

**CONTRACT FOR CONSULTANT SERVICES BETWEEN
THE CITY OF WATSONVILLE AND KOSMONT AND ASSOCIATES, INC. DBA
KOSMONT COMPANIES**

THIS CONTRACT, is made and entered into this _____, by and between the **City of Watsonville**, a municipal corporation, hereinafter called "City," and **Kosmont and Associates, Inc. DBA Kosmont Companies**, hereinafter called "Consultant."

WITNESSETH

WHEREAS, the City needs to obtain certain professional, technical and/or specialized services of an independent contractor to assist the City in the most economical manner; and

WHEREAS, Consultant has represented that consultant has appropriate skill, training, qualifications, and experience to render such services called for under this Contract to City.

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. SCOPE OF SERVICES. Consultant shall perform those services described in detail in Exhibit "A," entitled "SCOPE OF SERVICES" which exhibit is attached hereto and incorporated herein.

SECTION 2. TERM OF CONTRACT. The term of this Contract shall be from October 1, 2023 to December 31, 2024, inclusive.

SECTION 3. SCHEDULE OF PERFORMANCE. The services of Consultant are to be completed according to the schedule set out in Exhibit "B," entitled "SCHEDULE OF PERFORMANCE," which is attached hereto and incorporated herein. Consultant will diligently proceed with the agreed Scope of Services and will provide such services in a timely manner in accordance with the "SCHEDULE OF PERFORMANCE."

SECTION 4. COMPENSATION. The compensation to be paid to Consultant including both payment for professional services and reimbursable expenses as well as the rate and schedule of payment are set out in Exhibit "C" entitled "COMPENSATION," which is attached hereto and incorporated herein. This amount shall not exceed \$200,000.

SECTION 5. METHOD OF PAYMENT. Except as otherwise provided in Exhibit "C," each month, Consultant shall furnish to the City a statement describing the work performed for compensation during the preceding month. Such statement shall also include a detailed record of the month's actual reimbursable expenditures.

SECTION 6. INDEPENDENT CONSULTANT. It is understood and agreed that Consultant, in the performance of the work and services agreed to be performed by Consultant, shall act as and be an independent Consultant and not an agent or employee of City, and as an independent Consultant, shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.

SECTION 7. ASSIGNABILITY. Consultant shall not assign or transfer any interest in this Contract nor the performance of any of Consultant's obligations hereunder, without the prior written consent of City, and any attempt by Consultant to so assign this Contract or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 8. INDEMNIFICATION. Consultant represents that Consultant has the expertise and experience necessary to perform the services and duties agreed to be performed by Consultant under this Contract, and City is relying upon the skill and knowledge of Consultant to perform said services and duties. Consultant agrees to defend, indemnify and hold harmless City, its officers, agents, and employees, against any loss or liability arising out of or resulting in any way from work performed by or on behalf of Consultant under this Contract or the errors or omissions by Consultant.

SECTION 9. INSURANCE.

A. Auto and Commercial General Liability Insurance. Consultant shall also maintain in full force and effect for the term of this Contract, automobile insurance and commercial general liability insurance with an insurance carrier satisfactory to City, which insurance shall include protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from any actual occurrence arising out of the performance of this Contract. The amounts of insurance shall not be less than the following:

(1) Commercial general liability insurance, or equivalent form, with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, such limit shall apply separately to each project Consultant performs for City. Such insurance shall (a) name City, its appointed and elected officials, and its employees as insureds; and (b) be primary with respect to insurance or self-insurance programs maintained by City and (c) contain standard separation of insured's provisions.

(2) Business automobile liability insurance, or equivalent form, with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

B. Workers' Compensation Insurance. In accordance with the provisions of Section 3700 of the Labor Code, Consultant shall be insured against liability for

Workers' Compensation or undertake self-insurance. Consultant agrees to comply with such provisions before commencing performance of any work under this Contract.

