



City of Rialto

Legislation Text

File #: 17-1083, **Version:** 1

For City Council Meeting [December 12, 2017]

TO: Honorable Mayor and City Council

APPROVAL: Michael Story, City Administrator

FROM: Robb Steel, Assistant CA/Development Services Director

Request City Council to (1) Adopt **Resolution No. 7264** Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and **Lewis-Hillwood Rialto Company LLC**, and (2) Adopt **Budget Resolution No. 7265** amending the FY17/18 Budget to Appropriate \$14,550,000 from Various Development Impact Fee Accounts.

(ACTION)

BACKGROUND:

On December 13, 2016, the City Council approved various entitlement applications submitted by Lewis-Hillwood Rialto Company LLC, (LHR) to develop industrial buildings within Planning Area 108 and a retail center on Planning Areas 101 and 104 (the "Project(s)"). LHR acquired approximately 52 acres and developed a 615,000 square foot distribution facility now occupied by Amazon (PPD # 2503/2017-0053). LHR also acquired a 59 acre parcel for development of an 855,000 square foot distribution facility (PPD #2017-0051) under construction. Finally, LHR acquired approximately 59 acres for development of the 430,000 square foot Renaissance Marketplace shopping center (PPD # MC2017-006) under construction.

The City Development Review Committee imposed conditions of approval for each of these projects. The Conditions of Approval for the Projects require LHR to construct specified off-site improvements ("Off-Site Improvements") including but not limited to:

- (i) Constructing or reconstructing the existing and future roadways along the Project's frontages on Linden Avenue and Renaissance Parkway in accordance with the street sections illustrated in the Renaissance Specific Plan;
- (ii) Constructing a raised center median with landscaping along Renaissance Parkway in accordance with the street sections illustrated in the Renaissance Specific Plan;
- (iii) Constructing storm drainage improvements, including Lines A and B as shown in the Renaissance Specific Plan, along with improvements to the Cactus Basins as required by the County Flood Control District; and
- (iv) Constructing sewer lines on Renaissance Parkway and Linden Avenue to serve the Projects; and

- (v) Relocate and construct a water line in Linden Avenue and Renaissance Parkway to serve the Projects.
- (vi) Construct or modify traffic signals at Renaissance Parkway and Linden Avenue and Renaissance Parkway and Ayala Drive.

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 Fee Program (Measure I) identifies Renaissance Parkway from the westerly City limits to easterly of 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 generally does not provide credit or reimbursement for parkway landscaping, utility relocation or utility undergrounding.

The Line A, Line B, and Cactus Basin storm drainage improvements are master plan facilities eligible for reimbursement from the Storm Drain Facilities Development Impact Fee (RMC 3.33.270).

The sewer line extension in Renaissance Parkway, Linden Avenue, and Locust Avenue also qualifies for fee credits or reimbursements from the Sewage Collection Facilities Development Impact Fee because the facility is a common collection and transmission line serving other properties in the area (RMC 3.33.240).

The development of the Renaissance Marketplace and the construction of Renaissance Parkway necessitated a relocation and upsizing of an existing 12" water line into Renaissance Parkway, improving fire flows. The new water distribution improvements are eligible for reimbursement from the Domestic and Recycled Water Facilities Development Impact Fee (RMC 3.33.260).

An illustration of the general location of the various off-site improvements is attached hereto as **Exhibit A**.

Fee Credits and/or Reimbursements

LHR requests credit toward future development impact fee obligations for master plan improvements constructed, and reimbursements from the City for costs incurred in excess of any approved fee credits. The table below summarizes the

development impact fees already paid and the development impact fees due to the City when LHR pulls upcoming building permits for Building 6. The table also shows the estimated eligible construction costs for each improvement scope (the detailed cost estimates are attached to the Construction Fee Credit and Reimbursement Agreement as **Exhibit E**).

Summary of Fee Credits for Bldg 6, Reimbursement of Prior Fees Paid, and Estimated Reimbursement Amounts

