



City of Rialto

Legislation Text

File #: 18-555, Version: 1

For City Council Meeting [June 26, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb Steel, Interim City Administrator

Request City Council to (1) Adopt **Resolution No. 7365** Approving a Construction and Credit Agreement by and between the City of Rialto and Pegasus LH, LLC.

(ACTION)

BACKGROUND:

Pegasus LH (“Developer”) proposes to develop a 88,790 square foot distribution facility on a 4.78 acre parcel (PPD2017-0100) generally located at the northwest corner of Riverside Avenue and Kline Ranch Road (the “Project”). On May 23, 2018, the Development Review Committee approved Conditions of Approval for the Project. The Conditions of Approval require the Developer to construct specified off-site improvements (“Off-Site Improvements”) including but not limited to:

1. Grade and stake the Riverside Avenue frontage encompassing 5,700 square feet.
2. Construct approximately 415 lineal feet of new curb and gutter improvements along the Riverside Avenue frontage of the Property, including demolition and removal of existing improvements.
3. Construct approximately 1,785 square feet of sidewalk improvements along Riverside Avenue within the parkway.
4. Apply 3,890 square feet of 3.5” hot asphalt material and 16,470 square feet of 10’ grind and overlay. Apply tack coat and install finish course to about 20,360 square feet.
5. Rework conduit for Edison streetlight.

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:

Development Impact Fees

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 Development Impact Fee (RTIA) for the Project levied in accordance with Rialto Municipal Code Section 3.33.160 is \$248,612. The Developer requests a credit against the RTIA for the cost to construct the eligible Off-Site Improvements. The table below summarizes the RTIA due for the Project and the estimated eligible construction costs for the Off-Site Improvements (the detailed cost estimates are attached to the Construction and Credit Agreement). The Construction and Credit Agreement is attached hereto as **Exhibit A**.

	Fund 250 Regional Traffic
Fees Due at Bldg Permit	\$ 248,612
Estimated Construction Costs	<u><u>\$(224,373)</u></u>
Net Fee Due at Bldg Permit	\$ 24,239

The City will credit the Developer \$224,373 toward the Regional Traffic Development Impact Fees when otherwise due.

The City bases the final credit amount upon the actual costs of constructing the eligible improvements. The Developer must provide invoices and evidence of payments to construct these improvements. Developer must also comply with the City's competitive bidding and contracting procedures as well as pay prevailing wages for these publicly financed improvements.

Median Island In-Lieu Fee

The Transportation Commission conditioned the Project to construct an 18 foot raised median island for the property frontage on Riverside Avenue, a distance of approximately 9,765 feet. The estimated cost of the median island is \$63,614. The Agreement requires the Developer to pay an in-lieu fee of \$31,887 (50% of the estimated cost) due at building permit. The City will use these funds to construct the Riverside Avenue median as part of a larger median project in the future.

The Street Median Development Impact Fee for this project is \$1,775.80. The City will credit \$1,775.80 since the Developer is required to pay the in-lieu fee of \$31,887.

ENVIRONMENTAL IMPACT:

On May 23, 2018, the City Development Review Committee adopted Negative Declaration (Environmental Assessment Review No. 2017-0082) for the Project. This environmental review analyzed the construction of the off-site public

improvements encompassed within the Construction and Credit Agreement. No further environmental review is warranted.

Approval of the Construction and Credit 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 drafted the Construction and Credit Agreement, reviewed and approved the staff report and Resolution.

FINANCIAL IMPACT:

Operating Budget Impact

The Construction and Credit Agreement has no impact to the City's operating budget. At project completion, the City will accept the public improvements for maintenance. This will add maintenance responsibilities for future budgets.

Capital Budget Impact

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

RECOMMENDATION:

Staff recommends that the City Council Adopt a Resolution (**Exhibit B**) Approving a Construction and Credit Agreement by and between the City of Rialto and Pegasus LH LLC.