



City of Rialto

Legislation Text

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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. 7262** Approving a Construction and Credit Agreement by and between the City of Rialto and **Caprock Partners LLC**, and (2) Adopt **Budget Resolution No. 7263** amending the FY17/18 Budget to Appropriate \$396,700 from Specified Development Impact Fee Accounts.

(ACTION)

BACKGROUND:

On June 13, 2017 the City Council approved various entitlement applications submitted by Caprock Partners LLC, ("CapRock") to develop a 525,110 square foot distribution facility on a 24.37 acre parcel (PPD #2391) generally located at the northeast corner of Willow Avenue and Santa Ana Avenue (the "Project"). On November 6, 2017, the City Development Review Committee submitted Conditions of Approval for the Project. The Conditions of Approval require Caprock to construct specified off-site improvements ("Off-Site Improvements") including but not limited to:

1. Construction of approximately 465 lineal feet of new curb and gutter improvements along the Riverside Avenue frontage of the Property, including demolition and removal of existing improvements.
2. Construction of approximately 2,325 square feet of sidewalk improvements along Riverside Avenue within the parkway.
3. Relocation of electrical, phone, cable TV, fiber optic, or other dry utility facilities along Riverside Avenue necessitated by the construction of the street improvements.
4. Relocation of two existing fire hydrants.
5. Reconstruction of approximately 150 lineal feet of 24" storm drain and two catch basins on Riverside Avenue.

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 Traffic Impact Analysis (TIA) for the Project completed as part of the CEQA process established a fair share mitigation contribution of \$1,229,652 toward intersection and roadway improvements along Riverside Avenue, particularly the widening of the bridge over the Union Pacific Railroad. On July 1, 2015, the Transportation Commission approved the TIA and established conditions of approval for the Project.

Section 3.33.280.030 of the Rialto Municipal Code requires that the City use Fair Share Mitigation Impact Fees for the site-specific public improvements for which the funds were collected. The widening of Riverside Avenue along the Project frontage mitigates the impact of the Project upon Riverside Avenue, by widening the roadway to its proposed full width standard of 120 feet. The current General Plan establishes a 104 foot required right-of-way, but the City requested that the Project dedicate an additional 8 feet of right-of-way and improve Riverside Avenue to the wider standard. The City intends to initiate a General Plan Amendment (and possibly amendments to the Regional Traffic Fees or Local Traffic Fees) to formalize the expanded right-of-way requirements.

The street improvements require a modest amount of storm drainage improvements. The required improvements are not master plan facilities but implement a temporary drainage solution until the City constructs a much larger storm drain project with the widening of Riverside Avenue. Consequently, staff recommends that the Project receive credit against the Storm Drain Facilities Development Impact Fee (RMC 3.33.270).

Fee Credits and/or Reimbursements

CapRock requests credits against development impact fee obligations for master plan improvements constructed as noted above. The table below summarizes the expected development impact fees payable by the Project and the estimated eligible construction costs for each improvement scope (the detailed cost estimates are attached to the Construction and Credit Agreement). The Construction and Credit Agreement is attached hereto as **Exhibit A**.

	Fund 230 Drainage	Fund 250 Fair Share
Fees Due at Bldg Permit	\$ 1,013,630	\$ 1,229,652
Estimated Construction Costs	\$ (52,200)	\$ (344,500)
Net Fees Due at Bldg Permit	\$ 961,430	\$ 885,152

The City will credit CapRock \$52,200 from the Storm Drain Development Impact Fee Account and \$344,500 from the Fair Share Mitigation Impact Fee Account.

The City bases the final credit amount upon the actual costs of constructing the eligible improvements. The City will require CapRock to provide invoices and payments made to construct these improvements. CapRock 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 465 feet. The estimated cost of the median island is \$200,000. The Agreement requires the Project to pay an in-lieu fee of \$100,000 (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 proposed median would impede one of Kinder Morgan's primary ingress/egress driveways on the east side of Riverside Avenue, and the City will outreach to the various property owners and businesses before constructing median improvements that may compromise access. The City's goal is to implement a comprehensive solution rather than a piecemeal one along this heavily congested corridor.

ENVIRONMENTAL IMPACT:

On June 13, 2017, the City Council adopted Resolution No. 7142 certifying the Environmental Impact Report and the Mitigation Monitoring Plan (E.A.R. 15-19) 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:

The City normally receives Development Impact Fees at issuance of building permits. In this case, CapRock 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/CapRock will make reconciliation payments as appropriate in accordance with the terms of the Construction and Credit Agreement.

Staff recommends adopting a Budget Resolution amending the FY17/18 Budget as follows:

- Increase appropriations in the amount of \$52,200 from the Storm Drain Facilities Development Impact Fee Fund Account No. 230-500-4720-3001; and
- Increase appropriations in the amount of \$344,500 from the Fair Share Impact Mitigation Fee Fund Account No. 301-500-4312-3001; and

RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt a Resolution (**Exhibit B**) Approving a Construction and Credit Agreement by and between the City of Rialto and Caprock Partners LLC.
2. Adopt a Budget Resolution (**Exhibit C**) Amending the FY17/18 Budget.