



## Legislation Details (With Text)

**File #:** 17-132      **Version:** 1      **Name:** TAB 6  
**Type:** Resolution      **Status:** Agenda Ready  
**File created:** 2/13/2017      **In control:** City Council  
**On agenda:** 3/14/2017      **Final action:**  
**Title:** Request City Council to (1) Adopt Resolution No. 7088 Approving a Construction and Credit Agreement by and between the City of Rialto and Proficiency Capital, LLC, and (2) Adopt Budget Resolution No. 7089 amending the FY16/17 Budget increasing expenditures of \$1,071,846 for street improvements and \$269,682 for sewer improvements.  
(ACTION)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - Site Map, 2. Exhibit B - PPD No. 2453, 3. Exhibit C - Construction Credit and Reimbursement Agreement, 4. Exhibit D - Off-Site Street Improvements, 5. Exhibit E - Offsite sewer cost 2-14-17, 6. Exhibit F - Resolution, 7. Exhibit G- Budget Resolution - Shaw Construction Credit Agreement

Date	Ver.	Action By	Action	Result
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For City Council Meeting [March 14, 2017]

TO: Honorable Mayor and City Council

APPROVAL: Michael Story, City Administrator

FROM: Robb Steel, Assistant City Administrator/Development Services Director

Request City Council to (1) Adopt **Resolution No. 7088** Approving a Construction and Credit Agreement by and between the City of Rialto and **Proficiency Capital, LLC**, and (2) Adopt Budget **Resolution No. 7089** amending the FY16/17 Budget increasing expenditures of \$1,071,846 for street improvements and \$269,682 for sewer improvements.  
(ACTION)

**BACKGROUND:**

In 2016, Proficiency Capital, LLC, ("Proficiency") submitted various planning and development applications (Amendment No. 5 to the Renaissance Specific Plan, PPD 2453, TPM 19754, and EAR 16-27) to the City for the proposed development of three warehouses totaling 340,715 square feet on 18.20 acres of land located on the southeast corner of Renaissance Parkway and Palmetto Avenue (the "Project")

On October 5, 2016, the Transportation Commission approved the Traffic Study for the Project and set certain conditions of approval. On November 30, 2016, the Planning Commission conducted a public hearing and adopted Amendment No. 5 to the Renaissance Specific Plan, Tentative Parcel Map 19754, and Environmental Assessment Review 16-27 ("Land Use Entitlements"). On January

10, 2017, the City Council approved the Land Use Entitlements (**Exhibit A**).

On January 25, 2017, the Development Review Committee (DRC) approved the Precise Plan of Design (PPD 2453) subject to certain Conditions of Approval (**Exhibit B**). The Conditions of Approval for the Project require Proficiency to construct specified off-site improvements (“Off-Site Improvements”) including:

- (i) Widening and reconstructing the existing roadways along the Project’s frontages on the north and south side of the centerline of Renaissance Parkway;
- (ii) Constructing a raised center median along Renaissance Parkway; and,
- (iii) Installing an off-site sewer system from Alder Avenue westerly to the Site.

Because there is no developable property on the north side of Renaissance Parkway, the Transportation Commission requested that the City and Proficiency develop a plan to construct the full width street improvements concurrent with the Project. Proficiency agreed to undertake this effort subject to a Construction Credit and Reimbursement Agreement (**Exhibit C**) related to the Off-Site Improvements. Section 3.33.100 of the Rialto Municipal Code (Fee Credits) states that:

*...if as a condition of approval of a development project a Developer constructs a public facility identified in a Nexus Report for which a development impact fee is imposed, then the Developer shall be eligible to receive a fee credit toward the development impact fee imposed on the development project for the same type of public facility so constructed. The Developer shall not be entitled to reimbursement for any excess in the costs to construct the public facility over the amount of the Developer's obligation to pay the development impact fee for the type of public facility constructed, unless a separate reimbursement agreement is approved by the City Council.*

#### **ANALYSIS/DISCUSSION:**

Section 3.33.110 of the Rialto Municipal Code (Construction and Credit Agreements) permits the City Administrator to negotiate a construction and credit agreement requested by a Developer, subject to City Council approval. The City Building Official or the City Engineer shall determine the amount of the fee credit based upon the evidence of costs to construct the public facility submitted by the Developer.

