virtual kick-off meeting.

TASK 2: HOUSING ELEMENT PROGRAMS 1.7 (SHORT-TERM VACATION RENTALS) AND 1.8 (UNDERUSED HOUSING STOCK)

CONSULTANT will analyze the local short-term rental (STR) market to assess the extent to which there may (or may not) be a significant loss of existing permanent housing due to permitted and unpermitted STRs. CONSULTANT will research the use of existing housing stock for purposes other than a primary residency and quantify loss of existing permanent housing and recommend methods for addressing any issues identified.

SUBTASK 2.1: REVIEW TRENDS IN STR AND HOTEL INVENTORY, OCCUPANCY, AND PRICING

CONSULTANT will review the available transient occupancy tax (TOT) certificate and STR permits data provided by the City to assess changes in the number of active STRs and hotel/motel rooms active within the Goleta tourist accommodations market. CONSULTANT will evaluate the unit type (STR, hotel/motel, bed and breakfast, etc.), unit size (e.g., number of bedrooms), average daily rate (ADR), and occupancy characteristics to the extent possible based on the available data. CONSULTANT will supplement data provided by the CITY, as needed, with data from AirDNA, a private data vendor. CITY staff will facilitate this work by collecting available data on the number of STRs, among other forms of tourist accommodations, like hotels and motels, that are present within the larger Santa Barbara market.

SUBTASK 2.2: ANALYZE CHANGES IN HOUSING MARKET COMPOSITION AND UTILIZATION

CONSULTANT will collect information regarding the utilization of local housing resources, including the total number of housing units by type, as well as available statistics regarding housing vacancy, with a special emphasis on data

regarding the type of vacancy (e.g., seasonal vacancy). This will include evaluation of data from the 2010 and 2020 Decennial Census, as well as the 2016-2022 Five-Year American Community Survey, which will allow evaluation of trend over time. CONSULTANT will evaluate housing unit and vacancy data from the California Department of Finance, as well as data on homeowners' exemptions provided by the Santa Barbara County Assessor's Office.

SUBTASK 2.3: ESTIMATE THE IMPACTS OF VISITOR SPENDING ON INDUCED WORKFORCE HOUSING NEEDS

CONSULTANT will collect data on the economic impacts of overnight tourist visitation from Dean Runyan and Associates and will calculate a county-specific visitor spending-jobs multiplier, which will be used to estimate the number of jobs supported based on visitor spending originating from persons staying overnight in hotel, motel, or vacation rental accommodations. Based on the total number of overnight stays in hotel, motel, and vacation rental units in Santa Barbara County, CONSULTANT will calculate the average number of visitor nights per job supported and apply the nights per job multiplier to the average STR occupancy in the City of Goleta to estimate the number of STR units required to support one full-time equivalent job. CONSULTANT will then leverage data from the U.S. Census Bureau's Public Use Microdata Sample dataset or other data sources to calculate the average number of workers per resident workforce household and will calculate the number of STRs needed to generate demand for one new workforce housing unit. CONSULTANT will calculate the total estimated visitor spending resulting from overnight stays in STR units and will estimate the indirect and induced economic output and employment generated by STR activity.

SUBTASK 2.4: REVIEW APPROACHES TO STR AND OTHER NONRESIDENT USE OF HOUSING REGULATION IN OTHER COMMUNITIES

CONSULTANT will update and build upon recently completed research regarding STR and other non-resident use of housing regulatory frameworks implemented in 17 other tourist-oriented economies. CONSULTANT will coordinate with the CITY staff to identify up to five new jurisdictions where conditions and associated policy responses align with the those being experienced in Goleta, as well as the CITY's priorities. CONSULTANT will collect perspectives from local policy makers in each jurisdiction regarding what has worked well with their regulatory frameworks and what requires further adjustment and refinement.

SUBTASK 2.5 STR AND UNDERUSED HOUSING STOCK REPORT AND PRESENTATION

CONSULTANT will prepare a report summarizing methods and results from the analyses in Subtask 2.1 through 2.4. The report will include key findings from the analysis, including but not limited to, the ways in which STRs may be impacting

the current housing market (both rental and for sale) in terms of pricing and the availability of housing for year-round residents and workers, as well as the viability of hotel properties (e.g., occupancy and pricing), mapped locations or areas of concentration of STRs (contingent upon the provision of location specific data regarding permitted STRs), trends regarding housing stock utilization, and mapped locations, if any, of known areas where there is current underused housing (based on the available Census data). The report will include key findings and possible solutions to address current issues and prevent reasonably anticipated future problems. CONSULTANT will participate in a virtual meeting with the CITY to discuss the report. Upon receipt of one consolidated set of comments, CONSULTANT will revise the document into a final report. CONSULTANT will participate in one in-person Planning Commission meeting and one in-person CITY Council meeting to answer questions.

