



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 15, 2004

ITEM NUMBER:

SUBJECT: CONTRACT AMENDMENT FOR THE PACIFIC MEDICAL PLAZA GENERAL PLAN AMENDMENT (GP-02-06) ENVIRONMENTAL CONSULTING SERVICES
1626/1640 NEWPORT BOULEVARD

DATE: MARCH 10, 2004

FROM: DEVELOPMENT SERVICES-PLANNING DIVISION

PRESENTATION BY: DONALD D. LAMM, DEP. CITY MGR.-DEVELOPMENT SVS. DIRECTOR

FOR FURTHER INFORMATION CONTACT: KIMBERLY BRANDT, SR. PLANNER (714) 754-5604

RECOMMENDATION:

Amend LSA Associates' contract by \$23,000, to a total amount of \$104,500, for the Pacific Medical Plaza General Plan Amendment (GP-02-06) Environmental Impact Report (EIR), and authorize the Mayor and City Clerk to sign on behalf of the City.

BACKGROUND:

The property owner of 1626/1640 Newport Boulevard, has submitted applications for a general plan amendment, rezone, mobile home park conversion permit, and final master plan to allow construction of a 4-story, 76,650 square-foot medical office building on this 4.4-acre property. The site presently contains two trailer parks (Snug Harbor Village and El Nido) that are composed of 117 mobilehome lots and 6 apartment units.

In accordance with the California Environmental Quality Act (CEQA) Guidelines, staff determined that an EIR is the appropriate process for examining and documenting the environmental impacts of the proposed project, due to the potential for unavoidable adverse impacts. The EIR is currently in preparation, and the consultant has determined that additional work is required outside the original scope of services in order to prepare a document that complies with CEQA.

ANALYSIS:

The contract amendment is required to fund additional work not anticipated in the original agreement. The full cost of the environmental impact report (EIR) will be borne by the applicant. No City funds will be used to support or pay for the EIR. A copy of the revised scope of services and budget is included with the attached contract.

ALTERNATIVES CONSIDERED:

The project's nature, scope, and complexity require the preparation of an EIR. The potential for unavoidable adverse environmental impacts associated with project implementation preclude the City's ability to prepare a mitigated negative declaration.

FISCAL REVIEW:

Fiscal review is not required for this item.

LEGAL REVIEW:

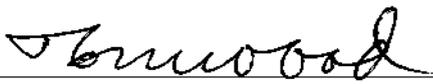
The City Attorney has prepared the amended contract language.

CONCLUSION:

The amended contract will allow the completion of the necessary environmental impact report for this privately initiated project at no taxpayer cost.


KIMBERLY BRANDT
Senior Planner


DONALD D. LAMM
Deputy City Manager–Dev. Svcs. Director


TOM WOOD
Acting City Attorney

DISTRIBUTION: City Manager
City Clerk
Staff (4)

Mr. Joseph Brown
19700 Fairchild, Suite 100
Irvine, CA 92612

Ms. Coralee Newman
Government Solutions
230 Newport Center Dr., Ste. 210
Newport Beach, CA 92660

Mr. Robert Balen
LSA Associates, Inc.
20 Executive Park, Suite 200
Irvine, CA 92614-4731

Attachments: 1 Contract Amendment

**AMENDMENT NO. 3
PROFESSIONAL SERVICES AGREEMENT FOR
ENVIRONMENTAL CONSULTING SERVICES**

THIS AMENDMENT, dated March 15, 2004, is made by the CITY OF COSTA MESA, a municipal corporation (CITY), and LSA ASSOCIATES, INC., a California corporation (CONSULTANT) and JOSEPH G. BROWN, an individual (APPLICANT).

WITNESSETH:

WHEREAS, CITY, CONSULTANT, and APPLICANT have entered into a Professional Services Agreement dated May 5, 2003 ("Agreement"), wherein CONSULTANT agreed to provide environmental consulting services to the CITY; and

WHEREAS, CITY, CONSULTANT, and APPLICANT agreed to Amendment Number 1 dated July 7, 2003 and Amendment Number 2 dated September 23, 2003 wherein the CONSULTANT'S scope of services were expanded to prepare an environmental impact report.

WHEREAS, it has been determined that additional CONSULTANT services are necessary to complete the environmental services for the APPLICANT'S project, thereby necessitating Amendment Number 3 to the CONSULTANT'S scope of services (Exhibit A) and fee schedule (Exhibit B).