The Regional Traffic Fee Program (Measure I) identifies Renaissance Parkway from the westerly City limits to the Cactus Basins as an eligible improvement. The Regional Traffic Fee Program (RMC 3.33.160) compensates developers for constructing roadway capacity improvements, including roadway widening, curb/gutter/sidewalks, and streetlights (complete streets). It does not allow credit or reimbursement for parkway landscaping, utility relocation or utility undergrounding.

The street median in Renaissance Parkway also qualifies for fee credits under the Street Median Development Impact Fee (RMC 3.33.180) or reimbursement because the improvement benefits the adjacent properties.

The sewer line extension in Renaissance Parkway also qualifies for fee credits or reimbursements because the facility is a common line that will serve other properties easterly of the Project (RMC 3.33.240).

#### **Regional Traffic Fee Credits and/or Reimbursements**

The Project owes a total of \$954,002 in Regional Traffic Development Impact Fees. The estimated construction cost for the eligible street improvements is \$2,098,286 -- \$913,087 on Renaissance Parkway south of the centerline and \$1,185,199 on Renaissance Parkway north of the centerline [the eligible costs exclude asphalt replacement and parkway landscaping on the south half-width]. Because this cost exceeds the Project's Regional Traffic Fee obligation of \$954,002, Proficiency requests a full fee credit and a reimbursement agreement for the actual costs exceeding the Project's Regional Traffic Impact Fee [less \$319,288 in project costs Proficiency agrees to absorb]. The City's reimbursement obligation from Regional Traffic Fees is therefore \$1,071,846. The cost estimate for the street improvements is attached as **Exhibit D**.

**ESTIMATED REGIONAL TRAFFIC AND STREET MEDIAN FEE CREDITS/REIMBURSEMENT PROJECT - PROFICIENCY CAPITAL PROJECT**

	Total Cost	Fee Eligible Cost	Fee Credit	Project Cost	Fee Reimburse
<b>Renaissance Parkway - Street Improvement (South of C/L)</b>					
Street Widening/Improvements	\$ 913,087	\$ 913,087	\$ (913,087)	\$ -	\$ -
Asphalt Replacement	\$ 168,449			\$ 168,449	\$ -
Parkway Landscaping	\$ 78,401			\$ 78,401	\$ -
<b>Total</b>	<b>\$ 1,159,937</b>	<b>\$ 913,087</b>	<b>\$ (913,087)</b>	<b>\$ 246,850</b>	<b>\$ -</b>
<b>Renaissance Parkway - Street Improvement (North of C/L)</b>					
Street Widening/Improvements	\$ 723,726	\$ 723,726		\$ -	\$ (723,726)
Asphalt Replacement	\$ 287,840	\$ 287,840		\$ -	\$ (287,840)
Parkway Landscaping	\$ 173,633	\$ 173,633	\$ (40,915)	\$ 72,438	\$ (60,280)
<b>Total</b>	<b>\$ 1,185,199</b>	<b>\$ 1,185,199</b>	<b>\$ (40,915)</b>	<b>\$ 72,438</b>	<b>\$ (1,071,846)</b>
<b>TOTAL:</b>	<b>\$ 2,345,136</b>	<b>\$ 2,098,286</b>	<b>\$ (954,002)</b>	<b>\$ 319,288</b>	<b>\$ (1,071,846)</b>

Street Median Fee Credits and/or Reimbursements

The Project owes \$6,814 for Street Median Development Impact Fees. The estimated construction cost for the Renaissance Parkway raised median is \$458,163. The fee credit is equal to \$6,814. Proficiency will absorb the \$451,349 difference.

Off-Site Sewer Line Connection Costs

The estimated cost to construct the sewer line is \$524,786. Proficiency requests reimbursement for the cost of the sewer line easterly of its Project for \$269,682. This line will serve others to the east of the Project toward Alder Avenue.