Deliverables:

- One virtual meeting with City staff
- STR and Underused Housing Stock Draft Report
- STR and Underused Housing Stock Final Report
- Planning Commission/City Council PowerPoint Presentations
- One in-person meeting with Planning Commission
- One in-person meeting with City Council

TASK 3: HE 2.2(a) HOUSING PRIORITY FOR GOLETA RESIDENTS AND EMPLOYEES

CONSULTANT will explore potential options for Council to consider that would enable the City to provide housing priority to workers and residents in Goleta. This could include local preference regulations and/or incentives for market rate units.

CONSULTANT will prepare a memo summarizing key findings from the analysis, including but not limited to, the ways in which local preference may be implemented in a way that mitigates potential legal challenges. Upon completion of the draft, the Team will participate in one virtual meeting with the CITY to discuss the report. Upon receipt of one consolidated set of comments, the Team will revise the document and provide a final deck.

Deliverables:

- Local Preference Draft Memo
- Local Preference Final Memo
- Virtual meeting with CITY staff
- Planning Commission/City Council PowerPoint Presentations
- One in-person meeting with Planning Commission
- One in-person meeting with City Council

TASK 4: HE 2.4(g) AFFORDABLE HOUSING DESIGN

CONSULTANT will conduct affordable housing design research, summarize the research results with the public and decision makers, and identify issues and opportunities for future consideration of regulatory changes.

SUBTASK 4.1 RESEARCH AND EDUCATION

CONSULTANT will research and document the concept of affordability-by-design and describe the design components that influence affordability, including building design, density, materials, construction techniques, energy efficiency, parking, community integration, open space, and other aspects. CONSULTANT will analyze the degree that individual design components contribute to overall costs of construction to provide an understanding of where regulatory concessions or factors should be targeted to maximize cost savings and enhance the feasibility of affordable housing projects in Goleta. This will provide a clear framework for understanding how each component influences overall development costs and where strategic regulatory changes can have the most significant impact on housing affordability.

CONSULTANT will prepare a chapter to be included in a Development Economics and Affordable-by-Design Report (see Subtask 4.4) that will cover the three S's of real estate supply, stability, and subsidy as coequal priorities; describe the five L's of real estate economics (land, lumber, labor, lending, and laws) and summarize the research, documentation, and analysis described above.

SUBTASK 4.2: OUTLINE OF EXISTING REGULATIONS AND DISCREPANCIES

CONSULTANT will conduct a high-level review of Goleta's existing housing development standards and procedures to identify any discrepancies between Goleta's current regulations and the principles of affordability-by-design as outlined in Subtask 4.1. The results of this research and analysis will be documented in the Development Economics and Affordable-by-Design Report (see Subtask 4.4) The results of this analysis will be combined with qualitative input provided by stakeholders in the following task.

SUBTASK 4.3: STAKEHOLDER OUTREACH

CONSULTANT will engage a broad range of stakeholders to gather input on constraints and opportunities for affordable housing design. This may include one-on-one conversations, group forums or a combination. Conversations with stakeholders covering all areas of the development process will ensure a holistic understanding of the barriers and opportunities. Stakeholders will be selected in

collaboration with City staff and may include building officials, fire department, lenders and housing developers. CONSULTANT will prepare outreach materials such as interview questions, subject to one round of CITY review and comment, and prepare outreach meeting summaries for the project record. CITY will coordinate the outreach opportunities with the stakeholders;

Deliverables:

- Draft outreach materials for one round of CITY review
- A minimum of 3 1-hour virtual outreach opportunities with stakeholders
- One meeting summary following the 3 1-hour outreach opportunities

SUBTASK 4.4: ISSUES AND OPPORTUNITIES

CONSULTANT will summarize the analysis and findings from Subtasks 4.1–4.3 to identify key issues and opportunities and prepare a comprehensive report that includes a description, results, and recommendations from all previous tasks. CONSULTANT will prepare a Draft and Final Economics and Affordable by Design Report incorporating CITY review comments. CITY will prepare a draft PowerPoint summarizing the information in the Final Report, for up to one round of CONSULTANT review and comment. The CITY will prepare the Final PowerPoint presentation. The Final Report and final PowerPoint presentation file will be used by the CITY to support the development of a City Council staff report. CONSULTANT will work with the CITY to ensure that the final report and PowerPoint presentation submittal meets the CITY's staff report deadlines. CONSULTANT will present at one Planning Commission and one a City Council meeting and receive direction for next steps.