NOW, THEREFORE, for valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The documents constituting Exhibit A Scope of Services of the Agreement shall be augmented with the documents attached hereto as Exhibit A.
2. The documents constituting Exhibit B: Fee Schedule of the Agreement shall be stricken in their entirety and replaced with the documents attached hereto as Exhibit B.
3. All other provisions of the Agreement not in conflict with this Amendment shall remain in force and effect.

(Signatures on the next page)

CITY OF COSTA MESA,
A municipal corporation

Dated: _____

By: _____
Mayor of the City of Costa Mesa

LSA ASSOCIATES, INC.

Dated: _____

By: _____

Name and Title

Social Security or Taxpayer ID
Number

JOSEPH G. BROWN

Dated: _____

ATTEST:

Deputy City Clerk and ex-officio Clerk
of the City of Costa Mesa

APPROVED AS TO FORM:

City Attorney

APPROVED AS TO CONTENT:

Kimberly Brandt

Project Manager

EXHIBIT A
SCOPE OF SERVICES

March 1, 2004

Kimberly Brandt, AICP
Senior Planner
Community Development Department
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92628-1200

RECEIVED
CITY OF COSTA MESA
COMMUNITY DEVELOPMENT DEPARTMENT

MAR 03 2004

Subject: Contract Amendment to Address Changes in Scope of Work, Budget, and Schedule for Pacific Medical Plaza EIR

Dear Kimberly:

This contract amendment request is submitted to outline increased costs that have been associated with changes to LSA's scope of work, budget, and schedule in the preparation of the Screencheck EIR for Pacific Medical Plaza. LSA notified the City verbally on a number of occasions when additional out-of-scope work was requested that a contract amendment would be needed to cover the costs of completing the Screencheck EIR. These included the need for additional meeting time and the need for an archaeological assessment. An augment was previously processed to address the need for additional meeting time. No augment has, however, been processed to address other considerations that have arisen, including the archaeological assessment.

This contract amendment request reflects comments and direction received in discussion with the City on January 22, 2004. This request reflects a good faith effort by LSA to complete the California Environmental Quality Act (CEQA) process for the City while at the same time minimizing costs to the City and applicant. To address the City's concerns (and potentially the applicant's concerns) about these additional costs, LSA has so far absorbed approximately \$20,000 in costs that we have incurred during preparation of the Screencheck EIR and the Initial Study/NOP.

Due to the substantial amount of work LSA has performed to bring the Screencheck EIR to its present state, we are requesting funds to cover the cost of additional work already completed. We are not requesting additional funds to complete the CEQA process at this time, but, as we indicated in our meeting, the approved budget for remaining tasks may prove inadequate if the public review process becomes extended or complicated. At the City's direction, our original scope/contract involved preparation of a Mitigated Negative Declaration. In subsequent discussions with the City and the applicant's representatives, it was decided that an EIR was a more appropriate vehicle. At that time, LSA submitted a revised scope and budget estimate, which still reflected a limited scope of work and a rather quick schedule for completing the EIR process. Regrettably, that early estimate of the level of additional effort to complete a defensible EIR has proven overly optimistic. The project has also been put on hold twice since start-up in May 2003 that has resulted in additional effort to pick the project back up after substantial lapses in work. In addition, the applicant's representatives have only recently indicated the intent to submit a variety of additional and new information that will necessitate some degree of revision and editing of the Screencheck Draft in progress. These factors could not have been fully anticipated by LSA, the City, or Pacific Medical Plaza as events have demonstrated in regard to other aspects of this project. Table 1, attached, outlines the current budget status, the

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additional expenses incurred during preparation of the Screencheck EIR, and the proposed revised budget. The fees LSA has absorbed are also indicated.

We request your authorization to bill for the additional work that was necessary to complete the Screencheck EIR that exceeded our authorized budget. A description of each item that has contributed to this request for additional budget to complete the Screencheck EIR follows.

