



City of Rialto

Legislation Details (With Text)

File #: 20-0751 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Agenda Ready
File created: 10/15/2020 **In control:** City Council
On agenda: 1/12/2021 **Final action:**
Title: Request City Council 1) Accept Public Improvements and Accept payment from Lewis-Hillwood Rialto Company, LLC (LHR) in the amount of \$134,490.32; 2) Authorize the Interim City Engineer to File the Notice of Completion, and; 3) Approve the GASB 34 Report, all related to Construction and Credit Agreement by and between the City of Rialto and Lewis-Hillwood Rialto Company, LLC (LHR) related to the Medline Project and Niagara Project.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Attachment 1_Medline Construction and Credit Staff Report.pdf, 2. Attachment 2_Niagara Construction and Credit Agreement Staff Report.pdf, 3. Attachment 3_Reimbursement Request Medline.pdf, 4. Attachment 4_Reimbursement Request Niagara.pdf, 5. Attachment 5_GASB34

Date	Ver.	Action By	Action	Result
1/12/2021	1	City Council		

For City Council Meeting [January 12, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Sean Grayson, Acting City Manager

FROM: Michael Tahan, Interim Public Works Director

Request City Council 1) Accept Public Improvements and Accept payment from Lewis-Hillwood Rialto Company, LLC (LHR) in the amount of \$134,490.32; 2) Authorize the Interim City Engineer to File the Notice of Completion, and; 3) Approve the GASB 34 Report, all related to Construction and Credit Agreement by and between the City of Rialto and Lewis-Hillwood Rialto Company, LLC (LHR) related to the Medline Project and Niagara Project.

BACKGROUND

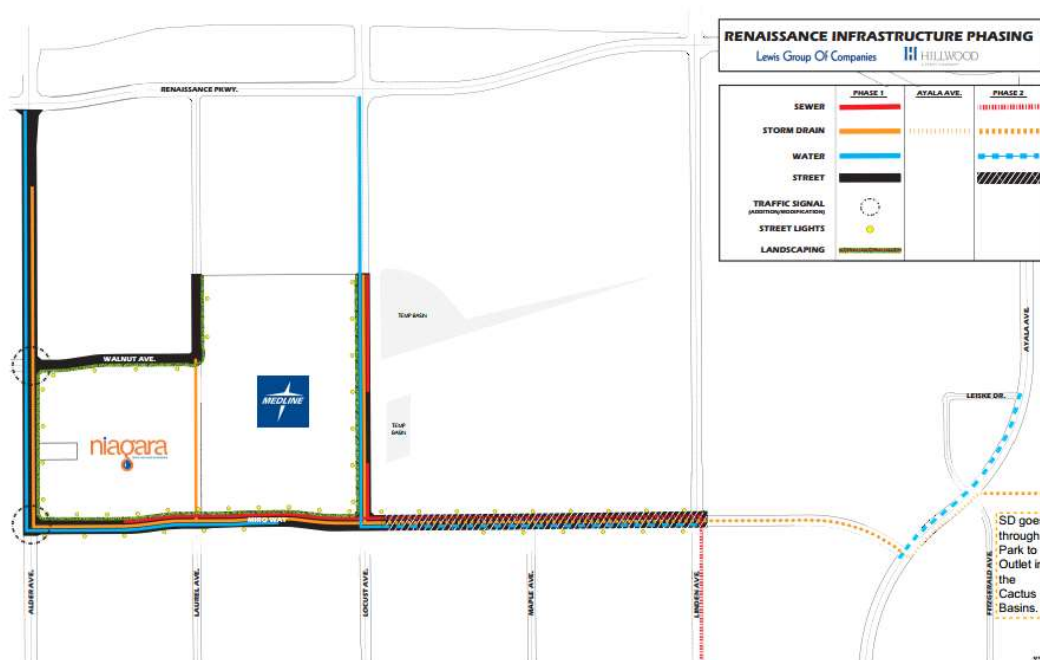
On January 27, 2015, the City's Design Review Committee (the "DRC") reviewed the Precise Plan of Design for the Medline Project (PPD 2365) and established Conditions of Approval (COA) for the development of the Medline Project. The COA's require Medline/LHR to construct certain off-site public improvements including the construction of Locust Avenue along the Project's frontage and the construction of a master planned sewer line and storm drain in Locust Avenue (the "Public Improvements").

