

AGREEMENT
FOR PROFESSIONAL SERVICES
BETWEEN
THE CITY OF SALINAS AND ECONOMIC
AND PLANNING SYSTEMS INC.



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**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
THE CITY OF SALINAS AND ECONOMIC AND PLANNING SYSTEMS INC.**

This Agreement for Professional Services (the “Agreement” and/or “Contract”) is made and entered into this twenty-third day of August, 2022, between the **City of Salinas**, a California Charter city and municipal corporation (hereinafter “City”), and **Economic and Planning Systems, Inc.**, a California corporation (hereinafter “Consultant” or “EPS”).

RECITALS

WHEREAS, Consultant represents that he, she, or it is specially trained, experienced, and competent to perform the special services which will be required by this Agreement; and

WHEREAS, Consultant is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW, THEREFORE, City and Consultant agree as follows:

TERMS

- 1. Scope of Service.** The project contemplated and the scope of Consultant’s services are described in **Exhibit B**, attached hereto and incorporated herein by reference.
- 2. Term; Completion Schedule.** This Agreement shall commence on **August 23, 2022** and shall terminate on **May 31, 2023** unless extended in writing by either party upon (30) days written notice. This Agreement may be extended only upon mutual written consent of the parties, and may be terminated only pursuant to the terms of this Agreement.
- 3. Compensation.** City hereby agrees to pay Consultant for services rendered the City pursuant to this Agreement on a time and materials basis according to the rates of compensation as set forth in **Exhibit B**. The total amount of compensation to be paid under this Agreement shall not exceed **one hundred eighty-four thousand, eight hundred sixty dollars (\$184,860)**.
- 4. Billing.** Consultant shall submit to City an itemized invoice, prepared in a form satisfactory to City, describing its services and costs for the period covered by the invoice. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person. Consultant’s bills shall include the following information to which such services cost or pertain:

- (A) A brief description of services performed;
- (B) The date the services were performed;
- (C) The number of hours spent and by whom;

- (D) A brief description of any costs incurred; and
- (E) The Consultant's signature.

Any such invoices shall be in full accord with any and all applicable provisions of this Agreement.

City shall make payment on each such invoice within thirty (30) days of receipt; provided, however, that if Consultant submits an invoice which is incorrect, incomplete, or not in accord with the provisions of this Agreement, City shall not be obligated to process any payment to Consultant until thirty (30) days after a correct and complying invoice has been submitted by Consultant. The City shall process undisputed portion immediately.

5. Meet & Confer. Consultant agrees to meet and confer with City or its agents or employees with regard to services as set forth herein as may be required by the City to ensure timely and adequate performance of the Agreement.

6. Additional Copies. If City requires additional copies of reports, or any other material which Consultant is required to furnish as part of the services under this Agreement, Consultant shall provide such additional copies as are requested, and City shall compensate Consultant for the actual costs related to the production of such copies by Consultant.

7. Responsibility of Consultant. By executing this Agreement, Consultant agrees that the services to be provided and work to be performed under this Agreement shall be performed in a fully competent manner. By executing this Agreement, Consultant further agrees and represents to City that the Consultant possesses, or shall arrange to secure from others, all of the necessary professional capabilities, experience, resources, and facilities necessary to provide the City the services contemplated under this Agreement and that City relies upon the professional skills of Consultant to do and perform Consultant's work. Consultant further agrees and represents that Consultant shall follow the current, generally accepted practices in this area to the profession to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding the projects for which the services are rendered under this Agreement.

8. Responsibility of City. To the extent appropriate to the projects to be completed by Consultant pursuant to this Agreement, City shall:

(A) Assist Consultant by placing at its disposal all available information pertinent to the projects, including but not limited to, previous reports and any other data relative to the projects. Nothing contained herein shall obligate City to incur any expense in connection with completion of studies or acquisition of information not otherwise in the possession of City.

(B) Examine all studies, reports, sketches, drawings, specifications, proposals, and other documents presented by Consultant, and render verbally or in writing as may be appropriate, decisions pertaining thereto within a reasonable time so as not to delay the services of Consultant.

(C) Steve Carrigan, City Manager, or his designee, shall act as City's representative with respect to the work to be performed under this Agreement. Such person shall have the complete authority to transmit instructions, receive information, interpret and define City's policies and decisions with respect to materials, equipment, elements, and systems pertinent to Consultant's services. City may unilaterally change its representative upon notice to the Consultant.

(D) Give prompt written notice to Consultant whenever City observes or otherwise becomes aware of any defect in a project.

9. **Acceptance of Work Not a Release.** Acceptance by the City of the work to be performed under this Agreement does not operate as a release of Consultant from professional responsibility for the work performed.

10. **Indemnification and Hold Harmless.**

Consultant shall defend, indemnify, and hold harmless the City and its officers, officials, employees, volunteers, and agents from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Consultant's negligent performance of work hereunder, including the negligent performance of work of any of Consultant's subcontractors or agents, or Consultant's failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.

11. **Insurance.** Consultant shall procure and maintain for the duration of this Agreement insurance meeting the requirements specified in **Exhibit A** hereto.

