



City of Rialto

Legislation Details (With Text)

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Title: Request City Council to Accept Public Improvements, Approve GASB 34 Report for the Project, Authorize Release of Final Payment Request for \$531,591.59 all related to the Miro Way Improvement Project, and Certify Final Project Costs of \$11,735,342.53. (ACTION)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A Amended and Restated Construction Reimbursement Agreement for Miro Way with LHR.pdf, 2. Exhibit B Scope of Improvements Illustration.pdf, 3. Exhibit C Reimbursement Accounting for Miro Way Improvement Project.pdf, 4. Exhibit D GASB 34 Report for Miro Way Improvements.pdf

Date	Ver.	Action By	Action	Result
6/11/2019	1	City Council		

For City Council Meeting [June 11, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Sean Grayson, Interim City Administrator

FROM: Robb Steel, Assistant CA/Development Services Director

Request City Council to Accept Public Improvements, Approve GASB 34 Report for the Project, Authorize Release of Final Payment Request for \$531,591.59 all related to the Miro Way Improvement Project, and Certify Final Project Costs of \$11,735,342.53. (ACTION)

BACKGROUND:

On March 24, 2015, the City adopted Resolution No. 6694 approving a Construction Reimbursement Agreement with Lewis-Hillwood Rialto Company, LLC (“LHR”). On September 8, 2015, the City Council adopted Resolution No. 6822 approving the Amended and Restated Construction Reimbursement Agreement (“LHR Construction Agreement”) for construction of the Miro Way Improvement Project (“Project”). The LHR Construction Agreement authorized LHR to bid, award contract(s), manage and construct the Project in accordance with procedures established in the LHR Construction Agreement. The Project included sewer, water, storm drain, roadway and dry utility improvements. The City monitored the bidding process to ensure competitive bidding and fair pricing. LHR reviewed, approved and submitted all payment requests and invoices to the City for payment processing. The executed Amended and Restated Construction Reimbursement Agreement is attached hereto as **Exhibit A**.

On June 26, 2015, the City deposited the amount of \$8,120,000 in the MWI Escrow Account. The

deposit represented contributions from the Drainage Development Impact Fee (\$5,724,000), Regional Traffic Development Impact Fee (\$524,000), and the Wastewater Collection Development Impact Fee (\$1,872,000). On October 28, 2015, the City deposited the balance of funding from the Airport Escrow Account (\$5,551,780). The total deposited funds equal \$13,671,780.

In accordance with various development agreements, Panattoni subsequently contributed the sums of \$267,606.00 (for the 210 Logistics Center), \$538,174.08 (for I-210 Logistics Center II), and \$415,408.22 for I-210 Logistics Center III. On March 13, 2017, Panattoni paid the City \$538,174.08 for I-210 II; on September 7, 2017, the City deposited \$415,408.22 for I-210 II; and on May 2, 2018, the City deposited \$267,606.00 from the I-210 project. These contributions represented Panattoni's negotiated fair share contributions for improvements on Miro Way that it would have otherwise constructed as a condition of approval for various Miro Way frontage projects.

ANALYSIS/DISCUSSION:

LHR bid and awarded the various construction contracts in accordance with Section 3.0 of the LHR Construction Agreement. LHR submitted copies of all bids and contracts to the City Public Works Director. LHR required all contractors and sub-contractors to pay prevailing wages in accordance with the Labor Code. The City inspected and approved all work during construction and approved the final inspection.

LHR completed construction of the Project, and has requested final reimbursement. In accordance with Section 5.3.2 of the LHR Construction Agreement, LHR must satisfy the following conditions prior to final payment requested of \$531,791.59.

5.3.2(a) No Default. LHR shall not be in Default in any of its obligations under the terms of this Agreement and all representations and warranties of LHR contained herein shall be true and correct in all material respects. **LHR is not in default of any of its obligations.**

5.3.2(b) Completion of Construction. LHR shall have completed the construction of the Miro Way Improvements, notices of completion shall have been recorded in relation to the Miro Way Improvements in accordance with California Civil Code Sections 3093 and/or 8182 (as applicable), and 35 days shall have elapsed since the recordation of such notices of completion. **Neither LHR nor the City filed Notices of Completion, but LHR provided Unconditional Lien Releases with sufficient time lapsing to ensure lien free completion. All vendors report full payment with no Stop Work Notices on file.**

