

**THIRD AMENDMENT TO  
PROFESSIONAL CONSULTANT SERVICES AGREEMENT**

**HR&A ADVISORS, INC.**

**Lease/Leaseback Public-Private Partnership Transactions**

THIS THIRD AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT (“Third Amendment”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“City”), and HR&A ADVISORS, INC. a New York corporation authorized to do business in California (“Consultant”), with respect to the following facts:

**RECITALS**

WHEREAS, on or about May 10, 2021, the City and Consultant entered into that certain Professional Consultant Services Agreement (“Agreement”), for Lease/Leaseback Public-Private Partnership Transactions; and

WHEREAS, on or about May 3, 2022, the City and Consultant entered into that certain First Amendment to Professional Consultant Services Agreement (“First Amendment”); and

WHEREAS, on or about August 11, 2022, the City and Consultant entered into that certain Second Amendment to Professional Consultant Services Agreement (“Second Amendment”); and

WHEREAS, the City and Consultant desire to reinstate and extend the terms of the Agreement until December 31, 2024, to have Consultant provide additional services, and to add increased compensation not to exceed Fifty Thousand Dollars (\$50,000.00) during the extended term of the Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, City and Consultant agree as follows:

1. Section 1, “Scope of Services”, is hereby amended by adding the additional services set forth in Exhibit “A-3”, attached hereto and incorporated herein by this reference.

2. Section 2, “Term”, is hereby amended to extend the term of the Agreement until December 31, 2024.

3. Section 3, “Compensation/Payment”, is hereby amended to increase the compensation not to exceed by Fifty Thousand Dollars (\$50,000.00) during the extended term of the Agreement, pursuant to the fee schedule set forth in Exhibit “B-3”, attached hereto and incorporated herein by this reference.

4. All other terms and conditions of the Agreement between the parties which are

not inconsistent with the terms of this Third Amendment, shall remain in full force and effect as if fully set forth herein.

**[SIGNATURES ON NEXT PAGE.]**

IN WITNESS WHEREOF, City and Consultant have caused this Third Amendment to Professional Consultant Services Agreement to be duly executed on the day and year first above written.

CITY OF RIVERSIDE, a California charter city and municipal corporation

HR&A ADVISORS, INC.,  
a New York corporation authorized to do business in California

By: \_\_\_\_\_

By: *Amitabh Barthakur*

Attest: \_\_\_\_\_

**Amitabh Barthakur**

Printed Name


**Partner**

Title

Certified as to Availability of Funds:

**and**

By: \_\_\_\_\_

By:   
Shuprotim Bhaumik (Jul 31, 2024 12:33 EDT)

APPROVED AS TO FORM:

**Shuprotim Bhaumik**

Printed Name

**Shuprotim Bhaumik**

Title

By: *Sean Murphy*  
Sean B. Murphy  
Deputy City Attorney

**EXHIBIT "A-3"**

**SCOPE OF SERVICES**

June 27, 2024

Edward Enriquez, Chief Financial Officer  
City of Riverside  
3900 Main St.  
Riverside, CA 92522

RE: Update of Riverside Alive Financial and Fiscal Impact Assessment

Dear Edward:

Following recent conversations with your team about the status of the Riverside Convention Center (RCC) expansion and parking facility public-private partnership, HR&A Advisors, Inc. ("HR&A") has prepared the following scope of work to support the City of Riverside (the "City") in evaluating a revised development program and parking arrangement and their associated financial and fiscal impact to the City.

We understand that since HR&A conducted its latest analysis in November 2022, there have been some changes to the programs and proposals for both the public and private development components. Given these changes, the City is requiring an assessment of whether the financial and fiscal revenues generated by the development are sufficient to cover the cost of subsidizing certain components of the project, particularly a public parking structure, shared with private office users. Our understanding of the changes over the last scenario HR&A evaluated is described below:

1. The private development program remains the same as in November 2022.<sup>1</sup> However, we understand that an office tenant is potentially interested in occupying 160,000 SF of the total office program (219,730 SF), which would require approximately 600 parking spots. Bringing this tenant would positively impact the financial feasibility of the private development, in addition to activating the site. However, we understand that the developer has proposed that the City provide 450 parking stalls (out of 600 required) in the public parking structure. These stalls would not generate revenue for the City during business hours.
2. The public development program has been modified and now includes a public parking structure of either 800 or 1,100 stalls (versus 1,037 proposed prior). Other components of the public program remain the same, namely an expansion of the Convention Center to 100,000 SF; a public amphitheater of 25,000 SF; and other public property and right of way infrastructure.
3. The schedule of public parking rates has been modified, which impacts the revenue generation potential of the proposed public parking facility.
4. The City is currently in negotiations with Greens Group ("Greens") and a phasing plan for the various portions of the development program is not confirmed. However, the City expects that all parts of the program will be built at once.

Based on these changes, we understand the City Manager's Office seeks an updated analysis of the financial and fiscal impacts to the City, including the evaluation of the following scenarios for the public parking structure:

- a. Absorption within the public parking structure of the 450 parking stalls asked by the developer; and
- b. Two scenarios for overall size of the public parking structure (800 versus 1,100 parking stalls).

Based on the changes and scenarios described above, we are proposing the scope of work detailed below.

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<sup>1</sup> Including 376 hotel keys (208 full service and 168 extended stay); 113 rental apartments; 55 condo apartments; 61,981 square feet of retail; 219,730 of office space; and 2,071 parking spots.