12. **Access to Records.** Consultant shall maintain all preparatory books, records, documents, accounting ledgers, and similar materials including but not limited to calculation and survey notes relating to work performed for the City under this Agreement on file for at least three (3) years following the date of final payment to Consultant by City. Any duly authorized representative(s) of City shall have access to such records for the purpose of inspection, audit, and copying at reasonable times during Consultant's usual and customary business hours. Consultant shall provide proper facilities to City's representative(s) for such access and inspection.

13. **Non-Assignability.** It is recognized by the parties hereto that a substantial inducement to City for entering into this Agreement was, and is, the professional reputation and competence of Consultant. This Agreement is personal to Consultant and shall not be assigned by it without express written approval of the City.

14. **Changes to Scope of Work.** City may at any time, and upon a minimum of ten (10) days written notice, seek to modify the scope of services to be provided for any project to be completed under this Agreement. Consultant shall, upon receipt of said notice, determine the

impact on both time and compensation of such change in scope and notify City in writing. Upon agreement between City and Consultant as to the extent of said impacts to time and compensation, an amendment to this Agreement shall be prepared describing such changes. Execution of the amendment by City and Consultant shall constitute the Consultant's notice to proceed with the changed scope.

15. Ownership of Documents. Title to all final documents, including drawings, specifications, data, reports, summaries, correspondence, photographs, computer software (if purchased on the City's behalf), video and audio tapes, software output, and any other materials with respect to work performed under this Agreement shall vest with City at such time as City has compensated Consultant, as provided herein, for the services rendered by Consultant in connection with which they were prepared. City agrees to hold harmless and indemnify the Consultant against all damages, claims, lawsuits, and losses of any kind including defense costs arising out of any use of said documents, drawings, and/or specifications on any other project without written authorization of the Consultant.

16. Termination.

(A) City shall have the authority to terminate this Agreement, upon ten days written notice to Consultant, as follows:

(1) If in the City's opinion the conduct of the Consultant is such that the interest of the City may be impaired or prejudiced, or

(2) For any reason whatsoever.

(B) Upon termination, Consultant shall be entitled to payment of such amount as fairly compensates Consultant for all work satisfactorily performed up to the date of termination based upon the Consultant's rates shown in **Exhibit B** and/or Section 3 of this Agreement, except that:

(1) In the event of termination by the City for Consultant's default, City shall deduct from the amount due Consultant the total amount of additional expenses incurred by City as a result of such default. Such deduction from amounts due Consultant are made to compensate City for its actual additional costs incurred in securing satisfactory performance of the terms of this Agreement, including but not limited to, costs of engaging another consultant(s) for such purposes. In the event that such additional expenses shall exceed amounts otherwise due and payable to Consultant hereunder, Consultant shall pay City the full amount of such expense.

(C) In the event that this Agreement is terminated by City for any reason, Consultant shall:

(1) Upon receipt of written notice of such termination promptly cease all services on this project, unless otherwise directed by City; and

(2) Deliver to City all documents, data, reports, summaries, correspondence, photographs, computer software output, video and audio tapes, and any other materials provided to Consultant or prepared by or for Consultant or the City in connection with this Agreement. Such material is to be delivered to City in completed form; however, notwithstanding the provisions of Section 15 herein, City may condition payment for services rendered to the date of termination upon Consultant's delivery to the City of such material.

(D) In the event that this Agreement is terminated by City for any reason, City is hereby expressly permitted to assume the projects and complete them by any means, including but not limited to, an agreement with another party.

(E) The rights and remedy of the City and Consultant provided under this Section are not exclusive and are in addition to any other rights and remedies provided by law or appearing in any other section of this Agreement.

17. Compliance with Laws, Rules, and Regulations. Services performed by Consultant pursuant to this Agreement shall be performed in accordance and full compliance with all applicable federal, state, and City laws and any rules or regulations promulgated thereunder.

18. Exhibits Incorporated. All exhibits referred to in this Agreement and attached to it are hereby incorporated in it by this reference. In the event there is a conflict between any of the terms of this Agreement and any of the terms of any exhibit to the Agreement, the terms of the Agreement shall control the respective duties and liabilities of the parties.

19. Independent Contractor. It is expressly understood and agreed by both parties that Consultant, while engaged in carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and not an employee of the City. Consultant expressly warrants not to represent, at any time or in any manner, that Consultant is an employee or servant of the City.

20. Integration and Entire Agreement. This Agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters contained herein. This Agreement may not be modified or altered except by amendment in writing signed by both parties.

21. Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California, County of Monterey, and City of Salinas. Jurisdiction of litigation arising from this Agreement shall be in the State of California, in the County of Monterey or in the appropriate federal court with jurisdiction over the matter.

22. Severability. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of the Agreement shall continue to be in full force and effect.

23. Notices.

(A) Written notices to the City hereunder shall, until further notice by City, be addressed to:

City Manager
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

With a copy to:

City Attorney
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

And a copy to:

Community Development
Suite 201
65 W. Alisal Street
Salinas, California 93901

(B) Written notices to the Consultant shall, until further notice by the Consultant, be addressed to:

Economic & Planning Systems, Inc.
455 Capitol Mall, Suite 701
Sacramento, CA 95814

(C) The execution of any such notices by the City Manager shall be effective as to Consultant as if it were by resolution or order of the City Council, and Consultant shall not question the authority of the City Manager to execute any such notice.

