



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 30, 2026

DEPARTMENT: ADMINISTRATION

FROM: LISA MURPHY, ASSISTANT CITY MANAGER

BY: NATHAN KIEU, DEPUTY DIRECTOR OF ECONOMIC DEVELOPMENT

TITLE: AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES, INC. FOR DOWNTOWN PARKING LOTS 8 AND 12 AND CHINATOWN PROPERTY ACQUISITION CONSULTING SERVICES

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the City Manager to execute Amendment No. 4 to the Professional Services Agreement with Kimley-Horn and Associates, Inc. for continued consulting services related to the Downtown Parking Lots 8 and 12 Land Disposition Agreement and Chinatown property acquisitions to increase the not-to-exceed compensation amount by \$72,403, for a revised total not-to-exceed amount of \$358,578, and extend the term of the Agreement through August 30, 2026.

EXECUTIVE SUMMARY:

The City retained Kimley-Horn and Associates, Inc. in July 2025 to provide specialized consulting services advancing two Council economic development priorities: the disposition of Downtown Parking Lots 8 and 12 for mixed-use redevelopment and implementation of the Chinatown Revitalization Plan. Work under the agreement has advanced both priorities through four amendments, including Phase I and Phase II Environmental Site Assessments for the Downtown parcels, active acquisition negotiations for three Chinatown properties, and ongoing LDA close-of-escrow activities.

Amendment No. 4 adds \$72,403 to fund the remaining work needed to bring both efforts to completion, extending the agreement through August 30, 2026, for a revised total not-to-exceed amount of \$358,578. The costs associated with Amendment No. 3 (\$40,000) are anticipated to be reimbursed to the City, resulting in a net City cost of \$318,578 across the life of the agreement.

BACKGROUND:

Downtown Parking Lots 8 and 12 are City-owned surface parking lots located near the intersection of West Gabilan Street and Lincoln Avenue. The City has been actively pursuing their disposition and development for mixed uses as a Council-identified economic development priority. The City also owns and manages multiple properties in Chinatown and has been working to acquire additional parcels in support of the 2019 Chinatown Revitalization Plan. In July 2025, the City engaged Kimley-Horn and Associates, Inc. to provide the specialized technical and transactional expertise needed to advance both priorities concurrently. The scope of work has encompassed land use policy research, environmental consulting coordination, due diligence management, appraisal review, title exception negotiation, property acquisition support, and buyer negotiations.

The City entered into a Professional Services Agreement (the "Agreement") with Kimley-Horn and Associates, Inc., effective July 14, 2025, with an initial not-to-exceed amount of \$68,000. The agreement was amended three times prior to this action:

Amendment No. 1, executed December 12, 2025, expanded the scope of work to address unforeseen complications related to Parking Lots 8 and 12, funded additional appraisal updates and due diligence work in Chinatown, and established a new demolition task. Total compensation increased by \$124,840 for a revised not-to-exceed amount of \$192,840.

Amendment No. 2, executed February 1, 2026, authorized Kimley-Horn to retain a subconsultant to complete a Phase I Environmental Site Assessment for the Properties, added additional consultant hours, increased compensation by \$53,335 for a revised not-to-exceed amount of \$246,175, and extended the term through May 31, 2026.

Amendment No. 3, executed April 21, 2026, authorized a Phase II Environmental Site Assessment following the Phase I ESA identification of recognized environmental conditions warranting further subsurface investigation, increasing the contract by \$40,000 for a revised total not-to-exceed amount of \$286,175. The costs associated with Amendment No. 3 are anticipated to be reimbursed to the City.

The Phase II ESA confirmed the presence of hazardous materials at Tier 2 of the Environmental Screening Levels, requiring regulatory action. Kimley-Horn has coordinated review by State and County regulatory agencies and is working to resolve outstanding title exceptions and property boundary issues for the Downtown parcels. Due diligence work, including receipt of an updated appraisal for Lots 8 and 12, is nearing completion, pending regulatory direction on hazardous materials remediation.

In Chinatown, work under the agreement has prepared three properties for escrow: 106 East Lake Street, 110 East Lake Street, and 14 Soledad Street. Each property requires acceptance of an offer based on an updated appraisal, execution of a purchase and sale agreement, and opening of escrow to include environmental site assessments, hazardous materials testing and remediation if needed, closing of escrow, demolition, and lot consolidation.

Amendment No. 4, the subject of this staff report, adds \$72,403 to fund the remaining work needed to complete Tasks 1 and 2 of the original agreement, and adds a small contingency as Task 4 to account for minor unforeseen issues that may arise in closing the property sales and acquisitions. The amendment extends the term of the agreement through August 30, 2026. The revised cumulative total not-to-exceed amount is \$358,578, with a net City cost of \$318,578 after the anticipated Amendment No. 3 reimbursement.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes, the Government Code §84308/ Levine Act does apply to this project.

STRATEGIC PLAN INITIATIVE:

This action supports the City Council's Strategic Plan goals related to Economic Development and Downtown Revitalization by advancing the disposition of Downtown Parking Lots 8 and 12 for mixed-use redevelopment and continuing implementation of the Chinatown Revitalization Plan through active property acquisition.

DEPARTMENTAL COORDINATION:

The City Manager's office coordinated this report with the City Attorney's office.

FISCAL AND SUSTAINABILITY IMPACT:

Amendment No. 4 increases the Professional Services Agreement with Kimley-Horn and Associates, Inc. by \$72,403, for a revised total not-to-exceed contract amount of \$358,578. The costs associated with Amendment No. 3 (\$40,000) are anticipated to be reimbursed to the City pursuant to applicable reimbursement agreements, resulting in a net City cost of \$318,578 across the life of the agreement.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
1000	12.1355-63.5900	Outside services-Other professional	\$48,004	\$48,004
1200	12.1355-63.5900	Outside services-Other professional	\$72,284	\$24,399

ATTACHMENTS:

Proposed Resolution, including the following Exhibits:

1. Exhibit A: Amendment No. 4 to Professional Services Agreement with Kimley-Horn and Associates, Inc. And Scope of work