Deliverables:

- Draft Development Economics and Affordable-by-Design Report
- Final Development Economics and Affordable-by-Design Report
- Support in Preparation of Planning Commission/City Council PowerPoint Presentations
- One virtual meeting with Planning Commission
- One virtual meeting with City Council

EXHIBIT B-1
RATES

CONSULTANT – BAE Urban Economics

<u>PROFESSIONAL SERVICES</u>	<u>HOURLY RATE</u>
Principal	\$310
Associate Principal	\$295
Director	\$285
Vice President	\$280
Senior Associate	\$220
Associate	\$175
Senior Analyst	\$135
Analyst	\$120

CONSULTANT – REIMBURABLE EXPENSES

Data Purchase	\$1,500
Mileage/Travel	\$987

Attachment 2

Professional Services Agreement No. 2024-097 with BAE Urban Economics

Project Name: Housing Element Implementation

**AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE CITY OF GOLETA
AND
BAE URBAN ECONOMICS**

This AGREEMENT FOR PROFESSIONAL SERVICES (herein referred to as "AGREEMENT") is made and entered into this 1st day of October , 2024, by and between the **CITY OF GOLETA**, a municipal corporation (herein referred to as "CITY"), and **BAE URBAN ECONOMICS, INC.**, a California Corporation (herein referred to as "CONSULTANT").

SECTION A. RECITALS

1. The CITY has a need for professional housing planning services for Housing Element Implementation; and
2. The CITY does not have the personnel able and/or available to perform the services required under this AGREEMENT, and therefore, the CITY desires to contract for professional services to accomplish this work; and
3. The CITY procured these services in compliance with Goleta Municipal Code Section 3.05.260; and
4. The City Council, on this 1st day of October, 2024, approved this AGREEMENT and authorized the City Manager to execute the AGREEMENT.

SECTION B. TERMS

1. RETENTION AS CONSULTANT

CITY hereby retains CONSULTANT, and CONSULTANT hereby accepts such engagement, to perform the services described in Section 2. CONSULTANT warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

2. DESCRIPTION OF SERVICES

The services to be performed by CONSULTANT are as follows:

Professional housing planning services in conjunction with Housing Element implementation shall generally include supporting the City with implementing Housing Element Implementation Programs HE

1.7 (Short-Term Vacation Rentals), HE 1.8 (Underused Housing Stock), HE 2.2(a) (Local Housing Priority), and HE 2.4(g) (Affordable Housing Design), as more particularly set forth in the Scope of Work, attached as Exhibit "A," and incorporated herein.

CONSULTANT shall deliver to CITY the deliverables defined in Exhibit "A."

3. COMPENSATION AND PAYMENT

(a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$66,100 (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates and with reimbursement to CONSULTANT for those expenses set forth in CONSULTANT's Schedule of Fees marked Exhibit "B," attached and incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon CONSULTANT until June 30, 2026, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

(b) **Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice.

4. EXTRA SERVICES

CITY shall pay CONSULTANT for those CITY authorized extra services, not reasonably included within the services described in Section 2, as mutually agreed to writing in advance of the incurrence of extra services by CONSULTANT. Unless CITY and CONSULTANT have agreed in writing before the performance of extra services, no liability and no right to claim compensation for such extra services or expenses shall exist. The applicable hourly rates for extra services shall be at the hourly rates set forth in Exhibit B, if one is included as part of this agreement. Any compensation for extra services shall be part of the total compensation and shall not increase the not to exceed amount identified in Section 3.

5. CITY PROJECT MANAGER AND SERVICES BY CITY

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person is designated by CITY from time to time, and who presently is Anne Wells. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

6. TERM, PROGRESS AND COMPLETION

The term of this AGREEMENT is from the date first written above to June 30, 2026, unless term of this AGREEMENT is extended, or the AGREEMENT is terminated as provided for herein.

CONSULTANT shall not commence work on the services to be performed until (i) CONSULTANT furnishes proof of insurance as required by Section 10 below, and (ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager.