(D) All such notices shall either be delivered personally to the other party's designee named above, or shall be deposited in the United States Mail, properly addressed as aforesaid, postage fully prepaid, and shall be effective the day following such deposit in the mail.

24. Nondiscrimination. During the performance of this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, creed, sex, national origin, familial status, sexual orientation, age (over 40 years) or

disability. Consultant shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, ancestry, creed, sex, national origin, familial status, sexual orientation, age (over 40 years) or disability.

25. Conflict of Interest. Consultant warrants and declares that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, in any manner or degree which will render the services required under the provisions of this Agreement a violation of any applicable local, state or federal law. Consultant further declares that, in the performance of this Agreement, no subcontractor or person having such an interest shall be employed. In the event that any conflict of interest should nevertheless hereinafter arise, Consultant shall promptly notify City of the existence of such conflict of interest so that City may determine whether to terminate this Agreement. Consultant further warrants its compliance with the Political Reform Act (Government Code section 81000 et seq.) and Salinas City Code Chapter 2A that apply to Consultant as the result of Consultant's performance of the work or services pursuant to the terms of this Agreement.

26. Headings. The section headings appearing herein shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

27. Attorneys' Fees. In case suit shall be brought to interpret or to enforce this Agreement, or because of the breach of any other covenant or provision herein contained, the prevailing party in such action shall be entitled to recover their reasonable attorneys' fees in addition to such costs as may be allowed by the Court. City's attorneys' fees, if awarded, shall be calculated at the market rate.

28. Non-Exclusive Agreement. This Agreement is non-exclusive and both City and Consultant expressly reserves the right to contract with other entities for the same or similar services.

29. Rights and Obligations Under Agreement. By entering into this Agreement, the parties do not intend to create any obligations express or implied other than those set out herein; further, this Agreement shall not create any rights in any party not a signatory hereto.

30. Licenses. If a license of any kind, which term is intended to include evidence of registration, is required of Consultant, its representatives, agents or subcontractors by federal, state or local law, Consultant warrants that such license has been obtained, is valid and in good standing, and that any applicable bond posted in accordance with applicable laws and regulations.

31. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

32. Legal Representation. Each party affirms that it has been represented, if it so chose, by legal counsel of its own choosing regarding the preparation and the negotiation of this Agreement and the matters and claims set forth herein, and that each of them has read this

Agreement and is fully aware of its contents and its legal effect. Neither party is relying on any statement of the other party outside the terms set forth in this Agreement as an inducement to enter into this Agreement.

33. Joint Representation. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any party. No presumptions or rules of interpretation based upon the identity of the party preparing or drafting the Agreement, or any part thereof, shall be applicable or invoked.

34. Warranty of Authority. Each party represents and warrants that it has the right, power, and authority to enter into this Agreement. Each party further represents and warrants that it has given any and all notices, and obtained any and all consents, powers, and authorities, necessary to permit it, and the persons entering into this Agreement for it, to enter into this Agreement.

35. No Waiver of Rights. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement. The failure to provide notice of any breach of this Agreement or failure to comply with any of the terms of this Agreement shall not constitute a waiver thereof. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. A waiver by the City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the date first written above.

CITY OF SALINAS

Kimbley Craig
Mayor

APPROVED AS TO FORM:

 Christopher A. Callihan, City Attorney, or
 Rhonda Combs, Assistant City Attorney

ATTEST:

Patricia Barajas
City Clerk

CONSULTANT

David Zehnder
Managing Principal

Exhibit A- Insurance Requirements

Insurance Requirements

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, his agents, representatives, employees, or subcontractors. With respect to General Liability and Professional Liability, coverage should be maintained for a minimum of five (5) years after Agreement completion.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- (A) **Commercial General Liability** (“CGL”): Insurance Services Office Form (“ISO”) CG 00 01 covering CGL on an occurrence basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- (B) **Automobile Liability**: ISO Form CA 0001 covering any auto, or if Consultant has no owned autos, hired and non-owned, with limits no less than **\$1,000,000** per accident for bodily injury and property damage.
- (C) **Workers’ Compensation** insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with a limit of no less than **\$1,000,000** per accident for bodily injury or disease.
- (D) **Professional Liability** (also known as Errors and Omissions) insurance appropriate to the work being performed, with limits no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate per policy period of one year.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Salinas requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Salinas, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant’s insurance (at least as broad as ISO Form CG 20 10, CG 11 85, or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this Agreement or the project described within this Agreement, the **Consultant's insurance coverage shall be primary coverage** at least as broad as ISO Form CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall not be canceled, except with notice to the City.

Waiver of Subrogation

Consultant hereby grants to City a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Salinas for all work performed by the Consultant, its employees, agents, and subcontractors.