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## PROPOSED SCOPE OF WORK

### Task 1. Updated Financial and Fiscal Impact Assessment

HR&A will analyze the revised development program to provide a high-level sources and uses analysis for the proposed public facilities. As instructed by the City, HR&A will:

- a. Assume that all components of the program (private and public) will be delivered at the same time;
- b. Assume for a land sale price of \$3 million associated with the private development;
- c. Consider base assumptions on parking demand as well as financial and fiscal revenues from reports produced by HVS (2019), Dixon Resources (2020), and DTA (2022), and update them to 2024 values using appropriate inflation indices.

#### Task 1.1 High-level Review of Sources from Mixed-Use Development and Parking Operations

While the private real estate program remains the same, market conditions might have changed since HR&A's latest analysis in November 2022. Based on recent real estate market and other relevant indicators (for e.g., consumer price index), HR&A will update market-, financial-, and fiscal-related inputs provided by DTA in December 2022. HR&A will also revise – to the extent possible – assumptions on the use of the public parking facility by the retail part of the program and the Cheech Marin Museum. Based on these updated assumptions, HR&A will estimate the revenues produced by taxes levied on the mixed-use development and the public parking revenue derived from the use by retail and Museum visitors.

#### Task 1.2 High-level Review of Uses and Expenditures from RCC and Parking Facility Construction and Operations

HR&A will update the financial and fiscal impact from the RCC expansion and the construction of the public parking facility, considering:

- The proposed scenarios for the public parking structure (800 or 1,100 parking stalls); and
- The potential use of 450 stalls by the office tenant and the associated relinquishment of public revenues during office hours.

To produce these estimate, HR&A will:

- Update capital costs for the RCC expansion and public parking structure, based on information provided by the City on costs as of 2022 and an appropriate adjustment index (for e.g., construction cost index);
- Update operating costs for RCC expansion and public parking structure, based on Dixon Resources' 2020 report;
- To the extent possible, adjust parking demand estimates from Dixon Resources, given the assumed RCC expansion.

#### Task 1.3 High-level Risk Assessment

Based on results from the updated model, HR&A will conduct a high-level risk assessment of the City's provision of public subsidies for components of the private development. More specifically, HR&A will establish a worse and best-case scenario of delivery of private components and evolution of market conditions, and how they would impact fiscal revenues generated for the City. These scenarios may include, for instance, the risks and potential impacts of the hotel component of the program not being realized, or any components of the program taking longer than anticipated for their operations to stabilize.

**Deliverable:** HR&A will update the sources and uses model for the revised development program and scenarios requested. Based on this analysis, HR&A proposes the following milestones/deliverables and their respective dates from receiving Notice to Proceed (NTP), assuming this takes places on the week of July 1:

- 1) Presentation of model update and preliminary findings to City Manager's Team (week 5);

- 
- 2) Based on model updates and feedback received from City Manager’s Team, brief memo summarizing findings (week 6); and
  - 3) Meeting with City Manager’s Team to discuss feedback and questions to memo (week 7).

## **Task 2. Presentations to City Council and Other Relevant Parties**

HR&A will present findings to the City Manager’s team, City Council and other relevant parties as considered by the City. HR&A anticipates up to two presentations to City staff and one presentation to City Council.

**Deliverables:** HR&A will prepare and walk through a PowerPoint presentation of key considerations and risks for the development program upon the completion of Task 1 and expects to present to other City teams and City Council on weeks 8 and onwards from NTP.

## **Optional: Task 3. Estimate of Supportable Contribution from Greens**

In the case that the proposed parking scenarios and the City’s absorption of private parking yields a negative financial and fiscal impact, the City may want to negotiate a contribution from Greens to eliminate or reduce the City’s sources and uses gap. In that event, HR&A will estimate the maximum contribution to the City that Greens could absorb, and/or the maximum amount of parking, without making their development plans infeasible.

The effort and budget required in this task would depend on the availability of information, particularly on whether the City has access to Greens’ development model. In that case, HR&A may “stress test” this model under different scenarios of forms and levels of contribution and estimate the maximum contribution that would be possible for Greens to provide while still obtaining a return on cost and profit margin typically observed in the market for similar developments. If this information were not available, HR&A would new build a financial model that mirrors Green’s development plans in order to estimate this contribution.

## **PROPOSED FEE & SCHEDULE**

HR&A proposes to bill Task 1 and 2 on a time-and-materials basis, invoicing the City monthly, up to a not-to-exceed amount of \$50,000. We anticipate completing Tasks 1 and 2 within an 8-week period. Any travel expenses associated with any in-person meetings will be billed at cost separately. If the City decides to engage HR&A to provide negotiation support beyond Tasks 1 and 2, or confirms interest in the optional Task 3, based on the availability of information and the estimated level of effort, HR&A will provide a new not-to-exceed budget to accomplish those tasks.

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HR&A's will employ the currently approved discounted public sector rates from 2022 guaranteed through December 31, 2024, are shown below.

Personnel	Hourly Rate
Partner	\$450
Principal	\$395
Director	\$345
Senior Analyst	\$255
Analyst	\$200
Research Analyst	\$160
Admin	\$105

HR&A can begin this work with your notice to proceed.

Please let me know if I can answer any questions about our proposed tasks and approach.

Sincerely,



Amitabh Barthakur  
Partner | HR&A Advisors, Inc.  
Direct: (310) 751-3465 | abarthakur@hraadvisors.com  
700 S. Flower Street, Suite 2995, Los Angeles, CA 90017



**EXHIBIT "B-3"**  
**COMPENSATION**

June 27, 2024

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Sincerely,



Amitabh Barthakur  
Partner | HR&A Advisors, Inc.  
Direct: (310) 751-3465 | abarthakur@hraadvisors.com  
700 S. Flower Street, Suite 2995, Los Angeles, CA 90017