7. OWNERSHIP OF DOCUMENTS

All drawings, designs, data, photographs, reports and other documentation (other than CONSULTANT's drafts, notes and internal memorandum), including duplication of same prepared by CONSULTANT in the performance of these services, are the property of CITY. CITY shall be entitled to immediate possession of the same upon completion of the work under this AGREEMENT, or at any earlier or later time when requested by CITY. CITY agrees to hold CONSULTANT harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans and specifications for purposes other than those described in this AGREEMENT, unless written authorization of CONSULTANT is first obtained.

8. PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTOR

This AGREEMENT is for professional services which are personal to CITY. Aaron Barker, Associate Principal, is deemed to be specially experienced and is a key member of CONSULTANT's firm, and shall be directly involved in the performance of this work. This key person shall communicate with, and periodically report to, CITY on the progress of the work. Should any such individual be removed from assisting in this contracted work for any reason, CITY may terminate this AGREEMENT. This AGREEMENT may not be assigned or subcontracted without the City Manager's prior written consent.

9. HOLD HARMLESS AND INDEMNITY

(a) Hold Harmless for CONSULTANT's Damages. CONSULTANT holds CITY, its elected officials, officers, agents, and employees, harmless from all of CONSULTANT's claims, demands, lawsuits, judgments, damages, losses, injuries or liability to CONSULTANT, to CONSULTANT's employees, to CONSULTANT's contractors or subcontractors, or to the owners of CONSULTANT's firm, which damages, losses, injuries or liability occur during the work required under this AGREEMENT, or occur while CONSULTANT is on CITY property, or which are connected, directly or indirectly, with CONSULTANT's performance of any activity or work required under this AGREEMENT.

(b) Defense and Indemnity of Third-Party Claims/Liability. CONSULTANT shall investigate, defend, and indemnify CITY, its elected officials, officers, agents, and employees, from any claims, lawsuits, demands, judgments, and all liability including, but not limited to, monetary or property damage, lost profit, personal injury, wrongful death, general liability, automobile, infringement of copyright/patent/trademark, or professional errors and omissions arising out of, directly or indirectly, an error, negligence, or omission of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, or the willful misconduct of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, in performing the services described in, or normally associated with, this type of contracted work. The duty to defend shall include any suits or actions concerning any activity, product or work required under this AGREEMENT, and also include the payment of all court costs, attorney fees, expert witness costs, investigation costs, claims adjusting costs and any other costs required for and related thereto.

(c) No Waiver. CITY does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by CITY, or the deposit with CITY, of any insurance certificates or policies described in Section 10.

10. INSURANCE

CONSULTANT shall, at CONSULTANT's sole cost and expense, provide insurance as described herein. All insurance is to be placed with insurers authorized to do business in the State of California with an A.M. Best and Company rating of A- or better, Class VII or better, or as otherwise approved by CITY.

Insurance shall include the following (or broader) coverage:

- a) Insurance Services Office Commercial Liability coverage "occurrence" form CG 00 01 or its exact equivalent with an edition date prior to 2004

and with minimum limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate.

- b) Insurance Services Office form number CA 00 01 or equivalent covering Automobile Liability, including hired and non-owned automobile liability with a minimum limit of \$1,000,000 per accident. If the Service Provider owns no vehicles, this requirement may be satisfied by a non-owned and hired auto endorsement to Service Provider's commercial general liability policy.
- c) Workers' Compensation insurance complying with California worker's compensation laws, including statutory limits for workers' compensation and an Employer's Liability limit of \$1,000,000 per accident or disease.
- d) Professional liability insurance that covers the services to be performed in connection with this agreement, in the minimum amount of \$1,000,000 per claim.

Liability insurance policies required to be provided by CONSULTANT hereunder shall contain or be endorsed to contain the following provisions:

- a) Except for professional liability insurance, CITY, its employees, officials, agents and member agencies shall be covered as additional insureds. Coverage shall apply to any and all liability arising out of the work performed or related to the contract. Additional insured status under the general liability requirement shall be provided on Insurance Services Office Form CG 20 10, with an edition date prior to 2004, or its equivalent. Additional insured status for completed operations shall be provided either in the additional insured form or through another endorsement such as CG 20 37, or its equivalent.
- b) General and automobile liability insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage will not be limited to CITY's vicarious liability.
- c) Professional liability insurance policies inception date, continuity date, or retroactive date must be before the effective date of this agreement. CONSULTANT agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.
- d) Except for professional liability insurance, liability coverage shall be primary and non-contributing with any insurance maintained by CITY.