C. Proof of Insurance to City before Notice to Proceed to Work. Consultant shall satisfactorily provide certificates and endorsements of insurance to the City Clerk before Notice to Proceed to Work of this Contract will be issued. Certificates and policies shall state that the policy shall not be canceled or reduced in coverage without thirty (30) days written notice to City. Approval of insurance by City shall not relieve or decrease the extent to which Consultant may be held responsible for payment of damages resulting from services or operations performed pursuant to this Contract. Consultant shall not perform any work under this Contract until Consultant has obtained the required insurance and until the required certificates have been submitted to the City and approved by the City Attorney. If Consultant fails or refuses to produce or maintain the insurance required by these provisions, or fails or refuses to furnish City required proof that insurance has been procured and is in force and paid for, City shall have the right at City's election to forthwith terminate this Contract immediately without any financial or contractual obligation to the City. As a result of such termination, the City reserves the right to employ another consultant to complete the project.

D. Written notice. Contractor shall provide immediate written notice if (1) any insurance policy required by this Contract is terminated; (2) any policy limit is reduced; (3) or any deductible or self insured retention is increased.

SECTION 10. NON-DISCRIMINATION. Consultant shall not discriminate, in any way, against any person on the basis of age, sex, race, color, creed, national origin, or disability in connection with or related to the performance of this Contract.

SECTION 11. TERMINATION.

A. City and Consultant shall have the right to terminate this Contract, without cause, by giving not less than ten (10) days written notice of termination.

B. If Consultant fails to perform any of its material obligations under this Contract, in addition to all other remedies provided by law, City may terminate this Contract immediately upon written notice.

C. The City Manager is empowered to terminate this Contract on behalf of City.

D. In the event of termination, Consultant shall deliver to City copies of all work papers, schedules, reports and other work performed by Consultant and upon receipt thereof, Consultant shall be paid in full for services performed and reimbursable expenses incurred to the date of termination.

SECTION 12. COMPLIANCE WITH LAWS. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments. Consultant shall obtain and maintain a City of Watsonville business license during the term of this Contract.

SECTION 13. GOVERNING LAW. City and Consultant agree that the law governing this Contract shall be that of the State of California. Any suit brought by either party against the other arising out of the performance of this Contract shall be filed and maintained in the Courts of the County of Santa Cruz.

SECTION 14. PRIOR CONTRACTS AND AMENDMENTS. This Contract represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Contract may only be modified by a written amendment.

SECTION 15. CONFIDENTIAL INFORMATION. Except as may be required by law, all data, documents, discussions, or other information developed or received by or for Consultant in performance of this Contract are confidential and not to be disclosed to any person except as authorized by the City Manager.

SECTION 16. OWNERSHIP OF MATERIALS. All reports, documents or other materials developed or received by Consultant or any other person engaged directly by Consultant to perform the services required hereunder shall be and remain the property of City without restriction or limitation upon their use.

SECTION 17. COVENANT AGAINST CONTINGENT FEES. The Consultant covenants that Consultant has not employed or retained any company or person to solicit or secure the Contract, and that Consultant has not paid or agreed to pay any company or person, any fees, commissions, percentage, brokerage fee, gift, or any other consideration contingent on or resulting from the award or making of this Contract. For breach or violation of this covenant, the City shall have the right to annul this Contract without liability, or in its discretion, to deduct from the contract price or consideration or otherwise recover, the full amount of such fee, commission, percentage fee, gift, or contingency.

SECTION 18. WAIVER. Consultant agrees that waiver by City or any one or more of the conditions of performance under this Contract shall not be construed as waiver of any other condition of performance under this Contract.

SECTION 19. CONFLICT OF INTEREST.

A. A Consultant shall avoid all conflict of interest or appearance of conflict of interest in performance of this Contract. Consultant shall file a FPPC Form 700

disclosure statement, which form shall be filed with the City Clerk within thirty (30) days from the effective date of this Contract as applicable.

B. No member, officer, or employee of the City, during their tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in this Contract or the proceeds thereof and Consultant agrees not to allow, permit, grant, transfer, or otherwise do anything which will result in such member, officer, or employee of the City from having such interest.

SECTION 20. AUDIT BOOKS AND RECORDS. Consultant shall make available to City, its authorized agents, officers and employees, for examination any and all ledgers and books of account, invoices, vouchers, canceled checks and other records or documents evidencing or related to the expenditures and disbursements charged to the City, and shall furnish to City, its authorized agents and employees, such other evidence or information as City may require with respect to any such expense or disbursement charged by Consultant.