WORK REQUIRED TO COMPLETE THE SCREENCHECK EIR BEYOND CONTRACTED TASKS

TASK 1: PROJECT INITIATION

Additional Traffic Analysis Peer Review and Meetings

During the early phases of the project, LSA reviewed a draft Traffic Analysis prepared by Linscott, Law and Greenspan and prepared a letter report to the City. Subsequently, several meetings took place with the City traffic and planning staff and LLG to determine appropriate revisions. LLG then submitted a revised traffic study, which was also reviewed by LSA. This second look at the revised analysis was requested by the City but had not been assumed in our initial scope. The initial budget for this task assumed approximately \$1,000 for peer review of the traffic analysis and one meeting. Between the series of three meetings conducted and review of the second iteration, LSA expended approximately \$2,785. LSA is requesting an additional \$1,500 to cover the work completed on traffic peer review, as noted in Table 1.

TASK 2: SCREENCHECK DRAFT EIR

a. Archaeological Assessment

During the course of preparing the Screencheck EIR, a records search was conducted that indicated the possible presence of cultural resources in proximity to the project site. Consequently, LSA determined that a reconnaissance-level site assessment was required in order to comply with CEQA requirements. This was communicated to the City in a telephone conversation in early December, and staff agreed that the work was appropriate although no cost estimate was discussed at that time. The work was completed the first week in December, and the cost accrued for this additional task totaled approximately \$5,000, as noted in Table 1.

b. Expanded General Plan/Regulatory Setting and General Underscoping of Analysis

As a result of the change from an MND to an EIR, substantial additional work was required to outline all aspects of the Project Setting (physical, policy, and regulatory). In addition, the change to an EIR from an MND required an expanded level of analysis of all potential impacts as well as the need to address cumulative impacts and the inclusion of certain additional chapters that are required in an EIR (e.g., Project Alternatives). In recent communications with the City, it was also made clear that a detailed review of the project in relation to all relevant policies and objectives of all elements of the General Plan was desired. LSA made a rough estimate of the level of effort these factors might entail in our revised proposal to prepare the EIR, but the actual level of effort required has exceeded our

expectations. The majority of this analysis is complete at this time. We estimate that the detailed General Plan analysis has consumed approximately \$4,500 and that we underestimated the effort associated with other factors by approximately 5 percent of the costs expended on Screencheck EIR preparation to date (\$3,750). We are requesting \$8,000 to address the expanded level of screencheck analysis related to these factors, as indicated in Table 1.

This estimate reflects the following:

- Time expended on General Plan policy analysis: Assistant Environmental Planner—24 hours @\$55 = \$1,320 (culling potentially applicable GP policies), Senior Environmental Planner—8 hours @\$100 = \$800, and Project Manager—4 hours @125 = \$500 (analysis of project implications). Total expended: \$2,620
- Additional time needed to complete analysis of project implications: Estimated effort remaining—Environmental Planner—16 hours @\$85 = \$1,360, Project Manager—4 hours @125 = \$500.00. Total \$1,860.
- Time expended related to general underscoping of EIR: 5 percent of total expended on SCEIR to date. Total \$3,750.

c. Additional Revisions to the Screencheck EIR Due to New Information

The applicant indicated in late December that a geotechnical and soils investigation would be provided, as well as a variety of other information (such as site cross sections, shade/shadow studies and additional architectural elevations). The Relocation Impact Assessment for the project has also undergone revision. In addition, LSA has received a Staff Report dealing with the City's review of the Relocation Report and comments on one section of the Screencheck EIR that was submitted to the City for preliminary review. The incorporation of this, and possibly other, additional information will require revision of sections already completed in draft form. LSA has included an estimate of approximately \$5,000 in additional costs outlined in Table 1.

This estimate reflects the following assumptions:

- Environmental Planner—32 hours @\$85 = \$2,720
- Project Manager—8 hours @\$125 = \$1,000
- Word Processing—12 hours @75 = \$900
- Editor—2 hours @\$75 = \$150
- Graphics—4 hours @\$75 = \$300

d. Breaks in Work Flow

There have been two major breaks in the flow of work on the Screencheck EIR. Both have occurred as a result of factors entirely outside the EIR work effort. The first occurred between 9/4/03 and 10/9/03; the second is ongoing. Work was halted by LSA on the SCEIR at the end of December 2003 and has yet to resume. LSA's original budget assumed an expedited schedule and one continuous work effort to complete a screencheck EIR. When substantial breaks in workflow occur, additional time is required for all staff to reacquaint themselves with project issues and to pick work back up. LSA estimates that the first lapse in work at a minimum required approximately \$2,360 to pick back

up and that the current lapse will result in a similar additional effort, based on the following estimates of staff time required:

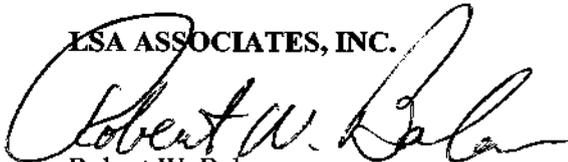
Environmental Planner—16 hours @\$85 = \$1,360; Project Manager—8 hours @\$125 = \$1,000.
LSA is requesting \$3,500 to address the break in project work as outlined in Table 1.