5.3.2(c) Submission of Bills/Invoices. LHR shall have made full and complete payment of all undisputed claims for work performed on the Miro Way Improvements, or in the event of a dispute between LHR and the general contractor or a subcontractor, LHR shall have obtained a commercially reasonable bond reasonably satisfactory to City to release any applicable mechanics' lien or stop notice and LHR shall have submitted and City shall have approved the final MWI Funding Request, including copies of all bills and/or invoices evidencing the Hard Costs and Soft Costs of constructing the Miro Way Improvements actually incurred by LHR. **LHR submitted five Requests for Reimbursement with all invoices and checks evidencing payment. There are no known claims in dispute.**

5.3.2(d) As-Built Drawings. LHR shall have submitted two (2) sets of final as-built

drawings for the Miro Way Improvements to the City Public Works Director. **LHR submitted as-built drawings to the Public Works Department.**

5.3.2(e) Acceptance of Miro Way Improvements by City. The City Council shall have accepted title to the Miro Way Improvements and

LHR shall have provided the maintenance guarantees and landscaping requirements reasonably required by City. The City agrees it will not unreasonably withhold or condition its acceptance of title to the Miro Way Improvements. City will accept the Miro Way Improvements in phases and release the final reimbursement based on the phase that has been accepted by the City. Phasing of the Miro Way Improvements shall be determined in the reasonable discretion of the City. **LHR requests that the City accept all off-site public improvements as complete. The City will consider accepting the Miro Way Improvements with this action.**

Scope of Work

The Scope of Work for the Project consisted of the following elements:

- 1. Storm Drain.** Construction of approximately 10,200 lineal feet of storm drain extending from Alder Avenue along Miro Way and then across Jerry Eaves Park to the Cactus Basin. Construction of required facilities in Cactus Basin to fulfill requirements of County Flood Control District. LHR procured storm drainpipe from Thompson Pipe Group - Rialto with installation by Sully-Miller Contracting Company. The total cost of storm drain improvements was \$5,723,193.94 payable from Drainage Development Impact Fees.
- 2. Sewer.** Construction of 12/15/18" sewer lines with manholes in Miro Way to Linden Avenue and then southerly to Baseline Road, a distance of 6,600 lineal feet. CP Construction performed the sewer installation work for a total cost of \$1,318,819.14 payable from Wastewater Collection Development Impact Fees.
- 3. Street Improvements.** Construct Miro Way from Alder Avenue to Linden Avenue, a distance of approximately 5,300 lineal feet. The scope of work included curbs, gutters, sidewalks, parkway landscaping, and roadway improvements, excluding areas improved by other developers. The improvements also included traffic signal improvements at Miro Way and Alder Avenue (although subsequently assumed by others) and at Miro Way and Locust Avenue. Vance Corporation performed the street improvement and dry utility work for a total cost of \$3,431,435.08 payable from the Airport Escrow Account.

An illustration showing the scope of improvements is attached hereto as **Exhibit B**.

Final Costs and Reimbursement Request #5

Table 1
Sources and Uses Of Project Funding
Miro Way Improvement Project

	Payment Requests						Pymt Totals	Budget Remain
	Amended Budget	Pymt Req #1	Pymt Req #2	Pymt Req #3	Pymt Req #4	Pymt Req #5		
Construction Costs								
Storm Drain	5,724,000.00	3,360,217.19	1,213,911.98	814,025.70	176,779.68	158,259.39	5,723,193.94	806.06
Traffic	524,000.00	-	2,908.90	81,744.64	8,919.87	117,019.65	210,593.06	313,406.94
Sewer	1,872,000.00	992,087.60	200,313.98	15,511.63	72,249.82	966.04	1,281,129.07	590,870.93
Airport	5,551,780.00	346,500.15	1,310,267.93	2,002,749.96	605,361.91	255,546.51	4,520,426.46	1,031,353.54
Sub-Total Construction Costs	13,671,780.00	4,698,804.94	2,727,402.79	2,914,031.93	863,311.28	531,791.59	11,735,342.53	1,936,437.47
Paid Amount		4,698,804.94	2,727,402.79	2,914,031.93	863,311.28	531,791.59		
Draw No.		MW 2015-004	MW 2016-004	MW 2016-006	MW 2017-003	MW-2019-001		
Paid Date		11/12/2015	5/19/2016	10/4/2016	9/18/2017	pending		

Staff reviewed the construction costs and invoices submitted by the LHR for reimbursement. Table 1 summarizes the construction costs for the various public improvements and the detailed costs for these public improvements are attached as **Exhibit C**. The Public Works Department reviewed the construction costs for the improvements and determined them to be fair and reasonable. The total project costs equaled \$11,735,342.53.

