



Legislation Text

File #: 17-150, **Version:** 1

Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department

SUBJECT: Third Amendment to Professional Services Agreement and Third Amendment to Reimbursement Agreement for Preparation of an Environmental Impact Report for the Merced Gateway Center

REPORT IN BRIEF

The City Council will consider approving a Third Amendment to Professional Services Agreement with FCS International, Inc., and a Third Amendment to Reimbursement Agreement with Gateway Park Development Partners, LLC, for the preparation of an Environmental Impact Report for the Merced Gateways commercial project at the northeast and northwest corners of Campus Parkway and Coffee Street.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the Third Amendment to Agreement for Professional Services with FCS International, Inc., to prepare an Environmental Impact Report for the Merced Gateway Center in the additional amount of \$15,800 (bringing the total contract up to \$213,300); and,
- B. Approving the Third Amendment to Reimbursement Agreement with Gateway Park Development Partners, LLC, regarding the Environmental Impact Report in the amount of \$17,380 (bringing the total amount up to \$234,630, with \$15,800 for the consultants and \$1,580 for City staff management of the contract); and,
- C. Approving the additional appropriation of funds to Account 017-0804-512-17-00-Professional Services in the additional amount of \$15,800 for payment to FCS International, Inc., for planning services; and,
- D. Approving an increase in revenue in the amount of \$15,800 to Account 017-0804-360-01-02-Other Revenue Developers and \$1,580 to Account 017-0804-331-03-25-Environmental Impact Filing EIR for staff administration of the environmental process (approval is contingent upon execution of the agreements).

ALTERNATIVES

- 1. Approve the amended agreements, as recommended by staff; or,
- 2. Approve the amended agreements, subject to modifications by City Council (identify specific items to be amended in the motion); or,
- 3. Deny; or,

4. Refer to staff for reconsideration of specific items (to be addressed in the motion); or,
5. Continue to a future City Council meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

This item is aligned with the City Council's priority of coordinating with the developer on the Retail Center at Campus Parkway/Hwy 99.

DISCUSSION

Proposed Project

The developers, Gateway Park Development Partners, LLC, submitted an application to the City in June 2015, for development of the Merced Gateway Center, including approximately 523,000 square feet of retail commercial and restaurant development, 178 multi-family residential units, an 81-room hotel, a fire station site, and associated infrastructure on a 77.5-acre parcel located at the northeast and southeast corners of the Campus Parkway and Coffee Street. In order for the Planning Commission and City Council to consider the project, an Environmental Impact Report (EIR) must be prepared under the provisions of the California Environmental Quality Act (CEQA). Attachment 1 shows the current project proposal, which was recently modified to address concerns raised during the public comment period on the Draft EIR.

Background

On August 17, 2015, the City Council approved the original Agreement for Professional Services with FCS International, Inc., and a Reimbursement Agreement with Gateway Park Development Partners, LLC, in the amount of \$125,500 and \$138,050, respectively. In order to account for the need for an Environmental Impact Report instead of a Mitigated Negative Declaration, an amendment to that agreement was approved by the City Council on January 19, 2016, which changed the amounts to \$165,000 and \$181,500 respectively. On July 5, 2016, a Second Amendment to the agreements were approved to reflect changes in the project's site plan and proposed circulation system, which changed the amounts to \$197,500 and \$217,250 respectively.

A Draft EIR was released for its 45-day public review from July 15, 2016, through August 29, 2016. Several public comment letters were received, including one lengthy letter from an adjacent property owner and another from Caltrans. FCS began working on the required responses to comments with City staff, and the Merced Gateway developers began considering changes to their project design to address concerns regarding the circulation system raised by the adjacent property owner. On March 1, 2017, the developers submitted a new project site plan that added a roadway (Pluim Drive) along its eastern property line that would bring the project into compliance with the "General Plan Circulation Element Alternative" considered in the Draft EIR.

Changes to the Scope and Agreements

In order to address the recent project changes and the additional time needed to respond to the lengthy comments received, the EIR scope of work needs to be augmented. Attachment 2 contains the recommended Third Amendment to the Agreement for Professional Services, which includes an augmented scope of services, budget, and the anticipated schedule.

As specified in the Third Amendment to the Reimbursement Agreement (Attachment 3), the applicant will pay for the entire consultant cost (\$213,300) plus the cost for City staff management of the contract and EIR process (\$21,330). Under terms of the original agreement and the first and second amendments, the applicant has already paid \$217,250 for both the consultants and staff. The Third Amendment will require a final payment of \$15,800 due upon execution of the contract. The applicants will also reimburse the City for staff time spent on administering the environmental process. An additional deposit of \$1,580 (ten percent of the cost of the environmental review) is also required upon execution of the agreement.

The applicants also acknowledge in Section 2 of the Reimbursement Agreement (Attachment 3) that “the contract with the Consultant is being entered into by the City as an accommodation to the Developer to facilitate the evaluation of the project and does not guarantee any particular result of outcome. Developer further acknowledges and agrees that it shall have no control over the work product of the Consultant, and that its payment of the costs is not dependent thereon.”

IMPACT ON CITY RESOURCES

The entire cost for preparing the environmental document (\$213,300) will be reimbursed to the City by the developers as well as the costs (\$21,330) to cover City staff management of the consultant contract and environmental process. Actions to appropriate the revenue to the corresponding Accounts in the Development Services Department budget are included in the recommendation.

ATTACHMENTS

1. Proposed Site Plan and Land Use Table for Merced Gateway Center
2. Third Amendment to the Professional Services Agreement with FCS International, Inc.
3. Third Amendment to the Reimbursement Agreement with Gateway Park Development Partners, LLC