



Staff Report

File #: 22-0193

REQUEST FOR CITY COUNCIL ACTION

DATE: 03/16/2022

TO: Honorable Mayor and City Council Members

FROM: Office of Economic Development

SUBJECT:

First Amendment to the Professional Services Agreement with Kosmont Companies for the Downtown Revitalization Plan and Advisory Services.

EXECUTIVE SUMMARY:

The City Council will consider approving the First Amendment (Exhibit 1) to the Professional Services Agreement with Kosmont Companies to support the City in creating a Downtown Revitalization Plan (Plan). At the direction of Council, Kosmont Companies has conducted additional community outreach and led a robust community engagement strategy that can result in a community informed Plan. As part of the existing Agreement, Kosmont Companies also has provided on-call, as needed technical and advisory services to support the City's efforts to create a cohesive vision for the Downtown. The proposed Amendment includes a compensation increase of \$100,000 to account for both the Plan completion and additional anticipated technical and advisory services. The existing Agreement expires on June 30, 2022 and includes two one-year term extension options.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Manager, or his designee, to execute the First Amendment to the Professional Services Agreement with Kosmont Companies to increase the compensation by \$100,000 for a new compensation total of \$392,183.
- b. Authorize the Purchasing Manager to increase the purchase order with Kosmont Companies in the amount of \$100,000 for a total purchase order amount of \$392,183
- c. Authorize the City Manager, or his designee, to approve the appropriation of funds in order to execute the aforementioned amendment between the City of Corona and Kosmont Companies.

- d. Authorize an appropriation of \$100,000 from the General Fund Measure X Reserve (Economic Recovery) to the Downtown Revitalization Plan Capital Improvement Project No. 76910.

BACKGROUND & HISTORY:

On April 7, 2021, the City of Corona entered into a Professional Services Agreement (Agreement) with Kosmont Companies (Kosmont) which included Storyland Studios as Kosmont’s subconsultant, to develop a Downtown Revitalization Plan. An inter-departmental evaluation team identified Kosmont as the top-ranking firm in both the technical and interview rounds. Additionally, staff conducted reference checks with comparable cities to ensure that Kosmont could effectively partner with the City and community to create a community-informed Plan. References confirmed Kosmont’s vast expertise and community outreach efforts had resulted in successful downtown revitalization strategies.

The existing Agreement’s scope of services generally include:

- Site due diligence and analysis of existing conditions;
- Stakeholder engagement and visioning;
- Placemaking and wayfinding guidelines;
- Formalized plan that will outline vision and goals, identify and highlight key opportunity sites, provide proposed design guidelines, and identify strategies to attract development and address outlined goals; and
- On-call technical and advisory services.

Over the past year, Kosmont and Storyland Studios have provided excellent services, promptly adapted schedules and resources to address the Council’s desire for enhanced community engagement and provided technical and advisory services including fiscal and economic benefit analysis in support of Downtown catalytic projects. They have led a robust community engagement strategy in both English and Spanish including in-person and online community meetings, stakeholder meetings with nonprofits, educational institutions, and the business community, and developed a dedicated project website featuring all content in both languages. Table 1 below highlights efforts to date.

Table 1: Downtown Revitalization Plan and Advisory Services to Date

Scope Item	Progress To Date
Downtown Revitalization Plan	
Site Due Diligence and Analysis of Existing Conditions	• Kosmont has completed an analysis of the Downtown’s demographics, real estate market, and opportunity sites. • Kosmont has also completed an assessment of the Downtown’s present conditions and strengths and weaknesses.