Self-Insured Retentions

Self-insured retentions must be declared by Consultant to and approved by the City. At the option of the City, Consultant shall provide coverage to reduce or eliminate such self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the consultant shall provide evidence satisfactory to the City guaranteeing payment of losses and related investigations, claim administrations, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of this Agreement or the beginning of Agreement work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the Agreement of work.***
3. If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Date*** prior to the Agreement effective date, the Consultant must purchase "extended reporting" coverage for a minimum of ***five (5) years*** after completion of Agreement work.
4. A copy of the claims reporting requirements must be submitted to the City for review.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements or copies of the applicable insurance language effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Subcontractors

Consultant shall require and verify that all sub-consultants and/or subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that Entity is an additional insured on insurance required from such sub-consultants and/or subcontractors.

Special Risks or Circumstances

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Maintenance of Insurance

Maintenance of insurance by Consultant as specified shall in no way be interpreted as relieving Consultant of its indemnification obligations or any responsibility whatsoever and the Consultant may carry, at its own expense, such additional insurance as it deems necessary.

Exhibit B- Scope of Service

[Scope of Service; Compensation]

6. Scope of Work

Approach and Work Plan

EPS understands the City of Salinas (City) is in the process of updating its General Plan and have received a Sustainable Agricultural Land Conservation Planning Grant (SALC Grant) to conduct an economic and land use assessment of the City's agriculture industry and create an Agricultural Framework. The impetus for the assessment stems from the City's General Plan Update (Visión Salinas 2040 and GPU), with the goal of helping to create a sustainable and adaptable agricultural industry.

Salinas is located in the center of a globally leading agricultural region and has the opportunity to fully leverage this market position in terms of bettering City assets and the socio-economic standing of its citizenry. The City is positioned to grow quickly in terms of housing and population; in advance of future GPU efforts, this is an opportune time to take stock of how the ag-industry cluster may evolve, with specific reference to the amount and type of built space needed to accommodate and draw maximum benefit from a growing and diversifying agricultural economy.

Understanding how the ag sector influences the economy and urban form requires an understanding of the fundamental drivers of the ag sector and trends which are influencing it, including reference to driving trends in local and regional agricultural practices, the dynamics surrounding buyers and suppliers related to the industry, specific trends and initiatives with the potential to "move the needle" toward high value aspects of the above-referenced cluster (e.g., technological innovation). Major questions and issues to be potentially addressed by the study revolve around how identified trends in the regional agricultural industry:

- Affect the City's land use planning for the GPU
- Potentially shift employment demand in terms of employment, required skill sets, and compensation.
- Affect the city's socio-economic indicators.
- Create additional City General Fund and other revenues, expenses, and overall Fund balance.
- Influence work force housing demand and related amenities/infrastructure.

EPS's approach for this study is heavily dependent on interviews and discussions of individuals and focus groups intrinsically involved in agricultural economy development and operations in the Salinas region. These discussions will be augmented (before and after) by detailed literature review and EPS's direct

experience analyzing commercial development prospects related to the agricultural industry. Based on market potentials and the City's goals, the EPS team will craft well-grounded informational and policy data informing agricultural innovation to the benefit of the City and the region.

Scope of Work

Task 1: Agricultural Economic and Land Use Analysis

Task 1.1: Initiate Project and Project Management

The EPS Team will participate in a kick-off meeting with City staff to discuss the City's overall goals, make any additional minor refinements to the scope of work, determine the Project schedule, establish contacts, and protocols for the project. As part of project initiation, EPS will work with the City and other agencies, as necessary, to collect data on existing conditions to inform the scope of work that will be finalized at the kickoff meeting.

This subtask includes coordination between EPS Team members and City staff to ensure all parties remain on the same page throughout the project and tasks are completed on schedule. The EPS Team recommends regular videoconference or telephone meetings for the duration of the study to keep City staff apprised of project status, including conveying and requesting information and presenting interim findings. This scope of work is based on EPS's assumed attendance at up to 5 check-in meetings (excluding the project kick-off meeting).

Meetings: One virtual kick-off meeting with City staff; up to 5 virtual project status meetings, including a review of the draft report.

Deliverable(s): Revised scope of work, budget, and schedule. Monthly invoices and progress reports for prime and subconsultants.

Estimated Timeframe: Week 1 and ongoing.

Task 1.2: Identify Trends: Regional Agricultural Cluster Dynamics

EPS will define and evaluate the composition of the Salinas Agricultural cluster to understand how it performs, with reference to the strength and nature of economic relationships among subsectors, as well as an understanding of what value-added functions are critical to have in Salinas and how disparate functions benefit from co-location. EPS will undertake an examination of the related labor force and real estate dynamics, accounting for owner-user and speculative development economics, and identifying barriers to further investment where the City has the ability to assist.

Because the type of ag-related industrial activities occurring in Salinas are a direct function of surrounding agricultural practices, the cluster analysis first looks at driving trends thereof, as affected by macroeconomic, climate, local trends and policies, supply chain dynamics, and how the competitive landscape is changing in

response to climate change, water availability, labor costs, land values, and other factors.