- e) Evidence of coverage (including the workers' compensation and employer's liability policies) shall provide that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after 30 days' prior written notice has been given to CITY. Such provision shall not include any limitation of liability of the insurer for failure to provide such notice.
- f) No liability insurance coverage provided to comply with this AGREEMENT shall prohibit CONSULTANT, or CONSULTANT's employees, or agents, from waiving the right of recovery prior to a loss. CONSULTANT waives its right of recovery against CITY.
- g) CONSULTANT agrees to deposit with CITY within fifteen days of Notice to Proceed of the Contract certificates of insurance and required endorsements.
- h) There shall be no recourse against CITY for payment of premiums or other amounts with respect to the insurance required to be provided by CONSULTANT hereunder. Any failure, actual or alleged, on the part of CITY to monitor compliance with these requirements will not be deemed as a waiver of any rights on the part of CITY. CITY has no additional obligations by virtue of requiring the insurance set forth herein. In the event any policy of insurance required under this AGREEMENT does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from CONSULTANT payments.
- i) CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against CONSULTANT arising out of the work performed under this AGREEMENT. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

11. RELATIONSHIP OF CONSULTANT TO CITY

The relationship of the CONSULTANT to CITY shall be that of an independent contractor and that in no event shall CONSULTANT be considered an officer, agent, servant or employee of CITY. CONSULTANT shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

12. CORRECTIONS

In addition to the above indemnification obligations, CONSULTANT shall correct, at its expense, all errors in the work that may be disclosed during CITY's review of CONSULTANT's report or plans. Should CONSULTANT fail to make such correction in a reasonably timely manner, such correction shall be made by CITY, and the cost thereof shall be charged to CONSULTANT or withheld from any funds due to CONSULTANT hereunder.

13. TERMINATION BY CITY

CITY, by notifying CONSULTANT in writing, may upon 10 calendar days notice, terminate without cause any portion or all of the services agreed to be performed under this AGREEMENT. If termination is for cause, no notice period need be given. In the event of termination, CONSULTANT shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by CITY to CONSULTANT within 30 days following submission of a final statement by CONSULTANT unless termination is for cause. In such event, CONSULTANT shall be compensated only to the extent required by law.

14. ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE

The acceptance by CONSULTANT of the final payment made under this AGREEMENT shall operate as and be a release of CITY from all claims and liabilities for compensation to CONSULTANT for anything done, furnished, or relating to CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of CITY's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by CITY shall not constitute, nor be deemed, a release of the responsibility and liability of CONSULTANT, its employees, subcontractors, agents and CONSULTANTS for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by CITY for any defect or error in the work prepared by CONSULTANT, its employees, subcontractors, agents and consultants.

15. AUDIT OF RECORDS

At any time during normal business hours and as often as it may deem necessary, CONSULTANT shall make available to a representative of CITY for examination of all its records with respect to all matters covered by this AGREEMENT and will permit CITY to audit, examine and/or reproduce such records. CONSULTANT will retain such financial records, time sheets, work progress reports, invoices, bills and project records for at least two years after termination or final payment under this AGREEMENT.

16. WAIVER; REMEDIES CUMULATIVE

Failure by a party to insist upon the strict performance of any of the provisions of this AGREEMENT by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this AGREEMENT, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

17. CONFLICT OF INTEREST

CONSULTANT is unaware of any CITY employee or official that has a financial interest in CONSULTANT'S business. During the term of this AGREEMENT and/or as a result of being awarded this AGREEMENT, CONSULTANT shall not offer, encourage or accept any financial interest in CONSULTANT'S business by any CITY employee or official.

18. CONSTRUCTION OF LANGUAGE OF AGREEMENT

The provisions of this AGREEMENT shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

19. MITIGATION OF DAMAGES

In all situations arising out of this AGREEMENT, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

20. GOVERNING LAW

This AGREEMENT, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

21. NONDISCRIMINATION

The City reaffirms its ongoing commitment to equality in the conduct of City business, and prohibits any policy, plan, program, custom or practice, including harassment, in the conduct of City business. No discrimination or discriminatory practice shall occur in either employment of persons for, or completion of, the work contemplated by this Agreement, when such discrimination is based on race, color, national origin, or ancestry; religion; sex; gender, gender identity, gender expression, or gender transitioning status; physical disability, mental disability, medical condition, or genetic information; marital or domestic partner status; citizenship status; age; sexual orientation; exercising a legally protected right to an employment leave of absence; status as a victim of domestic violence, sexual assault, or stalking; reproductive health decision-making, or any other classification protected under state or federal law. Among other possible violations of law, a violation of this section exposes CONSULTANT to the penalties provided for in Labor Code Section 1735.