<p>Stakeholder Engagement and Visioning</p>	<ul style="list-style-type: none"> • Storyland Studios developed and launched a Downtown revitalization website (TheCoronaCircle.com and coronacirculo.com) as a key community engagement tool. <ul style="list-style-type: none"> ○ Website identifies ways community can participate, hosts survey for feedback, features upcoming events for engagement, and general information on the Plan’s purpose and progress made to date. • Held six focus group discussions and stakeholder interviews. • Held four community workshops to gather community feedback on the Downtown. <ul style="list-style-type: none"> ○ Initial Community Meeting (Nov. 21) ○ <i>Business Community Meeting (Jan. 22)</i> ○ <i>Meeting for Spanish Speakers (Feb. 22)</i> ○ <i>Additional Virtual Community Meeting (Feb. 22)</i> • Provided three progress updates to City Council via Study Sessions. • <i>Held one-on-one meetings with each City Council Member (5).</i>
<p>Design Guidelines</p>	
<p>Placemaking and Wayfinding Guidelines</p>	<ul style="list-style-type: none"> • Storyland Studios has commenced an initial framework, held strategic planning meetings with staff, and is currently in process of developing Placemaking and Wayfinding Design Guidelines. • Key components of the Plan will be presented to the community for feedback in April. • A draft set of guidelines, incorporating feedback, will be presented to Council in advance of the final Plan adoption.
<p>On-Call Technical and Advisory Services</p>	
<p>Technical and Advisory Services</p>	<ul style="list-style-type: none"> • Kosmont has provided significant support for technical and advisory services relating to the Plan and a cohesive Downtown vision, including: <ul style="list-style-type: none"> ○ Analysis of potential acquisitions within the Downtown to better position properties for revitalization and redevelopment. ○ Assisting with acquisition of 725 S. Main Street, including coordination of due diligence, environmental review, and advisory services for real estate acquisition. ○ Strategic planning meetings with LAB Holdings to ensure a cohesive vision between the Corona Mall and the Downtown District. ○ Initial discussions surrounding funding mechanisms for infrastructure improvements and ongoing maintenance of subject properties.

The italicized items above were not included as part of the original proposed scope of services, however, these items were included based on direction from Council to provide ample opportunities for community engagement and feedback. These costs impacted both Kosmont's and Storyland Studios' previously proposed budgets for finalization of the Downtown Revitalization Plan. See Table 2 below for more details.

As referenced in Table 1, a critical component of Kosmont's services to date have included on-call technical and advisory services. Over the past 12 months, Kosmont has worked with City staff on acquisition of a critical property within the Downtown, 725 S. Main Street. As part of its advisory services, Kosmont researched sale comps and land valuation, conducted fiscal and economic benefit analyses of potential redevelopment and revitalization efforts, coordinated environmental review, and assisted staff with ongoing property negotiations with the sellers. As of January 31, 2022, on-call technical and advisory services have been exhausted from the Agreement's initial \$54,000 budget. Staff believes additional funds are needed to allow for additional fiscal and economic benefit analysis as well as public-private transaction structuring and negotiation services within the Downtown.

ANALYSIS:

The proposed First Amendment is to augment the Agreement's scope of services, extend the term of the Agreement to June 30, 2023, and add \$100,000 in compensation. A complete breakdown of initial budget estimates and actual expenditures thus far is outlined in Table 2 below.

Table 2: Contract Expenditures to Date

Contract Scope of Services	Initial Budget Estimate	Actual
	\$292,183.00	\$292,183.00
Kosmont - Downtown Revitalization Plan (due diligence, community engagement, formal Plan)	\$123,793.00	\$110,831.06
Kosmont - On-Call and Technical Advisory Services (e.g., 725 S. Main acquisition, real estate transactions, environmental studies, market studies, meetings, etc.)	\$54,000.00	\$66,983.00
Storyland Studios - (website, community engagement, design guidelines)	\$114,390.00	\$91,787.18
*Total Expenditures		\$269,601.24
Remaining Balance		\$22,581.76

These figures represent expenditures as of January 31, 2022. The City has not yet received Kosmont's February 2022 invoice.

As reflected in Table 2, as of January 31, 2022, expenditures total \$269,601. While the original scope estimated \$54,000 towards on-call technical and advisory services, actual expenditures totaled \$66,983. On-call services included support in the acquisition of 725 S. Main Street (99 Cents Only Store), environmental studies, initial funding mechanisms research, market research, district analysis,

and strategic planning meetings with LAB Holdings.