It is generally recognized that demand for agricultural goods is robust given expected income, dietary, and consumer practices through 2050. Therefore, the questions for agricultural economies tend to revolve around supply-side factors. These are 5 factors, which have been identified to be explored:

1. **Labor.** Labor costs are driven by other factors such as housing costs and are problematic in California. It has been observed that Salinas has an advantage of plentiful labor that helps drive down costs to local producers compared to other parts of the State.
2. **Water supply and Quality.** Increased scarcity means there is a demand for infrastructure investment to move and store water, such as groundwater recharge. There is also increasing pressure to utilize new and emerging technologies such as remote sensing and automated irrigation more effectively. Specific to Salinas, efforts to deliver large-scale new sources such as desalinization are important to consider as the footprint of ag facilities in Salinas continues to grow.
3. **Climate Change.** Variations in temperatures overall and by region have the potential to shift crop patterns and rotations, affecting end-user demand for value-added processes in Salinas.
4. **Regulations.** To what extent does national and global competition, often benefitting from fewer regulations than California operations, translate to changing agricultural and industrial practices locally? Regulations often have many unintended effects, such as increasing land costs, which can be the tipping point between locating locally or in a more remote location (e.g., Central Valley) for operational functions not requiring immediate proximity to the fields or to primary service providers.
5. **Research and Development.** California and Salinas in particular are well positioned in terms of companies driving technological innovation, including applications in agriculture, a topic that has been advanced successfully by former Mayor Donahue's efforts and Lon Hatamiya of the EPS team. The State's higher education systems have successfully connected the public and private sectors, these efforts are expected to intensify. Salinas benefits from its UC Davis Field station, as well as efforts from public and private sources to provide incubation for relevant start-ups.

EPS will conduct a detailed analysis of the composition of the agriculture cluster pertaining to the City of Salinas referencing key drivers as identified above. The findings of this initial research effort will guide and specify specific avenues for exploration in interviews and focus groups, as well as more technical analyses of land economics and labor force characteristics. It will define the agricultural-industrial complex in the City in terms of facility types and size, employment

profile, supplier relationships and supply chain needs, supplier locational requirements, and linkage of cluster composition to major regional crop trends.

Expert interviews and focus group sessions will be conducted to support and reinforce this research. Lon Hatamiya's knowledge of key issues and the players involved in the regional agricultural economy, representing stakeholders in the development of additional ag-related capacity in the City, will be instrumental in working with the City to define the range of interviews needed to inform the study.

Focus group discussions will be directed toward strengths and weaknesses of the City's land, labor, and capital supply to complement literature review and analytic tasks discussed below, to inform current initiatives around workforce development, infrastructure improvement, and other topics.

Trends identified through these groups and the related literature review pertaining to primary support functions required in region (processing, storage, labeling, other value added), emerging opportunities arising out of tech innovation and related incubators, collaboration with research entities (e.g., UC Davis, Hartnell College) and the further economic development of strategic parts of the City.

Deliverable(s): The deliverable for this subtask will be a section in the Draft Economic and Land Use Study.

Estimated Timeframe: 4 to 5 weeks.

Task 1.3: Conduct Stakeholder Focus Groups

The Request for Proposals notes the City's interest in conducting Focus Group meetings to solicit the ideas of key stakeholders as a central element of ag cluster research. EPS, as assisted by EMC and the team, will conduct Focus Group meetings with agricultural industry interests identified in collaboration with City staff (e.g., Unikool Partners, Western Growers Center for Innovation and Technology, etc.) to identify driving trends and refine information. Specific information to be solicited includes:

- Trends and projections of agricultural industry growth potential in Salinas.
- Types of agricultural industries for which Salinas is a locational opportunity.
- Ideas on agricultural industry development prototypes and land demand needs (site sizes, locational needs).
- Perceptions of the opportunities and constraints of current industrial land capacity.
- Perceived land capacity, locational or other development constraints for Salinas.

The EPS Team is familiar with key agricultural industry stakeholders and will collaborate with City staff on developing the list of Focus Group participants. Under this task, EMC Planning Group would:

- Coordinate with City staff to identify City staff's preferred attendees and contact information for the attendees.
- Coordinate and attend up to 4 Focus Group meetings with up to three stakeholders interests/groups represented at each. Two are assumed to be virtual, and two will be in-person. All are assumed to address a consistent set of topics.
- In coordination with City staff and EPS, prepare a comprehensive list of topics to be addressed.
- It is assumed that City staff will collaborate with our team to identify stakeholders it believes are critical participants and provide contract information to the extent feasible.
- It is assumed City staff will identify and secure a City venue to conduct in-person focus group(s)
- The EPS team will provide supporting agendas, graphics, and other meeting materials as needed to facilitate discussion.

Deliverable(s): The deliverable for this subtask will be a section in the Draft Economic and Land Use Study.

Estimated Timeframe: 10 to 12 weeks.

Task 1.4: Prepare Commercial Real Estate Market Assessment

EPS will assemble key real estate market dynamics identifying characteristics of the ag-related development base to provide an understanding of existing market conditions and the relative level of demand for ag development in the City. EPS will define the form and function of ag-related development in Salinas and identify and map subdistricts, develop an asset map, identify square footage by use type and ownership type, and note linked facilities.

