



Administrative Report

N.2., File #19-0083

Council Action Date: 8/20/2019

To: MAYOR AND CITY COUNCIL
From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING ENVIRONMENTAL REVIEW AT 100-132 N. CATALINA AVENUE

APPROVE AGREEMENT WITH RINCON CONSULTANTS, INC. FOR ENVIRONMENTAL REVIEW SERVICES OF A PROPOSED DEVELOPMENT PROJECT TO BE LOCATED AT 100-132 N. CATALINA AVENUE FOR THE AMOUNT NOT TO EXCEED \$99,921 FOR THE TERM OF AUGUST 6, 2019 THROUGH AUGUST 31, 2020.

APPROVE A REIMBURSEMENT AGREEMENT WITH CATALINA FUND, LLC FOR COSTS RELATED TO THE ENVIRONMENTAL REVIEW OF A PROPOSED DEVELOPMENT PROJECT TO BE LOCATED AT 100-132 N. CATALINA AVENUE FOR THE AMOUNT NOT TO EXCEED \$119,686 FOR THE TERM OF AUGUST 6, 2019 THROUGH AUGUST 31, 2020.

EXECUTIVE SUMMARY

The developer submitted an environmental assessment application on May 17, 2019 for a proposed project located at 100-132 N. Catalina Avenue. The project site totals 55,350 square feet, or approximately 1.27 acres. There are five existing street-facing buildings on site, which have historically served as commercial, light industrial, and retail. The project involves the demolition of certain structures, the partial demolition of buildings that would be adaptively reused, and the construction of 26 residential units. The project involves a series of entitlements that would be considered by the Preservation Commission and Planning Commission. The services of an environmental consultant are necessary to prepare a California Environmental Quality Act (CEQA) Initial Study-Mitigated Negative Declaration (IS-MND). The costs associated with this review are required to be reimbursed to the City by the developer. The proposed contract with Rincon Consulting Inc. provides all necessary IS-MND consultant services at a fully reimbursed cost of \$99,921.

A reimbursement agreement has been prepared with the project developer, Catalina Fund LLC, to provide for full reimbursement of up to \$119,686.00 for the following costs associated with the project's environmental review:

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|--|----------|
| • Rincon Consultants, Inc. preparation of IS-MND | \$99,921 |
| • City's CEQA Legal Counsel costs | \$19,755 |

The City Attorney's Office has prepared the necessary consulting services agreement between the City and Rincon Consultants, Inc. and the reimbursement agreement between the City and the developer, Catalina Fund LLC. The developer has agreed to fully fund all costs associated with the entitlement processing for the proposed project.

BACKGROUND

The developer submitted an application to complete an environmental assessment for a project that involves adaptive reuse of four of the buildings for commercial purposes and construction of 26 residential dwelling units. The repurposed buildings may be deemed as contributing structures to a historic district and require rehabilitation according to a preservation plan. Dry cleaners and other industrial uses operated on the subject site, thereby requiring remediation of contaminated soils. The applicant proposes establishment of an historic district along the 100 block of North Catalina Avenue and requests development concessions and incentives under the State Density Bonus law. The project density is 20.6 dwelling units per acre (17.5 DU/acre allowed). It is expected that the following entitlements will be required (exact entitlements to be determined when official application is formally submitted):

Preservation Commission

- Certificates of Appropriateness;
 - Alteration of Potential Contributors to a Historic District
 - Construction of New Buildings on a site with potential Historic Resources
- Request to form a Historic District; and,
- Recommendation regarding Parking Variance for Historic Resources.

Planning Commission

- Initial Study-Mitigated Negative Declaration;
 - Air Quality/Greenhouse Gas
 - Cultural (Historic) Resources
 - Transportation/Traffic
- Coastal Development Permit;
- Vesting Tentative Tract Map;
- Conditional Use Permit (Density Bonus) - Concessions/Incentives;
 - Lot Consolidation
 - Stories
 - Mixed Use
- Planning Commission Design Review; and,
- Historic Variance (commercial parking).

A public hearing process will be required before the Preservation Commission and the Planning Commission once the applications are formally submitted. The environmental review process is anticipated to take approximately three months for completion of the scope of work.

The proposed contract with Rincon Consultants, Inc. provides for the full preparation of the project IS-MND. A complete detail of the consultant's responsibilities and deliverables is provided in the

exhibits to the attached contract.

Rincon Consultants, Inc. has been selected as the City's CEQA consultant due to their past expertise in successfully preparing Mitigated Negative Declarations and assisting in the entitlement phase for other projects including the Shade Hotel, Marine Avenue Hotels, and Northrop Grumman Modernization and Expansion Project. Rincon Consulting Inc. is a multi-disciplinary firm with the special skills and qualifications necessary to complete the assigned project.

The City's CEQA Legal Consultant on this project, Best Best Krieger, will provide legal review of the IS-MND. The legal review costs are included within the proposed reimbursement agreement.

COORDINATION

The proposed contract and reimbursement agreement have been prepared by and coordinated with the City Attorney's Office. The selection of a CEQA Legal Consultant for this project was coordinated through the City Attorney's Office.

FISCAL IMPACT

All contract costs with Rincon Consultants, Inc. for the environmental review consulting services will be fully reimbursed to the City pursuant to the terms contained within the attached reimbursement agreement with the project developer. Additional costs for outside CEQA legal counsel review are also included in the reimbursement agreement.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

- Contract with Rincon Consultant, Inc.
- Reimbursement Agreement with Catalina Fund, LLC