As reflected in Exhibit A-1 of the requested Amendment, the revised scope of services includes:

- Additional consulting hours for Downtown Revitalization Plan completion including:
 - Finalizing the stakeholder engagement and visioning process, placemaking and wayfinding design guidelines, and finalizing the formalized Plan; and
 - Meetings with Department Directors to align resources and strategies for the Downtown Revitalization Plan implementation.
- Additional consulting hours for on-call technical and advisory services including:
 - An Economic Tools Workshop with Council to discuss financing mechanism the City could pursue to encourage long-term private investment in the Downtown;
 - Evaluation and analysis of the City’s “Health and Wellness” district located in the Downtown to better understand its economic impacts relating to jobs, spending power, land valuation, etc.;
 - Fiscal and economic benefit analysis relating to the Coronal Mall revitalization and Downtown related areas; and
 - Real estate advisory services and public-private negotiation assistance.

The estimated costs to complete the Plan are approximately \$50,000. Additionally, the proposed Amendment includes \$50,000 for on-call technical and advisory services. To date, these services have been critical in supporting the Plan’s development. Staff is requesting secure additional hours to ensure Kosmont can support the City with as-needed advisory services for initial Plan implementation and addressing strategic opportunities as they arise. For the term extension, Kosmont and Storyland have agreed to honor the rates under the existing Agreement.

The Downtown Revitalization Plan will be presented for Council consideration and adoption in summer of 2022. Once complete, the Plan will identify revitalization needs and priorities, potential funding mechanisms and strategies for public-private partnerships, and result in a cohesive vision for the Downtown District. The Plan also will include placemaking design and wayfinding elements, and marketing tactics to support the ongoing transformation of the Corona Mall and catalyze future investment in the Downtown District.

FINANCIAL IMPACT:

Approval of the recommended actions will result in an appropriation of \$100,000 from the General Fund Measure X Reserve (Economic Recovery) to the Downtown Revitalization Plan Capital Improvement Project No. 76910.

GENERAL FUND	
Adopted Budget - FY 2022 Estimated Revenue Over Expenditures	\$ 14,593,660
Less Measure X Reserves	(13,144,418)
Previously Approved/Revised Budget Adjustments (Net)*	(40,723,585)
Current Estimated Revenue Over Expenditures	(39,274,343)
Downtown Revitalization Plan - Appropriation	(100,000)

Downtown Revitalization Plan - Adjust Measure X Reserve	100,000
Revised Estimated Revenue Over Expenditures [Note 1]	\$ (39,274,343)
Budget Balancing Measures Reserve - Actual 06/30/2021	43,614,486
Estimated FY 2022 Change in Budget Balancing Measures Reserve	(39,274,343)
Estimated Budget Balancing Measures Reserve - 06/30/22	\$ 4,340,143

* Approved through Council Action or other operational process.

Note 1: Includes other General Fund items on the March 16, 2022 agenda.

GENERAL FUND	
Measure X Reserve (Economic Recovery) Balance	\$ 675,000
Downtown Revitalization Plan - Appropriation	(100,000)
Measure X Reserve (Economic Recovery) Balance - REVISED	\$ 575,000

ENVIRONMENTAL ANALYSIS:

This action before Council is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the Guidelines for CEQA, which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action extends the term of service for a consultant to provide downtown revitalization advisory services and development of a Downtown Revitalization Plan. Since there is no possibility that adopting this action will have a significant effect on the environment, no further environmental analysis is required.

PREPARED BY: ASHLEY ZARAGOZA, ECONOMIC DEVELOPMENT ADMINISTRATOR

REVIEWED BY: JESSICA GONZALES, ECONOMIC DEVELOPMENT DIRECTOR

Attachments:

1. Exhibit 1 - First Amendment to Professional Services Agreement between the City of Corona and Kosmont & Associates, Inc.