

## TOWN COUNCIL STAFF REPORT

Subject: Initial Selection of Development Partner for development of The Parcel

Meeting Date: March 18, 2020

Written by: Grady Dutton, Public Works Director  
Sandra Moberly, Community and Economic Development Director

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### **RECOMMENDATION:**

Staff recommends Town Council select The Pacific Companies (“Pacific”) as the preferred Development Partner to work with the Town to develop The Parcel and authorize the Town Manager to work with Pacific to prepare an appropriate agreement for Town Council consideration.

### **BACKGROUND/ANALYSIS:**

The Town Council’s initial selection of a Development Partner to work with the Town to develop The Parcel will be the third significant milestone in its efforts to provide much needed affordable housing for the community. On March 30, 2018 the Town acquired The Parcel after several months of discussion and negotiation. On December 11, 2019, the Town Council accepted the Conceptual Land Use Plan for The Parcel (“Plan”), after an eight-month planning and public engagement process. Now, on March 18, 2020, staff is recommending Town Council select Pacific and authorize the Town Manager to begin discussions that will lead to an appropriate agreement for future Town Council consideration.

The acceptance of the Plan by Town Council was the culmination of a concerted effort to review available information and to work closely with the community to create a conceptual plan that met a number of wants and needs, while ensuring the plan would be feasible financially. The Plan provides for 400-450 affordable housing units. The site includes open spaces, a central square/park site, a mix of housing units with variations in size and scale.

### **Developer Solicitation**

Several weeks before Town Council acceptance of the Conceptual Land Use Plan, staff began the formal process that has led to the recommendation in this staff report. The process included:

1. November 8, 2019: Advertisement and distribution of the Request for Qualifications (RFQ) to engage one or more development teams to design, build, and manage The Parcel project.
2. November 21, 2019: Optional pre-submittal conference to provide an opportunity for interested parties to ask questions related to the process. Fifteen individuals representing potential development partners and consultants participated, about half in person and half via telephone.
3. December 19, 2019: Six Quality Responses Received. It should be noted it is common practice to not publicly discuss the names of the responders until such time as a successful agreement is reached.

4. January 2, 9, 16, 2020: Parcel Team conducted an initial discussion of the RFP review process, initial discussion of RFP responses, final review and recommendations regarding top teams to be selected for an interview. The review team included Town staff and two members of the LWC team. There was a clear consensus by the review team as to the top three.
5. January 17, 2020: Notification to all six responders, including to a short list of the top three for interviews.
6. January 22 - February 7, 2020: Grady Dutton met one-on-one with one principal from each of the top three teams. These meetings did not include any detailed discussions about The Parcel. It was, instead, an opportunity for the Town and the potential partners to get to know each other on a more personal level. It included some description of both the Town and Development Partner Teams and their respective individual backgrounds and experience. All three principals were open, engaging and represented their teams well.
7. January 27, 2020: Interview details/expectations were distributed to the interview panel. Town staff and interview panel members had met previously to discuss the interview process. The information distributed included logistics for the interviews and several questions the Town wanted each interviewee to address. The interview panel included Town staff, Iman Novin of the LWC Team, Mayor Pro Tem Lynda Salcido, Planning and Economic Development Commissioner Paul Chang and one member of the Public with significant experience in planning and real estate, Mickey Brown.
8. February 11, 2020: Interviews were conducted in Suite Z. The interview panel discussed the results briefly late that day and began to formulate additional follow-up questions.
9. February 18, 2020: Notification was made by telephone to the principals of each firm to inform them the three finalists list was narrowed to two.
10. February 19 – 26, 2020: Follow-up questions were formulated based on input from the entire interview panel. The team performed reference checks, including individuals with experience with the teams but not necessarily listed as references. Staff performed site visits to the finalist's offices and projects in the Los Angeles, the Tahoe area, and in and around Boise, Idaho. This also included a one-hour more formal in-person and telephone discussion to discuss final follow-up questions.
11. February 27, 2020: Parcel Team had a final discussion and came to a consensus recommendation. This discussion also included the Town Manager, who authorized staff to notify the parties and to begin to prepare a recommendation to Town Council.
12. February 27, 2020: Notification to the principals of the two finalists by phone that an initial recommendation had been reached.
13. February 28 – March 3, 2020: Town staff worked with the recommended development team, with the understanding there existed no obligation or formal selection, on the Infill Infrastructure Grant (IIG) Application that is the subject of a separate agenda item.