Table 2
Summary of All Vendors for Miro Way Improvements

Vendor	Scope	Totals	Percent
Vance Corporation	Street Improvements/Dry Utilities	3,431,435.08	29.2%
Sully-Miller Contracting Company	Storm Drain	2,998,886.05	25.6%
Thompson Pipe Group - Rialto	Storm Drain	2,104,086.12	17.9%
C. P. Construction Co., Inc,	Sewer	1,318,819.14	11.2%
LHR	Construction Management	536,539.26	4.6%
TTG Engineers	Construction Engineering	498,225.28	4.2%
Leighton Consulting, Inc.	Soil Testing/Compaction	316,591.71	2.7%
All American Asphalt	Traffic Signal	166,437.51	1.4%
Southern California Edison	Utilities	142,858.58	1.2%
Boudreau Pipeline Corporation	Storm Drain	36,546.00	0.3%
Moran Utility Services, Inc.	Dry Utilities	30,812.50	0.3%
JTB Supply Co. Inc.	Traffic Improvements	30,149.42	0.3%
Southern California Gas Company	Utilities	27,168.33	0.2%
TJW Engineering, Inc.	Construction Engineering	26,800.00	0.2%
Superior Masonry Walls, LTD	Street Improvements	26,022.00	0.2%
Cal State Site Services, Inc.	Fence Rentals	10,659.94	0.1%
IMEG Corp	Construction Engineering	10,029.50	0.1%
Rialto Water Services	Utilities	6,614.46	0.1%
AT&T	Utilities	5,005.55	0.0%
National Construction Rentals	Toilet Rentals	4,439.27	0.0%
ARC	Reprographics	2,033.70	0.0%
HP Communications, Inc.	Utilities	1,950.00	0.0%
Thienes Engineering, Inc	Misc	1,470.00	0.0%
A & 1 Reprographics	Reprographics	872.88	0.0%
C Below, Inc.	Dry Utilities	685.00	0.0%
Lowe's Companies, Inc.	Misc	205.25	0.0%
Totals		11,735,342.53	100%

Table 2 summarizes the payments for all vendors paid by LHR for the Miro Way Improvement Project.

Notice of Completion

LHR completed construction of the improvements and requests that the City accept the public improvements constructed for maintenance.

ENVIRONMENTAL IMPACT:

The construction of the Miro Way Improvements have been analyzed as part of the Program Environmental Impact Report (EIR) for the Renaissance Specific Plan and California Environmental Quality Act (CEQA) review for the I-210 Logistics I and I-210 Logistics II projects.

On November 8, 2010, the City certified the EIR for the Renaissance Specific Plan and on November 10, 2010, filed the Notice of Determination for the EIR.

GENERAL PLAN CONSISTENCY:

The City of Rialto has identified several goals and objectives within the City's General Plan through which the City looks to improve the community.

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

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 reviewed and approved the staff report.

FINANCIAL IMPACT:

Operating Budget Impact

The City must maintain the Miro Way Improvements adding to its annual maintenance costs. The short-term impacts will be nominal due to the condition, and absorbed within the budget for Public Works.

The City will also add sewer and water improvements to the enterprise accounts. The RUA will incur maintenance costs for these improvements, which will be incorporated into the annual budgets and consumer rates.

Capital Improvement Budget Impact

The City incurred total capital costs of \$11,735,342.53 for the Miro Way Improvements allocated to specific Account #'s as follows:

Table 3
Final Close Out Accounting
Miro Way Escrow Account

Account #	Project #	Account Name	Actual Deposit	Final Costs	Deposit Balance	Disposition
230-500-4720-3001	130703-22	Drainage DIF	\$5,724,000.00	\$ (5,723,193.94)	\$806.06	return to Fund 230 w/interest
250-500-4313-3001	130703	Regional Traffic DIF	\$524,000.00	(\$210,593.06)	\$313,406.94	return to Fund 250 w/interest
660-500-7150-2001	130703-23	Wastewater Collection DIF	\$1,872,000.00	(\$1,281,129.07)	\$590,870.93	return to Fund 250 w/interest
300-500-4267-3001	130703-05	Airport Escrow	\$6,772,968.30	(\$4,520,426.46)	\$2,252,541.84	return to Airport Escrow
Totals			\$14,892,968.30	(\$11,735,342.53)	\$3,157,625.77	

The City will request a release of the \$3,157,625.77 deposit balance from the FSB Miro Way Escrow Account and allocate the funds to the respective accounts.

RECOMMENDATION:

Staff recommends that the City Council:

1. Authorize release of Final Payment Request # 5 in the amount of \$531,791.59.
2. Accept for maintenance, those Public Improvements constructed on behalf of the City of Rialto by LHR pursuant to the Amended and Restated Construction Reimbursement Agreement (Miro Way Improvements) by and between the City of Rialto and Lewis Hillwood Rialto Company, LLC.
3. Approve the GASB 34 Report for the Miro Way Improvements (**Exhibit D**).