Table 1 summarizes the total budget increase to cover completed work on the Screencheck EIR and future work projected to be necessary to complete the SCEIR. The total requested as a budget increase is \$23,000, which would result in a total budget of \$104,500 for the project. We will monitor closely the remaining budget for other tasks.

Please do not hesitate to contact me if you have any questions regarding this request. We appreciate the City's support in working with LSA to provide adequate compensation for the work effort that this EIR has required. Please let us know when you would like to schedule a meeting to sit down and discuss the situation.

Sincerely,

LSA ASSOCIATES, INC.



Robert W. Balen
Principal

TABLE 1
SUMMARY OF BUDGET STATUS (START-UP THROUGH 12/31/03)
PACIFIC MEDICAL PLAZA
MARCH 1, 2004

TASK	BUDGET AUTHORIZED	AMOUNT BILLED (thru 12/31/03)	AMOUNT ABSORBED	AUGMENT REQUEST	ADJUSTED CONTRACT AMOUNT	COMMENTS
TASK 1: Project Initiation/IS-NOP/Peer Review-Traffic	\$8,500	\$15,438.75	See sub-total Tasks 1 & 2 below	\$1,500	\$10,000	All Task 1 labor has been previously billed
TASK 2: Screencheck Draft EIR	\$37,000	\$28,872.00	See sub-total Tasks 1 & 2 below	\$21,500	\$58,500	Carry-over expected from task to task. Adjustments will be indicated in subsequent invoices.
SUB-TOTAL: TASKS 1 & 2:	\$45,500	\$44,310.75	\$21,733.35	\$23,000	\$68,500	
TASK 3: Draft EIR	\$7,500	-0-	-0-	-0-	\$7,500	
TASK 4: Resp. to Comments	\$7,500	-0-	-0-	-0-	\$7,500	
TASK 5: MMP	\$1,500	-0-	-0-	-0-	\$1,500	
TASK 6: Findings	\$2,500	-0-	-0-	-0-	\$2,500	
TASK 7: Meetings/Public Review	\$9,500	\$4188.00	-0-	-0-	\$9,500	
TASK 8: Final EIR	\$1,000	-0-	-0-	-0-	\$1,000	
TOTAL LABOR:	\$75,000	-0-		\$23,000	\$98,000	
Estimated Reimbursable Expenses	\$6,500	\$257.24	-0-	-0-	\$6,500	
GRAND TOTAL	\$81,500	\$48,755.99	\$21,733.25	\$23,000	\$104,500	

EXHIBIT B
FEE SCHEDULE

REVISED ESTIMATED BUDGET

Pacific Medical Plaza (EIR 1051)

We have estimated a "not-to-exceed" budget of approximately \$104,500 will be necessary to complete the scope of services. These fees include estimated reimbursable costs. Reimbursables include, but are not limited to, mileage, miscellaneous photocopying, blueprints, certified mail and delivery service, filing fees, advertising/noticing, photography, equipment rental, and facsimile services. This scope also estimates the volume of document printing likely to be associated with the project. Should expenses exceed costs estimated, reimbursables will be billed at cost plus 10 percent. Should the scope of services be amended prior to or during the project, the estimated fees may warrant revision. Our revised budget estimate will not be exceeded without your authorization. A breakdown of the budget by task is as follows:

Task	Budget
Task 1.0: Project Initiation/ Initial Study/NOP and Peer Review of Traffic Study	\$10,000
Task 2.0: Administrative Draft EIR	\$58,500
Task 3.0: Draft EIR	\$7,500
Task 4.0: Responses to Comments	\$7,500
Task 5.0: Mitigation Monitoring Program	\$1,500
Task 6.0: Findings	\$2,500
Task 7.0: Public Review Period and Hearings	\$9,500
Task 8.0: Final EIR	\$1,000
Fee Subtotal	\$98,000.
Estimated Reimbursable Expenses	\$6,500
Grand Total	\$104,500