SECTION 21. NOTICES. All notices shall be personally served or mailed, postage prepaid, to the following addresses, or to such other address as may be designated by written notice by the parties:

CITY

City Clerk's Office
275 Main Street, Suite 400
Watsonville, CA 95076
(831) 768-3040

CONSULTANT

Kosmont Companies
1601 N. Sepulveda Blvd. #382
Manhattan Beach, CA 90266
(424) 297-1070

SECTION 22. EXHIBITS:

- Exhibit A: Scope of Services
- Exhibit B: Schedule of Performance
- Exhibit C: Compensation

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WITNESS THE EXECUTION HEREOF, on the day and year first hereinabove written.

CITY

CONSULTANT

CITY OF WATSONVILLE

**KOSMONT AND ASSOCIATES, INC. DBA
KOSMONT COMPANIES**

BY _____
Rene Mendez, City Manager

BY  _____
Larry J. Kosmont, CEO

ATTEST:

BY _____
Irwin I. Ortiz, City Clerk

APPROVED AS TO FORM:

BY _____
Samantha W. Zutler, City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

PHASE 1: RESEARCH & ANALYSIS

Task 1.1 Orientation Kickoff Meeting and Tour

Kick-off meeting with City staff to establish communication protocols, review scope and schedule regular status meetings, and identify key planning, budget, and economic development documents. Consultant will attend the meeting to review successes of the City's recent Strategic Plan, understand current economic development programs and challenges faced by the City. On the same day, Kosmont will also tour the City's commercial and employment areas and key opportunity sites with City staff to better understand existing real estate conditions.

Task 1.2 Review of Planning Documents and Objectives

Kosmont will review existing economic development plans, policies, initiatives, and planning documents and identify potential changes to better achieve City's long-term objectives, including but not limited to the General Plan, Downtown Strategic Plan, and Airport Strategic Plan.

Task 1.3 Stakeholder Meetings

1. Kosmont will do additional research and meet with City leaders to gain in-depth insights on the City and region's current economic conditions, challenges, and City goals.
2. Kosmont will participate in a City Council study session to solicit input on vision, goals and objectives

Task 1.4 Demographic, Real Estate and Economic Conditions

Utilizing CoStar, ESRI, Placer.ai and other 3rd party data sources, Kosmont will assemble extensive demographic, real estate and economic current and historic data, as well as assessment of the impacts of recent economic events (Covid19, high inflation, and interest rates, and natural disasters).

1. Demographic and Labor Force. Assessment of current demographic and economic conditions for the City and its commercial / industrial and employment districts. Kosmont will evaluate the relative strength of significant industries within the City by working with State and Federal employment data, and other relevant sources. This data will help determine the most significant industries within the City to ensure the Plan addresses their needs.
2. Analysis of industry/business clusters, employee inflow/outflow, and other available business/employment data and indicators

3. Analysis of Real Estate Market Segmentation and Growth. Research asset classes/land uses: Retail, Office, Hotel, Industrial and Apartment high level market data and identify site specific opportunities in the City. Kosmont will utilize Placer.ai location data to measure visitor trends and in-town/regional shopping preferences of the residents, as well as estimating City's ability to capture regional visitors. The market assessment will include a Strength, Weakness, Opportunities and Threat (SWOT) analysis of commercial districts and opportunity sites. Kosmont will work with City to identify key economic corridors, or key development sites and suggest development strategy options based on high level financial analysis.
4. High-level review of City tax revenue sources to understand the City's tax base, revenue diversification, and fiscal resiliency; this may include an analysis of the highest producers of tax revenue by business category (based on availability of data from City / confidentiality).
5. Review of business corridors and business types that may be targeted for business attraction efforts. Kosmont will identify strategies to assist local start-ups and support other industries including food and beverage, entertainment, hospitality, technology, finance and services.
6. Infrastructure and Connectivity Assessment. Kosmont will assess the development potential of the various opportunity sites and examine the appropriate economic development tools that can be leveraged to potentially fund such development. If needed, Kosmont will collaborate with engineering firms to assess current infrastructure, as we've done with other projects.