14. March 4, 2020: Town staff provided an informal Department Head update to Town Council noting staff would be preparing a recommendation for selection of The Pacific Companies for the March 18 Town Council Agenda.

At this writing, Pacific is scheduled to be in Mammoth Lakes all day on March 18 to discuss how the negotiation and agreement preparation process will proceed. Although the precise timeline for the future agreement is not set, staff will provide the best available update during the March 18 Town Council meeting.

### **The Pacific Companies**

A brief excerpt from the Pacific response to the RFQ includes:

*Pacific West Communities, Inc., a registered legal entity with the State of California Secretary of State, is part of The Pacific Companies, a collective affiliation of companies owned and led by Caleb Roope with over 20 years of demonstrable experience and the unique capacity to develop, manage, and own affordable housing in California, specifically in high mountain resort towns, and is the lead entity responding to The Parcel's Request for Statement of Qualifications.*

Additional information on The Pacific Companies can be found in the RFQ cover letter (Attachment 1).

After completing its due diligence, the Parcel Team found Pacific to be the most qualified and the best fit. A few highlights of that effort:

- Pacific attended the Parcel Planning Workshop in August 2019 to gain an understanding of the project and process.
- Staff met with Caleb Roope, Principal, and key members of the Pacific team on several occasions and in a variety of settings. Pacific consistently exhibited their understanding of Mammoth Lakes, their serious interest in The Parcel and demonstrated the necessary expertise to move forward.
- Pacific provided a complete, clear and concise response in the required format.
- Pacific demonstrated substantial experience in affordable housing development and Pacific's personnel have experience and demonstrated knowledge of a variety aspects of affordable housing development.
- Pacific demonstrated an understanding of the Mammoth Lakes community and the overall Project requirements, and potential challenges of developing affordable housing in the community. This included but was not limited to an understanding of the need for the services to be appropriate for the region, including issues related to the environment, setting, recreation-based economy and information technology.
- Pacific demonstrated a comprehensive approach and work plan to lead to the desired results, including an appropriate process to arrive at a feasible approach.
- Pacific demonstrated experience working with a variety of housing types. A concerted effort was made by Pacific and the Parcel Team to research and understand the possibilities for modular construction for a portion of the project. Advantages and disadvantages were discussed, including considerations related to our relatively short construction season. In addition to discussions of the overall concept, staff visited and existing manufacturing facility

in Boise, Idaho, currently supplying units for a California Project and visited Pacific's own plant, currently under construction.

- Pacific demonstrated a comprehensive approach to schedule requirements based on clear understanding of the community and the affordable housing industry. Pacific pointed out that the entitlement process and funding availability would be key factors in the schedule.
- Pacific clearly demonstrated their ability and wherewithal to complete the work within the project requirements.
- Considerable time was spent discussing community character, including planning, architecture and the need for the overall project to connect to the existing community.
- The team discussed lessons learned from previous Mammoth Lakes projects.

The Pacific Team is scheduled to be in attendance for the March 18 Town Council meeting. They are being asked to be prepared to provide a brief overview presentation and certainly to respond to any questions from Town Council.

### **Next Steps**

In advance of meeting with Pacific, staff will prepare an outline of the negotiation and agreement process. As part of this effort, staff will be discussing tasks/subjects such as the overall approach to development, future planning efforts, the environmental disclosure process, the likely agreement form and negotiations, scheduling milestones, delivery requirements, design and construction, and funding opportunities and processes. This is by no means a complete list. The negotiating team will include, among others, the Town Manager and the Town Attorney.

### **ATTACHMENTS**

Attachment 1                      Pacific Companies Cover Letter dated December 17, 2019