22. TAXPAYER IDENTIFICATION NUMBER

CONSULTANT shall provide CITY with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. October 2018), as issued by the Internal Revenue Service.

23. NON-APPROPRIATION OF FUNDS

Payments due and payable to CONSULTANT for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of CITY funds. In the event CITY has not appropriated sufficient funds for payment of CONSULTANT services beyond the current fiscal year, this AGREEMENT shall cover only those costs incurred up to the conclusion of the current fiscal year.

24. MODIFICATION OF AGREEMENT

The tasks described in this AGREEMENT and all other terms of this AGREEMENT may be modified only upon mutual written consent of CITY and CONSULTANT.

25. USE OF THE TERM "CITY"

Reference to "CITY" in this AGREEMENT includes City Manager or any authorized representative acting on behalf of CITY.

26. PERMITS AND LICENSES

CONSULTANT, at its sole expense, shall obtain and maintain during the term of this AGREEMENT, all appropriate permits, licenses, and certificates that

may be required in connection with the performance of services under this AGREEMENT.

27. CAPTIONS

The captions or headings in this AGREEMENT are for convenience only and in no other way define, limit or describe the scope or intent of any provision or section of the AGREEMENT.

28. AUTHORIZATION

Each party has expressly authorized the execution of this AGREEMENT on its behalf and bind said party and its respective administrators, officers, directors, shareholders, divisions, subsidiaries, agents, employees, successors, assigns, principals, partners, joint venturers, insurance carriers and any others who may claim through it to this AGREEMENT.

29. ENTIRE AGREEMENT BETWEEN PARTIES

Except for CONSULTANT'S proposals and submitted representations for obtaining this AGREEMENT, this AGREEMENT supersedes any other agreements, either oral or in writing, between the parties hereto with respect to the rendering of services, and contains all of the covenants and agreements between the parties with respect to said services.

30. PARTIAL INVALIDITY

If any provision in this AGREEMENT is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

31. NOTICES

Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

TO CITY: Attention: Robert Nisbet, City Manager
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

TO CONSULTANT: Attention: Aaron Barker, Associate Principal
BAE Urban Economics
448 S. Hill Street, Suite 1209
Los Angeles, CA 90013

32. COUNTERPARTS AND ELECTRONIC/FACSIMILE SIGNATURES

This Agreement may be executed in several counterparts, which may be facsimile or electronic copies. Each counterpart is fully effective as an original, and together constitutes one and the same instrument.

SIGNATURES ON NEXT PAGE

In concurrence and witness whereof, this AGREEMENT has been executed by the parties effective on the date and year first above written.

CITY OF GOLETA

Signed by:


1AE8ACAD159E4D7...
Robert Nisbet, City Manager

CONSULTANT

DocuSigned by:

F7BF0F91FD314E9...
Matt Kowta, President

ATTEST

DocuSigned by:

A3E09F3473CA47E...
Deborah Lopez, City Clerk

Signed by:

402A4904EBC54FB...
Sherry Okun Rudnak, Treasurer

APPROVED AS TO FORM:
ISAAC ROSEN, ACTING CITY ATTORNEY

Signed by:

A1BF8F896161498...
Winnie Cai, Assistant City Attorney

EXHIBIT A SCOPE OF WORK

Task 1: PROJECT KICK-OFF MEETING

CONSULTANT will meet virtually with City staff to discuss the scope of work, budget, and schedule. City staff will provide background information on existing policy, historical data on the number of hotel and STR permits issued, as well as the date permitted, reported availability, occupancy, and transient occupancy tax (TOT) remittances by certificate number, among other potential attribute data.

Deliverables:

- One virtual kick-off meeting.

TASK 2: HOUSING ELEMENT PROGRAMS 1.7 (SHORT-TERM VACATION RENTALS) AND 1.8 (UNDERUSED HOUSING STOCK)

CONSULTANT will analyze the local short-term rental (STR) market to assess the extent to which there may (or may not) be a significant loss of existing permanent housing due to permitted and unpermitted STRs. CONSULTANT will research the use of existing housing stock for purposes other than a primary residency and quantify loss of existing permanent housing and recommend methods for addressing any issues identified.

