

Aug 7, 2023

Dear City Councilmembers,

I hope we all realize the handwriting is on the wall for a major re-set in our town. We've now had two excellent & respected outside entities weigh in on our approach to planning and development in our town – and found it greatly wanting: the Sonoma Grand Jury and the AIA SDAT. This is in addition to numerous citizen groups and subject experts, who've asked over and over for many years now for more accountability with regard to planning and development in our town.

First, we have the report on the M Group consultancy by the Sonoma County Grand Jury (GJ) – which pointed out that we are the *only* city in Sonoma County to staff its entire planning department with consultants, and with little to no accountability to show for it, and exceedingly poor communication/transparency with the public. Note that San Rafael, also a city of 60,000 people, has **4** in-house planners (2 senior planners, an associate, and an assistant planner), in stark contrast to our 17 *for-profit* consultants, overseeing virtually every aspect of our city's operations. Napa, a city of 78,000, has 6 in-house planners. So, how did this gross imbalance in Petaluma come about? Fully *half* of the Metropolitan Group Consultancy operate in our town! And, as the GJ pointed out, they are our largest expenditure.

The GJ pointed out that we are paying the M Group consultants substantially more than, for example, the City of Sonoma pays its in-house planning staff. And because of the high hourly rate we are paying these consultants, we most definitely **are** covering their health care costs, as well as other overhead costs. It's a false narrative to say otherwise. So, there are no monetary savings being realized by our using contracted employees versus having our own in-house staff. Additionally, for many years now, our town has been hiring permanent employees at an accelerated rate in all sectors of our city. So our not having our own, in-house planners – whose salaries would not be tied to getting a particular development approved – is not due to concerns over costs associated with pensions, etc.

The Big Con, published in February by prize-winning economist Mariana Mazzucato and Rosie Collington argue that management consultancies “infantalize” governments by keeping them dependent on their services. That, “officials farm out some of their most interesting work to consultants, who often lack the necessary skills and experience to do it well”. That, “governments have stopped investing in their own brains...they’ve become inertial, not very capable, because they don’t invest in their own capacity”. Ultimately, Mazzucato argues, “Only by doing more of the work themselves can governments become better at solving problems, devising economic strategy and innovating”.

Here in Petaluma, we’ve handed all of our mission-critical functions over to management consultants. When you have a consultancy running things – whose salaries are paid via recovery fees by the very developers whose project reports they prepare for the Planning Commissioners and City Council - and who “manage” the developers’ EIRs, how much innovation, good design, and environmentally-responsible development do you think we are going to achieve? The answer is *very little*. Rather than have a measured, creative approach to design & development, everything is done *ad hoc* (piecemeal). Critically, the M Group consultants participate in profit-sharing. Their allegiance is first and foremost to the consultancy (as is true of all consultancies) and to their clients, the developers (*i.e.*, the Johnsons, Hines, LaFranchi, Keegan and Copin, Merlone Geier’s, etc, – the “stakeholders” that they meet with in private), and last and least to the city and public in which they operate.

Toney wine country towns like Healdsburg, Sonoma, and Napa, that Petaluma hopes to emulate with its Petaluma Valley Appellation, would never allow this. These cities have their own in-house planners, not consultants, and they fiercely protect their brand. On the Healdsburg and Sonoma planning websites, you see reference to laudable goals and values (*e.g.*, “To keep Healdsburg a safe, attractive and sustainable community” and “To Preserve and Protect the City’s natural and cultural resources”). Sonoma has a Sustainability Coordinator in their planning department, and their Senior Planner has a background (from Marin) in Open Space and Environmental Planning.

These wine-country towns understand what attracts tourists and the critical importance of attractive, human-scale development (not to exceed 3 stories) to create a welcoming sense of place. Here, for example, is a recent hotel development in Sonoma (<https://www.sonomacity.org/hotel-project-sonoma/>). On brand, 3 stories in height. Petaluma has a strong brand with, “architecture unmatched in California”, and a tremendous natural resource, our Petaluma River. Our General Plan provides for building heights of 4 stories or 45’ (and lot coverage maximums of 80%). This was set in place by prior planning efforts *precisely* so as to create a sense of place. Six story hotels that violate our General Plan, block our viewsheds, and tower over our iconic historic structures have NO place here.

The second entity that weighed in on our city are the members of The American Institute of Architects Sustainable Design and Assessment Team (AIA-SDAT) that reviewed our City’s approach to planning and design, Mike Davis and his team. In conversations with them, they were gobsmacked that a consultancy was running planning in our town and they repeatedly expressed shock and dismay that developers told this town what *they* wanted and how things were to be designed. To quote them, the SDAT team kept saying, “Why do you keep talking about what the developers want? It is the citizens and the General Plan that decide these things”.

So here we have City Attorney Danly at the Petaluma Women’s Club Meeting in July talking about how difficult it is for a developer (like the hotel developer EKN) to get a variance, but then the remedy for that is to re-zone a large swath of our (historic) downtown to help the developer violate our General Plan (exceeding height allowances and lot coverages)?! If developers can just come along and violate our General Plan – why then are we citizens paying in excess of \$2.4 million for 2 layers of consultants, M Group included, to develop a General Plan? The citizenry is sick of these entitlements and concessions extended to developers, including many that violate our General Plan (*e.g.*, privatization of our waterfront) – and it absolutely undermines the trust we citizens put in the hands of our elected officials to uphold our City’s regulations.

We have many examples where ***the M Group consultants have botched the job***: empty lots in prime locations where we could have built something that was a showcase, and instead ended up with a development that could be in anywhere USA (*brand-harming project failures*); presenting and defending information that was blatantly wrong (*e.g.*, on Mitigated Negative Declarations, and EIRs); attempting to bogusly rezone our floodway to favor certain landowners and developers (fortunately caught by our Planning Commission, and stopped in its tracks); submitting their first General Plan deliverable, our Housing Element, woefully late to the state and opening us up to numerous vulnerabilities, including Builder's Remedy, which their prior developer client (the Johnson's) sailed right through, submitting 2 enormous project applications for developments in our floodplain that may now not have to conform to our zoning regulations. Utterly disastrous. And despite our having very capable individuals on our city committees and commissions, the M Group has consistently usurped their authority, taken over management control, and handsomely enriched themselves in the process (*e.g.*, Tubs fiasco and the Historical and Cultural Committee). Indeed, ***collusions between consultants and the entities they serve injure the commons***, as we have duly seen.

The time is thusly long past for Petaluma to reclaim its planning functions from the hands of the M Group consultancy. It may make sense to have consultants weigh in on a particular project from time to time – but there can be no defending having our entire city infiltrated by for-profit consultants. At most, they should advise and consult from the sidelines in a transparent way, rather than being allowed to run the show from the center. There simply can be no excuse for allowing this to continue. And it is the responsibility of our City Council and City Manager to rein this in, post-haste.

We are a Southern Sonoma hotspot that deserves careful and intelligent design and growth, as is done in other high-end, tourist towns in Sonoma County. We need our elected leaders to realize that consultants are *not* objective sources of expertise and capacity. That in fact they weaken our government, our community, and our economy. Little to no economic data were supplied the GJ on the M Group consultancy. Government and consultants tend never to want the kind of financial transparency that lets the public know how much money is spent for

what. Let us now then invest in our own capacity and expertise, and provide for healthy commerce that results in more win-win outcomes, instead of extraction via a consultancy.

Thank you for your time, and consideration of this critical issue.

Sincerely,

Moirra Sullivan