Administrative Report

H.9., **File #** 21-2019 **Meeting Date:** 2/2/2021

To: **MAYOR AND CITY COUNCIL**

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE SECOND AMENDMENT TO THE AGREEMENT WITH RINCON CONSULTANTS, INC. FOR ENVIRONMENTAL REVIEW SERVICES OF A PROPOSED DEVELOPMENT PROJECT TO BE LOCATED AT 100-132 N. CATALINA AVENUE FOR AN ADDITIONAL AMOUNT OF $79,137 FOR A TOTAL AMOUNT NOT TO EXCEED $179,058 AND TO EXTEND THE TERM TO DECEMBER 31, 2021.

APPROVE FIRST AMENDMENT TO THE REIMBURSEMENT AGREEMENT WITH CATALINA FUND, LLC FOR REIMBURSEMENT OF COSTS RELATED TO THE ENVIRONMENTAL REVIEW OF A PROPOSED DEVELOPMENT PROJECT TO BE LOCATED AT 100-132 N. CATALINA AVENUE FOR AN ADDITIONAL AMOUNT OF $105,097 FOR A TOTAL AMOUNT NOT TO EXCEED $224,783 FOR A TERM THROUGH JUNE 30, 2022.

EXECUTIVE SUMMARY

The City entered into an agreement with Rincon Consultants, Inc. on August 20, 2019 to prepare a CEQA Initial Study/Mitigated Negative Declaration (IS/MND) for a proposed project to be located at 100-132 N. Catalina Avenue. During the review, a significant impact was found in the traffic analysis that will now require a full Environmental Impact Report (EIR). This contract amendment incorporates the additional cost and time needed for preparation of an EIR. The additional costs will be fully reimbursed by the project developer, subject to the associated amendment to the reimbursement agreement.

BACKGROUND

On August 20, 2019, the City Council approved a consulting services agreement with Rincon Consultants, Inc. and a reimbursement agreement with the project developer for CEQA environmental review of a proposed development project to be located at 100-132 N. Catalina Avenue. As part of the original scope of work, Rincon Consultants began preparing a Draft Initial Study/Mitigated Negative Declaration (IS/MND). Additional time was need, and the original contract term was extended under the first contract amendment approved by City Council on June 16, 2020.

The IS/MND included a traffic analysis. The traffic analysis resulted in a significant impact on vehicle miles traveled, which triggers a full EIR. As such, Rincon Consultants submitted a proposal for preparation of the EIR, which will include the IS (already prepared), Notice of Preparation, Scoping Meeting, Administrative Draft EIR including project alternatives and additional traffic analysis, Notice

of Completion, Notice of Availability, and completion of the Final EIR with Response to Comments, Mitigation Monitoring and Reporting Program, and Statement of Overriding Considerations. The contract will also include attendance at two public meetings. The additional cost for the EIR preparation will be $79,137, including a subcontract with Fehr & Peers for the traffic analysis.

In addition to the contract amendment with Rincon Consultants, the City Council will also consider an amendment to the reimbursement agreement with the project developer, Catalina Fund, LLC for reimbursement of the additional cost for the EIR and the associated review by the City's legal consultant, Best Best Kreiger.

The proposed development is a mixed-use, density bonus project with 4 affordable housing units (very low income) and 26 market rate units. The project involves removal of a commercial building and portions of others. Four existing non-residential buildings that are contributors to a potential historic district will be adaptively reused, with the former lodge building repurposed for residential use. Approximately 3,000 square feet of non-residential space will be retained for a food and beverage sales uses. The applicant requests three incentives/concessions, consisting of lot consolidation, 3-story buildings, and mixed use zoning (for the adaptive reuse of the historic buildings).

COORDINATION

Preparation of the amendments to the Rincon Consultants contract and the reimbursement agreement has been coordinated with the City Attorney's Office. The cost quote for the CEQA legal review firm was also coordinated with the City Attorney's Office.

FISCAL IMPACT

All prior and additional contract costs for Rincon Consultants, Inc. for the EIR preparation will be fully reimbursed to the City pursuant to the terms contained within the amended reimbursement agreement with the project developer. Further, the reimbursement agreement includes the City's cost for outside legal review of the EIR.

City staff time for the project is part of the Planning Division's work product.

APPROVED BY:
Joe Hoefgen, City Manager

ATTACHMENTS

Second Amendment Contract Rincon Consultants, Inc.
First Amendment Reimbursement Agreement Catalina Fund, LLC
Proposal EIR Preparation Catalina Project Rincon Consultants, Inc.
First Amendment Contract Rincon Consultants, Inc. June 16, 2020
City Council Administrative Report First Amendment Rincon Consultant's, Inc. June 16, 2020
Original Contract Rincon Consultants, Inc. August 20, 2019
Original Reimbursement Agreement Catalina Fund, LLC August 20, 2019
City Council Administrative Report Original contracts August 20, 2019