SUBTASK 2.1: REVIEW TRENDS IN STR AND HOTEL INVENTORY, OCCUPANCY, AND PRICING

CONSULTANT will review the available transient occupancy tax (TOT) certificate and STR permits data provided by the City to assess changes in the number of active STRs and hotel/motel rooms active within the Goleta tourist accommodations market. CONSULTANT will evaluate the unit type (STR, hotel/motel, bed and breakfast, etc.), unit size (e.g., number of bedrooms), average daily rate (ADR), and occupancy characteristics to the extent possible based on the available data. CONSULTANT will supplement data provided by the CITY, as needed, with data from AirDNA, a private data vendor. CITY staff will facilitate this work by collecting available data on the number of STRs, among other forms of tourist accommodations, like hotels and motels, that are present within the larger Santa Barbara market.

SUBTASK 2.2: ANALYZE CHANGES IN HOUSING MARKET COMPOSITION AND UTILIZATION

CONSULTANT will collect information regarding the utilization of local housing resources, including the total number of housing units by type, as well as available statistics regarding housing vacancy, with a special

emphasis on data regarding the type of vacancy (e.g., seasonal vacancy). This will include evaluation of data from the 2010 and 2020 Decennial Census, as well as the 2016-2022 Five-Year American Community Survey, which will allow evaluation of trend over time. CONSULTANT will evaluate housing unit and vacancy data from the California Department of Finance, as well as data on homeowners' exemptions provided by the Santa Barbara County Assessor's Office.

SUBTASK 2.3: ESTIMATE THE IMPACTS OF VISITOR SPENDING ON INDUCED WORKFORCE HOUSING NEEDS

CONSULTANT will collect data on the economic impacts of overnight tourist visitation from Dean Runyan and Associates and will calculate a county-specific visitor spending-jobs multiplier, which will be used to estimate the number of jobs supported based on visitor spending originating from persons staying overnight in hotel, motel, or vacation rental accommodations. Based on the total number of overnight stays in hotel, motel, and vacation rental units in Santa Barbara County, CONSULTANT will calculate the average number of visitor nights per job supported and apply the nights per job multiplier to the average STR occupancy in the City of Goleta to estimate the number of STR units required to support one full-time equivalent job. CONSULTANT will then leverage data from the U.S. Census Bureau's Public Use Microdata Sample dataset or other data sources to calculate the average number of workers per resident workforce household and will calculate the number of STRs needed to generate demand for one new workforce housing unit. CONSULTANT will calculate the total estimated visitor spending resulting from overnight stays in STR units and will estimate the indirect and induced economic output and employment generated by STR activity.

SUBTASK 2.4: REVIEW APPROACHES TO STR AND OTHER NON-RESIDENT USE OF HOUSING REGULATION IN OTHER COMMUNITIES

CONSULTANT will update and build upon recently completed research regarding STR and other non-resident use of housing regulatory frameworks implemented in 17 other tourist-oriented economies. CONSULTANT will coordinate with the CITY staff to identify up to five new jurisdictions where conditions and associated policy responses align with the those being experienced in Goleta, as well as the CITY's priorities. CONSULTANT will collect perspectives from local policy makers in each jurisdiction regarding what has worked well with their regulatory frameworks and what requires further adjustment and refinement.

SUBTASK 2.5 STR AND UNDERUSED HOUSING STOCK REPORT AND PRESENTATION

CONSULTANT will prepare a report summarizing methods and results from the analyses in Subtask 2.1 through 2.4. The report will include key findings from the analysis, including but not limited to, the ways in which STRs may be impacting the current housing market (both rental and for sale) in terms of pricing and the availability of housing for year-round residents and workers, as well as the viability of hotel properties (e.g., occupancy and pricing), mapped locations or areas of concentration of STRs (contingent upon the provision of location specific data regarding permitted STRs), trends regarding housing stock utilization, and mapped locations, if any, of known areas where there is current underused housing (based on the available Census data). The report will include key findings and possible solutions to address current issues and prevent reasonably anticipated future problems. CONSULTANT will participate in a virtual meeting with the CITY to discuss the report. Upon receipt of one consolidated set of comments, CONSULTANT will revise the document into a final report. CONSULTANT will participate in one in-person CITY Council meeting to answer questions.

Deliverables:

- One virtual meeting with City staff
- STR and Underused Housing Stock Draft Report
- STR and Underused Housing Stock Final Report
- City Council PowerPoint Presentation
- One in-person meeting with City Council

TASK 3: HE 2.2(a) HOUSING PRIORITY FOR GOLETA RESIDENTS AND EMPLOYEES

CONSULTANT will explore potential options for Council to consider that would enable the City to provide housing priority to workers and residents in Goleta. This could include local preference regulations and/or incentives for market rate units. CONSULTANT will prepare a memo summarizing key findings from the analysis, including but not limited to, the ways in which local preference may be implemented in a way that mitigates potential legal challenges. Upon completion of the draft, the Team will participate in one virtual meeting with the CITY to discuss the report. Upon receipt of one consolidated set of comments, the Team will revise the document and provide a final deck.