On February 3, 2015, the City's Development Review Committee (the "DRC") reviewed the Precise Plan of Design (PPD 2363) and established various Conditions of Approval (COA) for the development of the Niagara Project. The COA's require LHR/Niagara to construct certain off-site public improvements including the construction of Alder Avenue along the Project's frontage, the

construction of a master planned storm drain facility within the Laurel Avenue Utility corridor, and the reconstruction of the traffic signal at Walnut Avenue and Alder Avenue (the "Public Improvements").

On March 10, 2015, the City Council adopted Resolutions approving Construction and Credit Agreements by and between the City of Rialto and Lewis-Hillwood Rialto Company, LLC (LHR) related to the construction of various public improvements for the Medline Distribution Facility Project Resolution No. 6708 and Niagara Bottling Facility Project Resolution No. 6706. The staff reports from the March 10, 2015, meeting are attached hereto as **Attachment 1 and 2**.

A project location map for the Medline and Niagara project is shown below.



Medline Construction Fee Credit and Reimbursement Agreement

Under the terms of the Construction and Credit Agreement the City will reimburse or credit the LHR/Medline for the cost of constructing the following improvements:

- 1. Locust Avenue Street Improvements:** Construct Locust Avenue (half-width + travel lane) along the Project's frontage (approximately 2,000 lineal feet from Miro Way northerly to the DCT Project).
- 2. Miro Way:** Construct master planned storm drain from Miro Way northerly to the existing storm drain facilities constructed by the DCT Project (approximately 1,750 lf).
- 3. Locust Avenue Sewer Line Improvements:** Construct master planned sewer line within Locust Avenue along Project frontage (approximately 1,000 lf).

The estimated cost of these Public Improvements is summarized on **Table 1** below.

Table 1: Estimated Fee Credits - Medline Project

	<u>Impact Fee Assessed</u>	<u>Estimated Cost</u>	<u>Eligible for Reimbursement</u>	<u>Net Fee Collected</u>
<u>Locust Improvements</u>				
250 - Traffic Fund	\$ 1,209,462	\$ 489,405	\$ 489,405 ¹	\$ 720,056
<u>Storm Drain Improvements</u>				
230 - Drainage Fund	\$ 1,653,150	\$ 599,902	\$ 599,902	\$ 1,053,248
<u>Sewer Improvements</u>				
660- WW Collection	\$ 85,040	\$ 114,171	\$ 85,040 ²	\$ -

Notes:

1 - Estimated Cost without landscaping

2 - Maximum Credit / Not to Exceed Fees Paid

Niagara Construction Fee Credit and Reimbursement Agreement

Under the terms of the Construction and Credit Agreement, the City will reimburse or credit LHR/Niagara for the cost of constructing the following improvements:

- 1. Alder Avenue Street Improvements:** Construct Alder Avenue (half-width + travel lane) along the Project's frontage (approximately 1,300 lineal feet from Miro Way northerly to Walnut Avenue).
- 2. Laurel Avenue Storm Drain Improvements:** Construct a master planned storm drain within the Laurel Avenue Utility corridor from Miro Way northerly to the intersection of Laurel and Walnut Avenues (approximately 1,750 lf).
- 3. Walnut Traffic Signal:** Relocate and reconstruct the existing traffic signal at the intersection of Alder Avenue and Walnut Avenue.

The estimated cost of these Public Improvements is summarized on **Table 2** below.

Table 2: Estimated Fee Credits - Niagara Project

	<u>Impact Fee Assessed</u>	<u>Estimated Cost</u>	<u>Eligible for Reimbursement</u>	<u>Net Fee Collected</u>
<u>Alder Avenue Street Improvements</u>				
Fund 250 - Traffic	\$ 1,348,653	\$ 1,054,405	\$ 1,054,405 ¹	\$ 294,248
<u>Storm Drain Improvements</u>				
Fund 230 - Drainage	\$ 1,090,003	\$ 422,759	\$ 422,759	\$ 667,243
<u>Walnut Signal</u>				
Fund 301- RSP Traffic Fee	\$ 83,885	\$ 239,005	\$ 83,885 ²	\$ -

Notes:

1 - Estimated Cost without landscaping

2 - Maximum Credit / Not to Exceed Fees Paid

ANALYSIS/DISCUSSION:Medline Reimbursement Request

On December 28, 2017 Lewis-Hillwood Rialto Company, LLC (LHR) submitted a reimbursement request in the amount of \$1,711,566.83. Reimbursement request is attached hereto as **Attachment**

3.