Task 1.5 Community Focus Groups & Outreach

Kosmont will work with City staff to identify discussion questions for focus groups (City staff / business / community organizations / residents). Kosmont and City will agree to a set number of in-person and virtual meetings to manage budget, as agreed upon by Client and Consultant. Kosmont will work with City to prepare presentations for community and stakeholder meetings, workshops, and web-based surveys (e.g., Survey Monkey) to understand challenges and opportunities for key constituencies (including Chamber of Commerce) and gather diverse public input.

Task 1.6 Administrative Capacity Assessment

Kosmont will conduct a high-level administrative capacity assessment that analyzes the organizational capacity of the City to execute / implement economic development programs and initiatives. This will include a review of current efforts / workload, identification of local leaders / partners engaged in economic development, and identification of additional resources that may be needed to support the implementation of economic development strategies.

PHASE 1 SCHEDULE & DELIVERABLES

Phase 1 Tasks will be completed within 15-16 weeks starting with kickoff meeting.

Deliverables will include:

- Detailed research and analysis report, including data findings and stakeholder input;
- City Economic Profile including SWOT

PHASE 2: EDSP DEVELOPMENT

Task 2.1: Strategies, Action Plans & Metrics

Using information gathered from Phase 1 analyses and community outreach, Kosmont will produce a clear and actionable Plan with near and long-term strategies and initiatives that are SMART (Specific, Measurable, Attainable, Relevant, and Time-Bound) and will achieve the City's goals of driving economic growth, innovation, and competitiveness over the next 5 to 10 years. The strategies will address, but will not be limited to, the following:

- Business attraction / expansion / retention,
- Workforce development,
- Innovation / entrepreneurship,
- Public-Private Transactions,
- Marketing / promotion, visitor attraction,
- Cluster development, and
- Other economic development related activities.

PHASE 2 SCHEDULE & DELIVERABLES

Phase 2 Tasks will be completed within approximately 8 weeks following completion of Phase 1 Tasks.

Deliverables will include:

- PPT presentation on development opportunities;
- Strategic priority projects and action item matrix;
- Marketing Collateral to market the City and key opportunities sites;
- Presentation materials for communicating the Plan to key stakeholders and the public

PHASE 3: IMPLEMENTATION

Task 3.1: Implementation Plan

Kosmont will develop an implementation roadmap that will outline the sequence and timeline to execute strategic initiatives developed in Phase 2. Key tasks include:

- Recommended physical, financial, and economic metrics for City to measure the success of the strategies
- Roles and responsibilities of key stakeholders in the execution of Plan
- Identify potential partnership roles for the City to play with internal and external groups to realize the Plan
- Short-term, mid-term, and long-term action items to successfully implement the strategy
- A targeted marketing and outreach strategy to attract new businesses
- Estimated investment needs

Task 3.2 : Economic Development Tools

Kosmont will review the feasibility of and provide a menu of economic development / implementation tools for the City to potentially use. These may include but not be limited to Development Opportunity Reserve D.O.R.®, Sales Tax Assessment Revenue STAR*®, Public-private partnerships, Federal and State Grants, and Special Districts (such as Enhanced Infrastructure Financing Districts[EIFD] and Community Facilities District [CFD]).

Task 3.3: Report / City Council Presentation

Kosmont will prepare a draft Plan. Following receipt of comments from City, prepare the final Plan and make a presentation to the City Council in person.

PHASE 3 SCHEDULE & DELIVERABLES

Phase 3 Tasks will be completed within approximately 10-12 weeks following completion of Phase 2, depending on meeting schedule developed with the City.

Deliverables will include:

- Draft and final EDSP documents
- Implementation table with timeline
- Table of performance metrics to measure the success of the economic development efforts
- A list of potential funding sources to execute the development of identified opportunity areas

PHASE 4: SUPPORT

Kosmont prides itself as much more than a technical report writer, specializing in long term advisory relationships with most public clients. Following the completion of the EDSP, Kosmont will be available for additional contract services to assist City in evaluating development opportunities and assisting with implementation tasks over the period of implementation, as desired by City. The scope of such work will be developed in conjunction with the City

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

Services shall commence immediately upon execution of this Contract. All services performed under the provisions of this Contract shall be completed in accordance with the following schedule:

PROJECT SCHEDULE

The EDSP will be completed within 7-8 months from date of authorization and kick off meeting, barring any unforeseen delays. Kosmont envisions monthly checkup meetings with City staff. The City and Consultant can determine the exact schedule for focus group meetings, ongoing status reports and the dates of key deliverables in the kick-off meeting.