Deliverables:

- Local Preference Draft Memo
- Local Preference Final Memo
- Virtual meeting with CITY staff

- City Council PowerPoint Presentation
- Virtual meeting with City Council

TASK 4: HE 2.4(g) AFFORDABLE HOUSING DESIGN

CONSULTANT will conduct affordable housing design research, summarize the research results with the public and decision makers, and identify issues and opportunities for future consideration of regulatory changes.

SUBTASK 4.1 RESEARCH AND EDUCATION

CONSULTANT will research and document the concept of affordability-by-design and describe the design components that influence affordability, including building design, density, materials, construction techniques, energy efficiency, parking, community integration, open space, and other aspects. CONSULTANT will analyze the degree that individual design components contribute to overall costs of construction to provide an understanding of where regulatory concessions or factors should be targeted to maximize cost savings and enhance the feasibility of affordable housing projects in Goleta. This will provide a clear framework for understanding how each component influences overall development costs and where strategic regulatory changes can have the most significant impact on housing affordability.

CONSULTANT will prepare a chapter to be included in a Development Economics and Affordable-by-Design Report (see Subtask 4.4) that will cover the three S's of real estate supply, stability, and subsidy as coequal priorities; describe the five L's of real estate economics (land, lumber, labor, lending, and laws) and summarize the research, documentation, and analysis described above.

SUBTASK 4.2: OUTLINE OF EXISTING REGULATIONS AND DISCREPANCIES

CONSULTANT will conduct a high-level review of Goleta's existing housing development standards and procedures to identify any discrepancies between Goleta's current regulations and the principles of affordability-by-design as outlined in Subtask 4.1. The results of this research and analysis will be documented in the Development Economics and Affordable-by-Design Report (see Subtask 4.4) The results of this analysis will be combined with qualitative input provided by stakeholders in the following task.

SUBTASK 4.3: STAKEHOLDER OUTREACH

CONSULTANT will engage a broad range of stakeholders to gather input on constraints and opportunities for affordable housing design. This may include one-on-one conversations, group forums or a combination. Conversations with stakeholders covering all areas of the development process will ensure a holistic understanding of the barriers and opportunities. Stakeholders will be selected in collaboration with City staff and may include building officials, fire department, lenders and housing developers. CONSULTANT will prepare outreach materials such as interview questions, subject to one round of CITY review and comment, and prepare outreach meeting summaries for the project record. CITY will coordinate the outreach opportunities with the stakeholders;

Deliverables:

- Draft outreach materials for one round of CITY review
- A minimum of 3 1-hour virtual outreach opportunities with stakeholders
- One meeting summary following the 3 1-hour outreach opportunities

SUBTASK 4.4: ISSUES AND OPPORTUNITIES

CONSULTANT will summarize the analysis and findings from Subtasks 4.1–4.3 to identify key issues and opportunities and prepare a comprehensive report that includes a description, results, and recommendations from all previous tasks. CONSULTANT will prepare a Draft and Final Economics and Affordable by Design Report incorporating CITY review comments. CITY will prepare a draft PowerPoint summarizing the information in the Final Report, for up to one round of CONSULTANT review and comment. The CITY will prepare the Final PowerPoint presentation. The Final Report and final PowerPoint presentation file will be used by the CITY to support the development of a City Council staff report. CONSULTANT will work with the CITY to ensure that the final report and PowerPoint presentation submittal meets the CITY's staff report deadlines. CONSULTANT will present at a City Council meeting and receive direction for next steps.

Deliverables:

- Draft Development Economics and Affordable-by-Design Report
- Final Development Economics and Affordable-by-Design Report
- Support in Preparation of City Council PowerPoint Presentation
- One virtual meeting with City Council

EXHIBIT B RATES

CONSULTANT – BAE Urban Economics

PROFESSIONAL SERVICES

HOURLY RATE

Principal	\$310
Associate Principal	\$295
Director	\$285
Vice President	\$280
Senior Associate	\$220
Associate	\$175
Senior Analyst	\$135
Analyst	\$120

CONSULTANT – REIMBURABLE EXPENSES

Data Purchase	\$1,500
Mileage	\$225