EPS will examine the context of the commercial real estate market by summarizing trends, including existing inventory, vacancy rates, annual net absorption, average rental rates, land values to assess the City's competitive position against other regions. This analysis will rely on readily available, existing data from secondary data sources such as the National Agricultural Statistics Service Census of Agriculture, the California Department of Food and Ag annual crop report, Monterey County's Crop Report, the Economic Research Service, subscription-based data sources (e.g., CoStar and ESRI) and other ag-related reports, such as the Hartnell Labor Market Study.

Based on this research, as well as focus group interviews and ag cluster research, EPS will identify specific facility needs to address prevailing trends and opportunities, as well as related infrastructure and land capacity needs. The ability to cover potential costs (based on industry and City sources, augmented by available project case studies) will be examined through both the pro forma analyses described below as well as the EIFD funding discussion provided in **Task 2**.

Of particular interest, EPS understands that the market is tight with a vacancy rate of approximately 2 percent. However, major sites have not been developed in response. This indicates the potential finding that infrastructure needed by the industry is beyond its financial capability, necessitating the use of tax increment as discussed in **Task 2** of this proposal.

As EPS conducts the above-referenced market work, specific attention will be placed on rent, new facility and related construction costs, new infrastructure, and other specific variables driving new facility and land development feasibility. EPS will prepare statis pro formas for up to three development prototypes, keyed to new facility needs identified in focus groups and other research, populated with market data collected as described above. These pro formas will be used in conjunction with time series analysis developed in **Task 2** (EIFD), as well as interviews of owners and operators in the initial subtask of this portion of the proposal. It is anticipated the City Public Works will provide guidance regarding facility costs and capacity, as required.

Deliverable(s): The deliverable for this subtask will be a section in the Draft Economic and Land Use Study report.

Estimated Timeframe: 10 to 12 weeks.

Task 1.5: Conduct Labor Force Conditions Analysis

EPS will build on available information regarding agriculture labor force trends occurring in the City and region, focusing on both pre-COVID-19 Pandemic conditions and the effect of the Pandemic on existing conditions, to the extent data is available. EPS will focus on key demographic and socioeconomic data such as population, household size, labor force and employment by sector, and as appropriate, commute patterns, visitor characteristics and trends, and other pertinent data that help to characterize baseline socioeconomic conditions and trends as they relate to the City's ag-economy labor force. EPS will characterize the existing populations to help determine and project the City's key economic drivers and specific attention will be given to understanding the extent to which emerging sectors in the ag-tech realm will require labor force augmentation (e.g., growth, skills re-training, etc.).

This analysis will rely on readily available secondary data sources such as the U.S. Census American Community Survey and OnTheMap, the State of California Department of Finance, and subscription-based data sources (e.g., Environmental Systems Research Institute [ESRI]). Please note that some data sources, including the U.S. Census American Community Survey, may have limited data on post-Pandemic conditions in the City.

Deliverable(s): The deliverable for this subtask will be a section in the Existing Conditions chapter of the Draft report.

Estimated Timeframe: 6 to 8 weeks.

Task 1.5: Identify Innovation Environment Dynamics and New Market Opportunities

Specific land uses and place types will be identified as an outgrowth of preceding market and feasibility analysis.

A snapshot of projected potential future land demand for new operations, including “Ag Tech” (as defined in initial research) and other promising agricultural industry economic development sectors, suitable for development within infill and greenfield sites, will be identified. This evaluation will help guide City land use decision making for the general plan update to accommodate related commercial growth. Task components are as follows:

- Review agriculture related inLeverage focus Group meetings with agricultural industry interests identified in collaboration with City staff.
- Refine EDE assumptions regarding agricultural industry land demand and develop revised land demand projection. Multiple data sources will be used to project employment, and EPS will convert these projections to estimates of required agri-industrial space by type, for comparison to available land supply as indicated below.
- Review the general plan and specific EDE analyses to create a general inventory (GIS map and summary table) of potential infill and greenfield sites that, under current land use and zoning, could be available to accommodate ag industry growth opportunities identified above and/or as may be identified by the EPS/EMC team in coordination with City staff. Assumptions about site selection opportunities/constraints including land use compatibility with non-agricultural uses, and development constraints such as circulation capacity, site size, and others as may be identified through the Focus Group/stakeholder process will be provided.
- The infill site inventory will be limited to parcels of approximately 3 acres or greater with the assumption that Ag uses require sites of this size or greater (similar to those for light industrial and/or industrial uses in general). Criteria about suitable site characteristics to qualify potential sites for the inventory

will be created. The criteria will, in part, be informed by input from the Focus Group meetings.

- As the outlook for ag facilities and districts is established, specific attention will be placed on land use compatibility between and among uses, with particular emphasis on understanding and issues around hazards and implications for surrounding development.

Deliverable(s): The deliverable for this subtask will be a section in the Draft Economic and Land Use Study report including conclusions on the suitability of the City's existing industrial land capacity to accommodate projected Ag Tech industry growth.

Estimated Timeframe: 6 to 8 weeks.

Task 1.7: Prepare Draft and Final Agriculture Economics and Land Use Study Document (EPS Team)

The EPS Team will synthesize the work from the chosen Tasks in an Initial Draft Report for City staff review and comment. Following receipt of one set of consolidated and nonconflicting comments, EPS will address any needed revisions and will produce a Final Report.

