



CITY OF

NEWPORT BEACH

City Council Staff Report

November 29, 2022
Agenda Item No. 17

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Amendment No. Three to the Professional Services Agreement with Psomas for Environmental Services for the Revised Newport Village Mixed-Use Project (PA2022-0166)

ABSTRACT:

For the City Council's consideration is a request for the approval of a third amendment to the Professional Services Agreement with Psomas for environmental consulting services for the Newport Village Mixed-Use Project located at 2000-2244 West Coast Highway and 2001-2241 West Coast Highway in the Mariners' Mile corridor. The original Newport Village Mixed-Use Project description was modified and a new design was submitted; therefore, additional environmental review is necessary to address the changes to the project. All costs associated with the agreement are paid by the applicant. There are no costs paid by the City of Newport Beach (City).

RECOMMENDATION:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Approve Amendment No. Three to the Professional Services Agreement with Psomas for Environmental Impact Report (EIR) for Newport Village Mixed-Use Development in an amount not to exceed \$555,111, and authorize the Mayor and City Clerk to execute the agreement.

DISCUSSION:

In December 2017, the Newport Village project, a mixed-use development encompassing approximately 9.4 acres on the north and south sides of West Coast Highway in the Mariner's Mile corridor, was submitted to the Planning Division for review. The City determined that an environmental impact report (EIR) would be required to fulfill the requirements of the California Environmental Quality Act (CEQA) and prepared a request for proposals (RFP) to contract with an environmental consulting firm. Five proposals were received.

In October 2019, the City executed a professional services agreement with Psomas for the Newport Village project with an amount not to exceed \$389,501. Psomas was selected based on the firm's qualifications, experience, and competitive cost to prepare the environmental impact report and Kimley-Horn was selected as a sub-consultant under Psomas' contract to prepare the Traffic Study. Amendment No. One to the contract was approved in 2020 to include an additional scope of work for Urban Crossroads to prepare a vehicle miles traveled analysis at a cost of \$13,300. The not-to-exceed amount in the agreement was increased to \$402,801. The Applicant submitted payment for the full cost of the contract. Amendment No. Two was approved by the City in November of 2021 to update insurance requirements and extend the term of the agreement an additional year, through December 2022.

From 2019 to late 2021, Psomas and its subconsultants provided environmental analysis and project management support related to the private development project. Psomas completed approximately 50 percent of the draft EIR and peer reviewed the technical reports prior to the project being put on hold in late 2021. Approximately \$219,000 of the original \$402,801 contract amount remains unused and would be applied to the amended contract, if approved.

The original Newport Village project was withdrawn in March 2022 and a new application for a revised project was submitted in August 2022.

Revised Project

The proposed housing development project has been revised to include a component of affordable dwelling units in exchange for a 20 percent density bonus, increasing the total number of residential dwelling units from 122 dwelling units to 198 dwelling units. Additional revisions include changes in the project's site planning and architecture, public open space design, and a reduction in non-residential floor area. Staff has determined that a new environmental impact report will be required to fulfill CEQA requirements. Table 1 provides a comparison of the original project and the modified project.

Table 1 – Project Comparison		
	Original Project	Revised Project
Residential Dwelling Units	108 market rate apartments 14 condominiums (122 units total)	181 market rate apartments 9 affordable apartments 17 condominiums (198 units total)
Floor Area		
Residential Floor Area	168,995 square feet	273,710 square feet
Commercial Floor Area	128,640 square feet	63,285 square feet
Non-Residential Land Uses	Office Boat Sales/Rentals Vehicle Sales Retail or food service	Office Boat Rental Retail Restaurant
Parking	827 parking spaces	848 parking spaces
Height (maximum)	35 feet	35 feet

The existing structures at 2241 West Coast Highway (Amaree's building) and 2244 West Coast Highway (office building) would remain, while other structures will be demolished as part of the project.

Staff is recommending that the City Council amend the contract with Psomas to prepare the necessary work product for the revised project. Psomas is already familiar with the subject property, the environmental conditions of the site, and many components of the project description. The primary contact for the original project is still engaged with Psomas and can serve as the project manager on the new project. Many of the existing documents can be revised or updated instead of recreating them, resulting in significant cost savings. If the City were to hire a new firm and process a new contract, all of the prior drafts and project work would be lost. Lastly, the project will be processed in a timelier manner due to the firm's familiarity with the project and knowledge of environmental issues.

FISCAL IMPACT:

The applicant will reimburse the City for the full cost of the agreement with a not-to-exceed amount of \$555,111.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Amendment No. 3 to Professional Services Agreement with Psomas
Attachment B – Conceptual Site Plan