		Fund 230 Drainage	Fund 250 Traffic	Fund 660 Sewer	Fund 670 Water	Fund 301 RSP Traffic	Fund 010 Airport Esc
Estimated Credit Amount	A	\$ 5,998,000	\$ 5,723,000	\$ 1,267,000	\$ 1,334,000	\$ 228,000	\$1,351,000
Street Improvements							
Renaissance Parkway Street Improvements			\$ 2,879,000				\$ 94,000
Renaissance Parkway Median Improvements							\$ 88,000
Linden Avenue Street Improvements			\$ 1,329,000				
Traffic Signals			\$ 172,000			\$ 228,000	\$ 789,000
Other Improvements			\$ 1,343,000				\$ 217,000
Storm Drain Improvements							
Line A/Line B Improvements		\$ 3,689,000					
Thompson Pipe Purchase		\$ 1,534,000					
Cactus Basin Improvements		\$ 775,000					
Water System Improvements							
					\$ 1,334,000		\$ 163,000
Sewer System Improvements							
				\$ 1,267,000			
Estimated Future Fees Due/Credits	B	\$ 1,896,311	\$ 4,514,426	\$ 102,194	\$ -	\$ 98,726	\$ -
Building 5		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building 6		\$ 1,896,311	\$ 2,394,000	\$ 102,194	\$ -	\$ 98,726	\$ -
Retail		\$ -	\$ 2,120,426	\$ -	\$ -	\$ -	\$ -
Potential Reimbursement Amount	C	\$ 4,101,689	\$ 1,208,574	\$ 1,164,806	\$ 1,334,000	\$ 129,274	\$1,351,000
Prior Fees Actually Paid	D	\$ 3,432,642	\$ 3,064,179	\$ 137,994	\$ 629,384	\$ 350,700	\$ -
Building 5		\$ 1,608,125	\$ 1,721,574	\$ 62,135	\$ -	\$ 89,479	\$ -
Building 6		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail		\$ 1,824,517	\$ 1,342,605	\$ 75,859	\$ 629,384	\$ 261,221	\$ -
Computation of Bldg 6 Credits, Reimbursements from Prior Fees Paid, and Estimated Reimbursement Amounts							
Total Credits to LHR at Bldg 6 BP Issuance	B	\$ 1,896,311	\$ 4,514,426	\$ 102,194	\$ -	\$ 98,726	
Reimburse LHR Prior Payments	D	\$ 3,432,642	\$ 2,259,969	\$ 137,994	\$ 629,384	\$ 129,274	
Total Credits & Reimbursements to LHR	B+D	\$ 5,328,953	\$ 6,774,395	\$ 240,188	\$ 629,384	\$ 228,000	
Estimated Credit Amount	A	\$ 5,998,000	\$ 5,723,000	\$ 1,267,000	\$ 1,334,000	\$ 228,000	
Estimated Reimbursement Amount	C-D if >0	\$ 669,047	\$ (1,051,395)	\$ 1,026,812	\$ 704,616	\$ -	
Estimated Fee Obligation	B+D=E	\$ 5,328,953	\$ 7,578,605	\$ 240,188	\$ 629,384	\$ 449,426	
Estimated City Retained Fees	E-A	\$ -	\$ 1,855,605			\$ 221,426	

Assuming LHR incurs eligible costs as shown, the City would grant credits for Bldg 6 as shown, and reimburse LHR the amounts shown as "Reimburse LHR Prior Payments" from monies previously received by the City from LHR. The "Estimated Reimbursement Amount" represents additional reimbursements/credits due to LHR from fees collected because of future LHR development within the Renaissance Specific Plan (where eligible costs exceed the prior fees paid and the estimated future fees due for Bldg 6). The City deemed certain improvements ineligible for reimbursement from development impact fees, and these costs will be reimbursed from the Airport Escrow account if funds remain available (these reimbursements are not a part of the Construction Fee Credit and Reimbursement Agreement).

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

ENVIRONMENTAL IMPACT:

On December 13, 2016, the City Council adopted Resolution No. 7045 certifying the Recirculated Draft Subsequent Environmental Impact Report, the Statement of Overriding Considerations, and the Mitigation Monitoring Plan (E.A.R. 16-55) for the Projects. This environmental review analyzed the construction of the off-site public improvements encompassed within the Construction Fee Credit and Reimbursement Agreement. No further environmental review is warranted.

Approval of the Construction Fee 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:

LHR drafted the Construction Fee Credit and Reimbursement Agreement (**Exhibit B**) using a City template and the City Attorney reviewed and approved the agreement along with the staff report and Resolution.

FINANCIAL IMPACT:

The City normally receives Development Impact Fees at issuance of building permits. In this case, LHR will receive credit for a portion of the estimated costs of eligible improvements at building permit issuance for Building 6. Upon completion, staff will verify the final costs and the City/LHR will make reconciliation payments as appropriate in accordance with the terms of the Construction Fee Credit and Reimbursement Agreement.

Staff recommends adopting a Budget Resolution amending the FY17/18 Budget to increase appropriations in the amount of \$14,555,000 as follows:

- Increase appropriations in the amount of \$5,998,000 from the storm drain improvements fund Account No. 230-500-4720-3001; and
- Increase appropriations in the amount of \$5,723,000 from the street improvements fund Account No. 250-500-4312-3001; and
- Increase appropriations in the amount of \$1,267,000 from the sewer collection system

improvements fund Account No. 660-500-7150-3001; and

- Increase appropriations in the amount of \$1,334,000 from the water system improvements fund Account No. 670-500-7150-3001.
- Increase appropriations in the amount of \$228,000 from the RSP Traffic Mitigation fund Account No. 301-500-4312-3001.

RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt a Resolution (**Exhibit C**) Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and Lewis-Hillwood Rialto Company LLC.
2. Adopt a Budget Resolution (**Exhibit D**) Amending the FY17/18 Budget.