The total cost of the public improvements completed as part of this Construction Agreement was \$1,711,566.83, however the City of Rialto and Lewis-Hillwood Rialto Company, LLC (LHR) deemed \$132,997.25 ineligible for reimbursement, resulting in fee credit-eligible costs of \$1,578,569.58.

Medline Required Public Improvements/Regional Traffic Fee

Lewis-Hillwood Rialto Company, LLC (LHR) has provided the City with evidence of the actual costs of constructing the various public improvements and requested reconciliation of all credits and reimbursements in accordance with the Construction and Credit Agreement.

Public Works Department staff completed the review of the construction costs and invoices submitted by Lewis-Hillwood Rialto Company, LLC (LHR) for reimbursement in accordance with the Construction and Credit Agreement and determined them to be fair and reasonable given the scope of work.

A Notice of Completion for the project will be filed with the County's Recorder's office for the Medline Project.

Medline Final Credit and Reimbursement

The total project cost for the construction of the City improvements under the terms of the agreement is in the amount of \$2,947,652. Deducting the DIF Credit from the developer of \$1,578,569.58 and the fees already paid by the developer in the amount of \$1,773,304.71, the reimbursement amount owed to the developer is \$404,222.29 as shown in **Table 3** below.

Table 3: Actual Construction and Fee Credit Reimbursement

City Account Name	Construction and Fee Credit Reimbursement				
	Actual Fees Assessed	Actual Fee Credit (Hard Costs)	Actual Fee Credit (Soft Costs)	Actual Fees Paid	Net Fees Due/ Net Fees (Owed)
Regional Traffic Development	\$ 1,209,462.00	\$ (937,375.69)		\$ (720,056.60)	\$ (447,970.29)
Storm Drainage Development	\$ 1,653,150.00	\$ (556,153.89)		\$ (1,053,248.11)	\$ 43,748.00
Wastewater Collection Development	\$ 85,040.00	\$ (85,040.00)		\$ -	\$ -
TOTALS	\$ 2,947,652.00	\$ (1,578,569.58)	\$ -	\$ (1,773,304.71)	\$ (404,222.29)

On January 4, 2021, Public Works staff and Lewis-Hillwood Rialto Company, LLC (LHR) concurred with the final reimbursement amount.

Niagara Reimbursement Request

On December 28, 2017 Lewis-Hillwood Rialto Company, LLC (LHR) submitted a reimbursement request in the amount of \$1,022,337.29 Reimbursement request is attached hereto as **Attachment 4**.

The total cost of the public improvements completed as part of this Construction Agreement was \$1,022,337.29, however the City of Rialto and Lewis-Hillwood Rialto Company, LLC (LHR) deemed \$3,369.99 ineligible for reimbursement, resulting in fee credit-eligible costs of \$1,018,967.30.

Niagara Required Public Improvements/Regional Traffic Fee

Lewis-Hillwood Rialto Company, LLC (LHR) has provided the City with evidence of the actual costs of constructing the various public improvements and requested reconciliation of all credits and reimbursements in accordance with the Construction and Credit Agreement.

Public Works Department staff completed the review of the construction costs and invoices submitted by Lewis-Hillwood Rialto Company, LLC (LHR) for reimbursement in accordance with the Construction and Credit Agreement and determined them to be fair and reasonable given the scope of work.

A Notice of Completion for the project will be filed with the County's Recorder's office for the Niagara Project.

Niagara Final Credit and Reimbursement

The total project cost for the construction of the city improvements under the terms of the agreement is in the amount of \$2,522,541. Deducting the DIF Credit from the developer of Hard Costs in the amount \$1,018,967.30, Soft Costs in the amount of \$3,370 and the fees already paid by the developer in the amount of \$961,491.09, the amount owed to the City is \$538,712.61 as shown in **Table 4** below.