For the Project frontage, the estimated cost of the sewer line is \$255,104. Because this amount exceeds the Sewer Connection Fee obligation of \$105,264, Proficiency requests a full fee credit for the improvements. Proficiency will absorb the residual cost of this line of \$149,840. The cost estimate for the sewage collection system is attached as **Exhibit E**.

**ESTIMATED WASTEWATER CONNECTION FEE CREDIT/REIMBURSEMENT PROJECT - PROFICIENCY CAPITAL PROJECT**

	Total Cost	Fee Eligible Cost	Fee Credit	Project Cost	Fee Reimburse
<b>Renaissance Parkway - Offsite Sewer Improvements</b>					
Alder Avenue to Easterly Edge of Site Frontage	\$ 269,682	\$ 269,682		\$ -	\$ (269,682)
Easterly Edge of Site to Westerly Termination of Sewer Main	\$ 255,104	\$ 255,104	\$ (105,264)	\$ 149,840	\$ 0
<b>Total</b>	<b>\$ 524,786</b>	<b>\$ 524,786</b>	<b>\$ (105,264)</b>	<b>\$ 149,840</b>	<b>\$ (269,682)</b>

The City bases the actual or final reimbursement amount upon the actual costs of constructing the eligible improvements. Proficiency will be required to provide invoices and payments made to construct these improvements. Proficiency will also be required to comply with the City's competitive bidding and contracting procedures as well as pay prevailing wages for these publicly financed improvements.

**ENVIRONMENTAL IMPACT:**

On January 10, 2017, the City Council adopted Mitigated Negative Declaration (EAR-16-27) for the Project. This environmental review analyzed the construction of the on-site private and off-site public improvements. No further environmental review is warranted.

Approval of the Construction Credit and Reimbursement Agreement is an administrative or fiscal action by the legislative body that will not result in any additional a direct or indirect physical change in the environment than what was already analyzed (Section 15378(b) of the California Environmental Quality Act (CEQA) Guidelines).

#### **GENERAL PLAN CONSISTENCY:**

The City of Rialto has identified several goals and objectives within the City's recently adopted General Plan through which the City looks to improve the community. The proposed action to acquire right-of-way is consistent with the following goals and objectives contained in the General Plan:

Goal 3-1: Strengthen and diversify the economic base and employment opportunities, and maintain a positive business climate.

Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.

Goal 3-7: Upgrade public infrastructure as an inducement to promote private investment.

#### **LEGAL REVIEW:**

The City Attorney prepared the Construction Credit and Reimbursement Agreement, reviewed, and approved the staff report and Resolution.

#### **FINANCIAL IMPACT:**

The City normally receives Development Impact Fees at issuance of building permits. In this case, Proficiency will receive credit for the estimated costs of eligible improvements at building permit issuance. Upon completion, staff will verify the final costs and the City/Proficiency will make reconciliation payments as appropriate in accordance with the terms of the Construction Credit and Reimbursement Agreement.

Proficiency will likely pull its building permits for the Project before April 1, 2017. The fee credits and reimbursement payments to Proficiency were not previously budgeted in the City's FY16/17 Budget. Staff recommends that the City Council approve a Budget Resolution amending the FY16/17 Budget to increase \$1,071,846 from Fund 250 Account 250-500-4312-3001 for street improvements and to increase \$269,682 from Fund 660 to Account No. 660-500-7150-3001.

#### **RECOMMENDATION:**

Staff recommends that the City Council:

1. Adopt a Resolution (**Exhibit F**) Approving a Construction Credit and Reimbursement Agreement by and between the City of Rialto and Proficiency Capital, LLC.
2. Approve a Budget Resolution (**Exhibit G**) Amending the FY16/17 Budget by increasing appropriations in the Regional Traffic Fund Account No. 250-500-4312-3001 in the amount of \$1,071,846 and Sewer Enterprise Account No. 660-500-7150-3001 in the amount of \$269,682.