The EPS Team can be available to present the analysis findings and recommended strategies to the City Council. If EPS's attendance is requested to present details regarding this study, please note this meeting is not included in the budget estimate and would be billed on a time-and-materials basis.

Deliverable(s): The deliverable for this subtask will be the Draft Economic and Land Use Study. The final document will incorporate any changes stemmed from City staff comments.

Estimated Timeframe: 5 to 9 weeks.

Task 2: Enhanced Infrastructure Financing District (EIFD) Feasibility Analysis

This Scope of Work is structured where the work effort is organized into EIFD boundary alternatives and feasibility analysis to estimate potential EIFD revenues. EPS understands the proposed EIFD boundary generally covers the Agriculture Industrial Center Area (Study Area), with the exact boundaries to be examined and potentially refined. To prepare the EIFD Feasibility Analysis, EPS proposes the following Scope of Work.

Task 2.1: Initiate Project, Evaluate Boundary Alternative, and Conduct EIFD Feasibility Analysis

Subtask 1a. Conduct Project Initiation and Identify Proposed EIFD Boundaries

- EPS will initiate work on this project via a meeting with City staff to review and refine the proposed work program, roles and responsibilities, and project schedule. For this kickoff meeting, EPS will prepare a schedule for the EIFD Feasibility Analysis and formation process, identifying in detail the requisite analyses, processes, deliverables, and milestones. EPS also will provide a list of data inputs needed, as well as issues requiring resolution. It is anticipated that the following items will need to be addressed as part of this project initiation Review and confirm initial EIFD boundary alternative(s), including inclusion of the City-owned industrial waste facility within the district, as deemed necessary.
- Confirm amount, type, and value of planned and potential development in the project area, including any components or portions of new development that may be normally exempt from ad valorem taxes (e.g., nonprofit institutions, schools, etc.).
- Establish development absorption assumptions, including aggregate cumulative amounts of residential and nonresidential land uses assumed in the Study Area.
- Identify and confirm any overlap of proposed EIFD boundary with the boundaries of former California Redevelopment Project Areas.
- Identify and confirm any expectations regarding other affected taxing entity (ATE) participation in EIFD financing (e.g., County of Monterey [County]), if any.

Ahead of the project initiation meeting, EPS will obtain as many relevant background documents for the study from the City, the County, or other sources as appropriate. EPS will confirm this list of documents at the project initiation meeting and will identify additional documents as appropriate. EPS understands the boundary of the EIFD includes only the Study Area.

Subtask 1b. Prepare EIFD Feasibility Analysis

EPS understands the EIFD Feasibility Analysis is designed to answer the following questions:

1. Is the EIFD a beneficial vehicle to achieve City objectives being considered?
2. What are the potential revenues generated within various EIFD boundaries?
3. What are the estimated costs of services to the City in the Study Area (i.e., EIFD boundary)?

4. What are the fiscal impacts to the City associated with a proposed EIFD formation?
5. To what extent does the EIFD need to be complimented by a Community Facilities District (CFD) and/or other funding techniques to ensure an effective overall financing concept can be advanced.

EPS will develop a basic financial model capable of estimating the amount of funding generated by EIFD(s) under a couple of potential land use scenarios. The financial model will be driven by the land use and assessed value assumptions developed in coordination with City and other stakeholders (as directed by the City). The financial model will be set to allow for scenario and sensitivity runs as different factors vary:

- Proportion of tax increment (property tax and other eligible revenues) allocated from new development in the EIFD.
- Proportion of tax increment allocated from other potential taxing entities, if any may be considered.
- Potential value increases resulting from assumed growth scenarios.
- The number of years the EIFD is in place.

The financial model also will be available to help estimate potential bond issuance(s) that may be supportable by EIFDs at different points in time, including potential bond issuances in the first 5 to 10 years of the EIFD. If EIFD formation is pursued, the exact structure of these future bond issuances would be more specifically detailed in a separate task. This element of the strategy may be informed or influenced by the possible use of a CFD.

As an additional source of funding for the area's major infrastructure improvements, land-secured financing, such as a Mello-Roos CFD, can augment the tax increment financing by accessing the value of the land to set special tax rates in addition to the tax increment revenues. Land values can be used to secure CFD bond issuances that can be used to fund major infrastructure required for initial project improvements. The bonding capacity of the CFD may also be used to issue debt to be secured by future tax increment revenues, with a Mello-Roos special tax serving as the debt service funding source in earlier years, prior to private development that will increase the tax increment revenue of the EIFD. EPS understands that the City intends to pursue a CFD for infrastructure for the Study Area.

Subtask 1c: Prepare Tax Increment Analysis

EPS will build a robust Tax Increment Financing (TIF) model with the flexibility to assess different boundary scenarios, proportional shares to taxing entities, and timeframes. The model will be constructed to evaluate different taxing entity

participation scenarios (e.g., City-only, City/County [*County analysis is identified as an optional task*]), and varying levels of property tax contributions for each entity) and will project anticipated revenues at the 10-, 20-, 30-, 40-, and 45-year timeframes to evaluate a full range of potential scenarios and the impact of changes to key variables.