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Phase 1 Research & Analysis																															
1.1 Orientation Kickoff Meeting & Tour	■																														
1.2 Review of Planning Documents		■	■	■																											
1.3 Stakeholder Meetings				■	■																										
1.4 Demographic, Real Estate, & Economic Conditions					■	■	■	■	■	■	■	■	■	■	■																
1.5 Community Focus Groups & Outreach					■	■	■	■	■	■	■	■	■	■	■																
1.6 Administrative Capacity Assessment									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Phase 2 EDSP Development																															
2.1 Strategies, Action Plans & Metrics																															
Phase 3 Implementation																															
3.1 Implementation Plan																															
3.2 Economic Development Tools																															
3.3 Report / City Council Presentation																															
Phase 4 Support																															
4.1 To be Decided with City																															

EXHIBIT "C"

COMPENSATION

a. Total Compensation. The total obligation of City under this Contract shall not exceed \$200,000.

Duties may be allocated between tasks and team members as deemed appropriate by Kosmont's Project Manager in order to adequately provide services to the Client and stay within budget. If needed, other team members not included herein may be assigned to work on this project in a support or research role.

Total Budget

Not to Exceed \$100,000

Phase 1: Research & Analysis

Phase 2: EDSP Development

\$50,000 to \$100,000

Phase 3: Implementation

Phase 4: Support

Team Member Phase 1 and Phase 2 Hours

The consultant team's Phase 1 and Phase 2 hours are as follows (Phase 3 & 4 implementation work will be determined during Phase 2 in collaboration with the City team.

President	30
Sr. V.P. / Sr. Advisor	100
Vice President	120
Project Analyst	150

Kosmont Hourly Rates

President	\$385.00 / hour
Senior Vice President/Senior Advisor	\$350.00 / hour
Vice President	\$225.00 / hour
Senior Project Analyst	\$195.00 / hour
Project Analyst/Project Research	\$165.00 / hour
Assistant Project Analyst/Assistant Project Manager	\$125.00 / hour
Project Promotion/Graphics/GIS Mapping Services	\$95.00 / hour
Clerical Support	\$70.00 / hour

b. Basis for Payment. Payment(s) to Consultant for services performed under this contract shall be made as follows and shall include payment for reimbursable expenses:

In addition to professional services (labor fees):

- 1) An administrative fee for in-house copy, fax, phone, postage costs, digital/technological support and related administrative expenses will be charged, which will be computed at four percent (4.0 %) of monthly Kosmont Companies professional service fees incurred; plus
- 2) Out-of-pocket expenditures, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost. Complaint with City Travel and Business Expense Reimbursement Policy
- 3) Project/Market data sources for support of evaluation and analysis e.g., ESRI, Placer.ai, CoStar/STR, IMPLAN, ParcelQuest and other based on quoted project cost.
- 4) If Kosmont retains Third Party Vendor(s) for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
- 5) Consultant's attendance or participation at any public meeting, whether such participation is in person, digital, video and/or telephonic (e.g., City Council, Planning Commission, Public Agency Board, other) requested by Client and are beyond those specifically identified in the Scope of Work will be billed at the professional services (hourly) fees as shown on this rate sheet.

c. Payment Request. Consultant shall submit a request for payment for services on a monthly basis by letter to Director, or said Director's designated representative. Such request for payment shall cover the preceding monthly period during the term hereof, shall note the City's purchase order number for this contract, shall contain a detailed listing of the total number of items or tasks or hours for which payment is requested, the individual dates on which such services were rendered, and invoices for reimbursable expenses, if any. Upon receipt in the Office of Director of said payment request, Director shall cause payment to be initiated to Consultant for appropriate compensation.