Table 4: Actual Construction and Fee Credit Reimbursement

City Account Name	Construction and Fee Credit Reimbursement				
	Actual Fees Assessed	Actual Fee Credit (Hard Costs)	Actual Fee Credit (Soft Costs)	Actual Fees Paid	Net Fees Due/ Net Fees (Owed)
Regional Traffic Development	\$ 1,348,653.00	\$ (377,657.34)	\$ (3,370.00)	\$ (294,248.03)	\$ 673,377.63
Storm Drainage Development	\$ 1,090,003.00	\$ (574,449.96)	\$ -	\$ (667,243.06)	\$ (151,690.02)
RSP Traffic Mitigation Fee	\$ 83,885.00	\$ (66,860.00)	\$ -	\$ -	\$ 17,025.00
TOTALS	\$ 2,522,541.00	\$ (1,018,967.30)	\$ (3,370.00)	\$ (961,491.09)	\$ 538,712.61

On January 4, 2021, Public Works staff and Lewis-Hillwood Rialto Company, LLC (LHR) concurred with the final reimbursement amount.

Medline and Niagara Construction and Credit Agreement Final Reconciliation Summary

- The City of Rialto owes Lewis-Hillwood Rialto Company, LLC (LHR) \$404,222.29 for the Medline Project
- Lewis-Hillwood Rialto Company, LLC (LHR) owes the City of Rialto \$538,712.61 for the Niagara Project

Based on this reconciliation, the City of Rialto will receive payment in the amount of \$134,490.32 from Lewis-Hillwood Rialto Company, LLC (LHR) as shown in **Table 5** below.

Table 5: Actual Construction and Fee Credit Reimbursement Summary

Project Name	Actual Construction and Fee Credit Reimbursement Summary				
	Actual Fees Assessed	Actual Fee Credit (Hard Costs)	Actual Fee Credit (Soft Costs)	Actual Fees Paid	Net Fees Due/ Net Fees (Owed)
Medline Project	\$ 2,947,652.00	\$ (1,578,569.58)		\$ (1,773,304.71)	\$ (404,222.29)
Niagara Project	\$ 2,522,541.00	\$ (1,018,967.30)	\$ (3,370.00)	\$ (961,491.09)	\$ 538,712.61
Totals	\$ 5,470,193.00	\$ (2,597,536.88)	\$ (3,370.00)	\$ (2,734,795.80)	\$ 134,490.32

ENVIRONMENTAL IMPACT:

Acceptance of Public Improvements and Reimbursement related to the Construction Credit and Reimbursement agreement is an administrative or fiscal action by the legislative body that will not result in any additional direct or indirect physical change in the environment that 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 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.

Policy 3-1.2: Encourage a variety of businesses to locate in Rialto, including retail, high technology,

professional services, clean industries, logistics-based businesses, and restaurants/entertainment uses to promote the development of a diversified local economy.

Goal 3-3: Attract, expand, and retain commercial and industrial businesses to reduce blighted conditions and encourage job growth.

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

Policy 3-6.1: Coordinate all development proposals with other affected public entities to ensure the provision of adequate public facilities and infrastructure services.

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

LEGAL REVIEW:

The City Attorney has reviewed and supports the staff report.

FINANCIAL IMPACT:

Operating Budget Impact

The proposed action will not impact the Operating Budget.

Capital Improvement Budget Impact

Revenues will be recognized, and expenditures will be charged as follows:

- Regional Traffic Development Impact Fee Fund Revenue Account No. 250-400-4312-7679 in the amount of \$225,407.34
- Traffic Mitigation Fee Fund Account No. 301-241-0401-0001 in the amount of \$17,025.00.
- Storm Drainage Development Impact Fee Fund Expense Account No. 230-500-4720-3001 in the amount of \$ 107,942.02.

The Finance Department will add the new improvements to the City's fixed asset system in compliance with Governmental Accounting Standard Board (GASB) 34 *Standards for Financial Reporting of Infrastructure Assets*. The GASB 34 Report is attached hereto as **Attachment 5**.

Licensing

There are no business license application and Business License Tax associated with this action.

RECOMMENDATION:

Staff recommends that the City Council:

- Accept Public Improvements and Accept payment from Lewis-Hillwood Rialto Company, LLC (LHR) in the amount of \$134,490.32.
- Authorize the Interim City Engineer to File a Notice of Completion with the County's Recorder's office for the Medline and Niagara Projects.
- Approve the GASB 34 Report for the Medline and Niagara Projects.