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**Title:** CONSIDER AMENDMENT NO. 2 TO A PROFESSIONAL SERVICES AGREEMENT WITH RE|SOLUTIONS, LLC, EXTENDING THE TERM OF THE CONTRACT FROM MAY 31, 2017 TO JULY 31, 2017 AND INCREASING THE CONTRACT AMOUNT BY \$100,000, TO COVER COSTS INCURRED DURING JUNE AND JULY, TO A TOTAL OF \$400,000

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**Attachments:** 1. RES Contract Amendment No. 2

Date	Ver.	Action By	Action	Result
8/1/2017	1	Carson Reclamation Authority		

**Report to Carson Reclamation Authority**

Tuesday, August 01, 2017

Consent

**SUBJECT:**

**CONSIDER AMENDMENT NO. 2 TO A PROFESSIONAL SERVICES AGREEMENT WITH RE|SOLUTIONS, LLC, EXTENDING THE TERM OF THE CONTRACT FROM MAY 31, 2017 TO JULY 31, 2017 AND INCREASING THE CONTRACT AMOUNT BY \$100,000, TO COVER COSTS INCURRED DURING JUNE AND JULY, TO A TOTAL OF \$400,000**

**I. SUMMARY**

This action would ratify the extension of the Professional Services Agreement with RE|Solutions, LLC (RES), extending its term from May 31, 2017 to July 31, 2017, and increasing the contract amount by \$100,000. The Board approved an Environmental Risk Manager contract with RES at a Special Meeting on June 21, 2017, but the drafting and execution of the final version of the contract is more complex than anticipated, and the overall project schedule could not bear a stoppage of work by RES during this period. Staff recommended the Contractor continue to work under the terms of the existing contract until the new contract is executed.

**II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE Amendment No. 2 to a Professional Services Agreement with RE|Solutions, LLC for environmental regulatory and project management services, increasing the contract amount by \$100,000.00.
2. AUTHORIZE the Chairman to execute the agreement in a form approved by Authority Counsel.

### **III. ALTERNATIVES**

TAKE any other action the Reclamation Authority Board deems appropriate.

### **IV. BACKGROUND**

In 2016, the CRA determined that the most appropriate way to manage the installation of the remedial systems on the former Cal Compact Landfill site, as well as coordinate the construction of public improvements and installation of developer-funded improvements (such as piles), was to enter an agreement with an Environmental Master Developer. However, in November the CRA was not prepared to fully negotiate an Environmental Master Developer/Risk Manager contract because it had not concluded the interview and selection process for vertical Master Developer, and certain terms related to the environmental systems were still being negotiated with Macerich, the Developer of Cell 2.

In November, 2016, the CRA and RES entered a contractual services agreement (Agreement) where RES would provide certain assistance to the CRA, including with the Tetra Tech termination, negotiation with DTSC over new financial assurance, developing and maintaining the overall project schedule, and overseeing the EIR and Specific Plan Amendment process.

It was understood that the CRA's contracts with RES could result in multiple separate contracts based on the nature of the work. The first was the consulting contract to initially provide the CRA the type of technical advice needed to move forward on the environmental planning, as well as helping finalize the DTSC approval of the Tetra Tech termination, the AIG commutation, and assisting with the negotiation with the other Master Developer proposers.

On April 4, 2017 the CRA Board approved Amendment No. 1 to the Agreement that increased the amount to reflect additional duties they were tasked to do since the approval of the original contract, as well as the greatly expanded set of negotiations with DTSC over regulatory issues since the original contract was approved in negotiations with DTSC over regulatory issues since the original contract was approved in November.

Both sides anticipated that the much larger Environmental Risk Manager/Horizontal Master Developer contract (Contract) would be prepared in April for approval at the May CRA meeting. The drafting of the contract language was not complete in time for the May 2 meeting, however, so CRA staff presented a Term Sheet to the CRA Board, broadly describing the type of contract between the CRA and RES for administering each of the different contracts that will need to be entered into between RES and other contractors.

After the Term Sheet was reviewed by the CRA Board, staff, the Authority Special Counsel and the City Attorney's office worked to draft an agreement which contains the required elements. The contract was not ready for June 6, but was presented for approval by the CRA Board at its June 21 Special Meeting, where it was approved subject to Authority Counsel approval.

The execution version of the Agreement was completed on July 11 and RES has signed the Contract. After going through the City's internal process, the Contract was executed by the City on July 25.

At the beginning of June, RES reached the ceiling on the authorization under the consulting contract, and the term expired on May 31. At that time, all parties felt that the new contract would be in place within a very short period. Typically, in such an instance staff would request a contractor to cease work when the term of a contract ends or they have reached their funding limit. However, RES has already undertaken project coordination duties and has conducted a series of very time-critical meetings both in Carson and online, and any delays will put the project behind schedule to meet Macerich's opening date of Fall 2020.

One of RES's most important tasks is to help the CRA maintain the project schedule that was included in the July 2016 Macerich ENA. Macerich is confident that they can hold up their end of the schedule for the design and construction of the shopping center, but the CRA bears most of the responsibility for the environmental compliance. These responsibilities include the submittal and follow up of the PDP through DTSC, which is necessary for the ultimate receipt of the HRA by Macerich for Cell 2. In addition, the CRA and City control the CEQA process through RES, which is a requisite for any project approval.

Based on the urgency of the work and the assumption that the contract would be completed quickly, in early June the Executive Director gave RES verbal direction to continue with the work and assurance that the CRA would increase the authorization under the consulting contract to cover labor and expenses in June and July. RES continued to work at considerable risk under the old Agreement. Amendment No. 2 would increase the amount of RES's current contract to cover the additional work, time, and expenses for June and July through the date of execution of the new contract.

## **V. FISCAL IMPACT**

An additional authorization of \$100,000 to the consulting Agreement should be sufficient to cover the June billing, which is estimated to be \$75,000, and the July billing, assuming the new Development Management Agreement with CRA was executed by July 31. The FY16-17 and FY17-18 CRA budgets are sufficient for the additional authorizations.

The Environmental Risk Manager Agreement will become effective after that date.

## **VI. EXHIBITS**

1. Amendment No. 2 to a Professional Services Agreement (Pgs. 4-8)

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