



MEMORANDUM

Date: January 2, 2018

To: Robb Steel, Assistant City Administrator, Director of Development Services
John Dutrey, Project Manager
City of Rialto

From: Ken K. Hira, Executive Vice President, Kosmont Companies
Alma Reza, Vice President, Kosmont Companies

Subject: **Addendum #1 to Original (09.29.17) Work Plan to Assist City with an Acquisition and Land Use Strategy**

A. BACKGROUND

Since 2016, the City of Rialto ("City") has retained Kosmont Companies ("Kosmont") to provide economic development consulting and real estate advisory services. In order to assist the City with formulating a preliminary acquisition, disposition, and development strategy, City retained Kosmont pursuant to a work plan ("Original Work Plan") dated September 29, 2017 for a Land Use and Economic Analysis ("Analysis") of 13.2 acres of undeveloped land located at the northwest corner of N Alder Avenue and the 210 Freeway ("Casmalia Property" or "Site"). City is in escrow to purchase Site from County of San Bernardino with a scheduled closing date of June 2018.

On December 14, 2017, Kosmont presented the Casmalia Property Analysis to members of the Economic Development Committee and Development Services Department staff. As a follow up, the City is interested in Kosmont performing additional Site Due Diligence and initiating preliminary marketing efforts. Kosmont proposes the following Work Plan accordingly.

B. WORK PLAN OUTLINE

Task 1: Assist with Site Due Diligence

There are several factors that may impact the Site's developable / useable area. These include Southern California Edison's ("Edison") proposed new power lines and the Site's groundwater treatment system. Accordingly, the City will provide Kosmont with contact information for Edison and the local Water Quality Control Board and Kosmont will reach out and research the possible impact of these considerations on the Site's useable area. The City will retain a licensed engineer to plot the easements, encumbrances, and possible setback requirements, which will provide a visual depiction of the Site's net useable area.

Task 2: Initial Marketing Efforts

Upon completion of Task 1 (above), Kosmont will preliminarily market the property on OppSites and discuss the opportunity with possible interested parties. Kosmont will reach out to potential users, developers, and brokers and discuss possible interest on the Site. In addition, the City will provide Kosmont with its existing contact information for recreational vehicle and medical users and Kosmont will contact these users and obtain preliminary feedback on possible interest associated with the Site. Kosmont will provide the City with a summary report of its discussions / findings and can present in a meeting with the City prior to close of escrow.

Future Task: Brokerage (Not Included in Scope of Work)

When public agency assignments involve real estate / property brokerage, such transaction based services are typically provided by Kosmont Realty Corporation ("KRC"), a licensed broker in California. When necessary and appropriate, KRC is available to provide brokerage services to properly represent the City and effectuate the purchase transaction for the Casmalia property.

C. ESTIMATED BUDGET

Compensation for Tasks 1-2 is estimated at \$17,500 for professional services (hourly) fees, subject to future revision / augmentation based on mutual agreement between City and Kosmont.

Attendance at public hearings and other presentations to public agency boards and committees will be charged on a time and materials basis and are not included in the estimated budget outlined above.

Future increases in budget beyond scheduled close of escrow in June 2018 will require approval by City in advance. Budget may be increased by City request at any time.