EPS will run one or more “what-if” scenarios examining potential revenues based on changes to aggregate assessed values, development and absorption assumptions, and other key factors. This Scope of Work is based on the assumption up to three alternatives may be considered.

EPS will produce a set of revenue projections in a tabular form for City staff review and comment. Upon the City’s review, EPS will incorporate any necessary changes and will identify the revenue ranges that may be appropriate for an Infrastructure Financing Plan (IFP) under separate contract.

Subtask 1d: Prepare Cost of Service and Fiscal Impact Analysis

A cost of service and fiscal impact analysis is a required element of an IFP during an EIFD formation. Because the EIFD will use a portion of what otherwise would be General Fund revenues, it is important during the EIFD Feasibility Analysis stage for the City to understand the estimated costs and fiscal impacts related to new development in the EIFD. For the initial feasibility analysis, EPS will leverage the existing City Fiscal Model (developed by EPS and the City) to estimate the costs of services and estimated annual fiscal impacts with and without an EIFD. EPS will work with City staff to refine the budget analysis, if necessary, to reflect the City’s current operating circumstances.

Subtask 1e: Attend Meetings

EPS will be available to meet with City staff throughout the EIFD Feasibility Analysis work program. This work plan anticipates up to 7 virtual or in-person meetings with City staff, including the kickoff meeting described in **Task 1**. In between regularly scheduled meetings, EPS is available to host Web-based conference calls on an as-needed basis to provide staff the opportunity to review modeling in real time and to offer direction and guidance regarding analytical elements and alternatives.

Table 1
EPS Team Proposed Budget
Salinas Agriculture Land Use, Economic, and EIFD Study

| Subtask/ Description | EPS | | | | | | Staff Cost Subtotal | Direct Expenses [1] | Total EPS | Hatamiya Group | EMC Planning Group | Grand Total |
|---|------------------------------------|--------------------------------|----------------------------|-------------------------------|--------------------------------|---------------------|------------------------|------------------------|------------------|-------------------|-----------------------|------------------|
| | Principal-in- Charge Zehnder | Project Manager O'Beirne | Vice President Cheng | Senior Associate Fisher | Principal Advisor Sigman | Production Staff | | | | | | |
| Task 1: Prepare Agriculture Economic and Land Use Study | | | | | | | | | | | | |
| Subtask 1.1: Project Initiation | 2 | 4 | 2 | 0 | 2 | 2 | \$2,580 | \$500 | \$3,080 | \$500 | \$500 | \$4,080 |
| Subtask 1.2: Regional Ag Cluster Dynamics | 18 | 4 | 52 | 0 | 2 | 0 | \$18,610 | \$1,500 | \$20,110 | \$4,500 | \$1,500 | \$26,110 |
| Subtask 1.3: Stakeholder Focus Groups | 16 | 4 | 16 | 0 | 2 | 0 | \$9,890 | \$475 | \$10,365 | \$5,000 | \$20,000 | \$35,365 |
| Subtask 1.4: Commercial Real Estate Market | 12 | 60 | 10 | 0 | 2 | 0 | \$18,220 | \$475 | \$18,695 | \$500 | \$1,500 | \$20,695 |
| Subtask 1.5: Labor Force Conditions | 12 | 8 | 56 | 0 | 2 | 0 | \$18,430 | \$1,500 | \$19,930 | \$500 | \$1,500 | \$21,930 |
| Subtask 1.6: Innovation Dynamics and New Market Opportunities | 12 | 8 | 48 | 0 | 4 | 0 | \$17,180 | \$475 | \$17,655 | \$2,500 | \$2,500 | \$22,655 |
| Subtask 1.7: Draft and Final Documents, Presentation | 20 | 24 | 24 | 0 | 2 | 4 | \$17,190 | \$485 | \$17,675 | \$1,500 | \$2,500 | \$21,675 |
| Subtotal Task 1 | 92 | 112 | 208 | 0 | 16 | 6 | \$102,100 | \$5,410 | \$107,510 | \$15,000 | \$30,000 | \$152,510 |
| Task 2: Enhanced Infrastructure Financing District (EIFD) Feasibility Analysis | 28 | 4 | 20 | 80 | 4 | 6 | \$31,200 | \$1,150 | \$32,350 | \$0 | \$0 | \$32,350 |
| TOTAL HOURS | 28 | 4 | 20 | 80 | 4 | 6 | | | \$32,350 | \$0 | \$0 | \$32,350 |
| <i>Billing Rates [2]</i> | \$310 | \$195 | \$225 | \$195 | \$275 | \$90 | | | | | | |
| TOTAL PROJECT COSTS | | | | | | | \$133,300 | \$6,560 | \$139,860 | \$15,000 | \$30,000 | \$184,860 |

[1] Direct costs include costs related to travel, acquiring data, mileage, reproduction, and other non-staff costs.

[2] Billing rates shown are applicable during calendar year 2022 and are subject to change annually.

Table 2
Salinas Agriculture Land Use, Economic, and EIFD Study
Proposed Schedule

