



City of Rialto

Legislation Details (With Text)

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Title: Request City Council to Approve Professional Service Agreement Amendment #1 with Kosmont Companies to provide additional Real Estate Services related to County Property at the southwest corner of Casmalia Avenue and Alder Avenue and Increase the Purchase Order Amount from \$27,000 to \$44,500.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A - Map, 2. Exhibit B - Real Estate Analysis, 3. Exhibit C - Proposal, 4. Exhibit D - Casmalia_Kosmont Mkt. Schedule 2-5-18, 5. Exhibit E - Professional Agreement Amendment City1, 6. Disclosure Form - Kosmont

| Date | Ver. | Action By | Action | Result |
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For City Council Meeting [February 13, 2018]

TO: Honorable Mayor and City Council

FROM: Robb R. Steel, Interim City Administrator

Request City Council to Approve Professional Service Agreement Amendment #1 with Kosmont Companies to provide additional Real Estate Services related to County Property at the southwest corner of Casmalia Avenue and Alder Avenue and Increase the Purchase Order Amount from \$27,000 to \$44,500.

BACKGROUND:

On October 24, 2017, the City Council approved Professional Service Agreements with Kosmont Companies (\$27,000) for real estate and economic analysis and with Lockwood Engineering Company (\$19,500) for land survey services related to County Property at the southwest corner of Casmalia Avenue and Alder Avenue. On January 9, 2018, the City Council approved amendment #1 to the professional services agreement with Lockwood Engineering Company to develop the development constraints map for \$10,500.

On June 13, 2017, the City Council approved an Amended and Restated Purchase and Sale Agreement ("Agreement") between the City and the County of San Bernardino for the purchase of County property (portions of APN 1119-241-01 and 02) consisting of approximately 13.22 acres situated south of Casmalia Avenue and west of Alder Avenue ("Property").

The Property consists of two parcels: a 6.00 acre parcel beginning at Alder Avenue and going westerly ("Six Acre Parcel") and a second parcel of 7.22 acres situated west of the Six Acre Parcel ("Seven Acre Parcel"). The Agreement provides the City an option to purchase the entire site or each

parcel individually. Attached is a map showing the subdivision of the site into two parcels (**Exhibit A**).

The City has until June 29, 2018, to either close escrow or extend escrow for an additional six months by releasing an additional \$115,000 to the County. All deposits are non-refundable, but applicable to the purchase price.

The Property is burdened with several encumbrances as follows:

1. The Property contains nine groundwater reinjection wells near the northern portion of the property related to the adjacent Landfill. The County requires right-of-entry easements to continue on-going maintenance of the wells.
2. Caltrans retains a sixty-foot wide easement on the Seven Acre Parcel for drainage purposes.
3. Southern California Edison (SCE) and the County recently settled an eminent domain action for SCE to acquire easements across the northern portion of the Property for the Falcon Ridge Transmission Project.

In November 2017, Lockwood Engineering Company completed the ALTA survey. In December 2017, Kosmont Companies completed the real estate analysis (**Exhibit B**).

On January 31, 2018, the Economic Development Committee reviewed Amendment #1 to the Professional Services Agreement.

ANALYSIS/DISCUSSION:

Kosmont's real estate analysis recommends soliciting potential users for the County Property. The focus is automobile/recreational vehicle sales, recreational vehicle storage, medical services, business park, or convenience fuel/fast food sales. Kosmont submitted a proposal (**Exhibit C**) for \$17,500 for the following work plan:

Task 1: Assist with Site Due Diligence

Several factors affect the Site's developable/useable area. These include Southern California Edison's ("Edison") proposed new power lines and the County Property'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 retained Lockwood Engineering 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, 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 of the County Property. 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.

Kosmont included a marketing schedule (**Exhibit D**) that includes the following:

- February 14, 2018 - Kosmont initiates marketing to possible users such as RV and auto dealers.
- Mid-March 2018 - Kosmont provides the City marketing updates.
- April-May 2018 - Solicit letters of interest from potential users.

ENVIRONMENTAL IMPACT:

The action is an administrative activity of the City Council and the California Environmental Quality Act (CEQA) does not define it as a Project. Pursuant to Section 15378 of CEQA, a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A Project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, such as: (1) Government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, or (2) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY:

The City of Rialto has identified several goals and objectives within the City’s adopted General Plan through which the City looks to improve the community.

Goal 3-1: Strengthen and diversify the economic base and employment opportunities, and maintain a positive business climate.

Goal 3-3: Attract, expand, and retain commercial and industrial businesses to reduce blighted conditions and encourage job growth.

LEGAL REVIEW:

The City Attorney reviewed and approved the staff report and the Professional Service Agreement Amendment #1.

FINANCIAL IMPACT:

Sufficient funds exist in Account No. 010-500-4255-2010 (Economic Development Legal Services) to cover the additional cost of \$17,500 for Kosmont’s proposal. Staff will transfer \$17,500 from Account No. 010-500-4255-2010 to Account No. 010-500-4255-2011 (Economic Development Contract Services). The City will pay Kosmont from Account No. 010-500-4255-2011.

Kosmont requires a business license based on \$44,000.

RECOMMENDATION:

Staff recommends that the City Council Approve Professional Service Agreement Amendment #1 (**Exhibit E**) with Kosmont Companies to provide additional real estate services and increase the purchase order amount from \$27,000 to \$44,500 related to the County Property at the southwest corner of Casmalia Avenue and Alder Avenue (portions of APN 1119-241-01 and 02).

