



City of Rialto

Legislation Text

File #: CC-18-1125, Version: 1

For City Council Meeting [December 11, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Ahmad R. Ansari, Interim City Administrator

FROM: Robb Steel, Assistant CA/Development Services Director

Request City Council to Accept Public Improvements, Authorize the Recordation of a Notice of Completion, Authorize a Reimbursement Payment to **PSIP RIALTO, L.P** of \$27,834.92 from Regional Traffic Fees related to the Construction of Public Improvements pursuant to the Construction Credit and Reimbursement Agreement, and Approve **Budget Resolution No. 7433**.

BACKGROUND:

On March 5, 2015, PSIP Rialto, LP ("PSIP") acquired the 8.45 acres of land located on the northeast corner of Base Line Road and Laurel Avenue (the "Site"). On May 5, 2015, PSIP submitted various planning and development applications (CDP 772, PPD 2398, and EAR 15-27) to the City for the proposed development of a 175,900 square foot distribution warehouse (the "Project"). **Exhibit A** illustrates the Project and Site.

On July 1, 2015, the Transportation Commission approved the Traffic Study prepared for the Project and set certain conditions of approval. On September 9, 2015, the Planning Commission conducted a public hearing and adopted Resolution 15-30 approving Conditional Development Permit 772 and Environmental Assessment Review 15-27. Subsequently, the City filed a Notice of Determination for a Mitigated Negative Declaration (EAR-15-27) with the Clerk of the Board. On September 22, 2015, the Development Review Committee (DRC) then approved the Precise Plan of Design (PPD) subject to certain Conditions of Approval (**Exhibit B**).

The Conditions of Approval for the Project required PSIP to construct certain off-site improvements, including: (i) widening and reconstructing the existing roadways along the Project's frontages on Laurel Avenue and Baseline Road to a Traffic Index 10 standard; (ii) constructing a raised center median along the Project's frontage on Baseline Road; and (iii) constructing a new traffic signal at the intersection of Baseline Road/Laurel Avenue, if this signal were not constructed by the I-210 Logistics Center III project (PPD 2400).

PSIP requested negotiation of a Construction Credit and Reimbursement Agreement for the full reconstruction of Baseline Road (the "Baseline Improvements") and the construction of the traffic signal improvements at Baseline Road/Laurel Avenue (the "Laurel Signal") (all defined as the "Eligible Public Improvements").

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.

On February 9, 2016, the City Council approved a Construction Credit and Reimbursement Agreement (**Exhibit C**) by and between the City of Rialto and PSIP ("Agreement"). Pursuant to the Agreement, the City compensates PSIP for the cost of constructing the Eligible Public Improvements.

When the City Council approved the Agreement, the estimated fee credit/reimbursement totaled \$340,917 for the Baseline Improvements and \$284,077 for the Laurel Signal as illustrated below:

ESTIMATED FEE CREDIT /REIMBURSEMENT SHAW PROJECT

	<u>Estimated Cost</u>	<u>Traffic Fee Credit</u>	<u>Reimbursement</u>
<u>Base Line Improvements</u>			
<i>Fund 250 - Regional Traffic</i>	\$ 340,917	\$ 340,917	\$ -
<u>Laurel Traffic Signal</u>			
<i>Fund 250 - Regional Traffic</i>	\$ 284,077	\$ 56,617	\$ 227,460
Totals	\$ 624,994	\$ 397,534	\$ 227,460

After the City Council approval of the Agreement, staff adjusted the actual Regional Traffic Fee to remove the Laurel Signal and granted an actual credit of \$340,917. On March 2, 2017, PSIP paid \$53,312.88 for the residual Regional Traffic Fees related to the Project and pulled building permits (Building Permit No. 2016-0047).

ANALYSIS/DISCUSSION:

PSIP completed the Project and construction of the Baseline Improvements, but did not construct the Laurel Signal. The I-210 Logistics Center III developer completed the Laurel Signal and is entitled to credit/reimbursement in accordance with its Development Agreement.

On November 15, 2018, PSIP sent a letter (**Exhibit D**) requesting that the City accept the Baseline Improvements as complete, release the performance bonds, and reimburse PSIP for the cost of constructing the Baseline Improvements pursuant to the Agreement.

Reimbursement Request

Staff completed a review of the construction costs and invoices submitted by PSIP for credit and reimbursement. The table below summarizes the construction costs for the Baseline Improvements and **Exhibit E** provides the detailed costs. The Public Works Department reviewed the actual construction costs submitted of \$368,751.92 and determined them fair and reasonable in accordance with the procedures in the Agreement. The actual construction cost exceeds the original credit amount of \$340,917.00 by \$27,834.92. The incremental costs were attributed to additional traffic

control planning and street rehabilitation work required by the City of Fontana on the south side of Baseline Road.

PSIP therefore requests reimbursement of \$27,834.92. The table below illustrates the City's obligation to PSIP for actual construction costs as **\$368,751.92**.

Fee Credit/Reimbursement DSID Project Summary					
Impact Fee Assessed	Fee Credit Paid	Actual DIF Fee	Estimated Cost	Actual Cost	Eligible Reimbursement
Base Line Improvements					
Fund 250 - Regional	250.00	250.00	250.00	250.00	250.00

Notice of Completion

PSIP completed construction of the on-site and off-site improvements established as conditions of approval for the Project and provided the as-built drawings. PSIP requested that the City accept the public improvements for maintenance constructed as required by the PPD. The Public Works Director/City Engineer should execute and file the Notice of Completion at the County Recorder's Office and the City should accept these improvements for future maintenance.

PSIP submitted as-built drawings, proof of payment adequate to support reimbursement from SANBAG (SBCTA) under the Measure I Program, and all other materials required by the Agreement.

ENVIRONMENTAL IMPACT:

On September 9, 2015, the City's Planning Commission adopted Resolution 15-30 approving Conditional Development Permit 772 and Notice of Determination for a Mitigated Negative Declaration (EAR-15-27) for the Project. This environmental review analyzed the construction of the on-site private and off-site public improvements. No further environmental review is warranted by this action.

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 reviewed and approved the staff report and the Resolution.

FINANCIAL IMPACT:

The City granted PSIP a credit of \$340,917 for the estimated costs of eligible improvements at building permit issuance. On March 2, 2017, PSIP paid Regional Traffic Fees of \$53,312.88. Based upon the final reconciliation of construction costs for the Eligible Public Improvements, the total reimbursement due PSIP from the Regional Traffic Fee (Fund 250) is \$27,834.92.

Staff recommends that the City Council approve a Budget Resolution amending the FY 18/19 Budget increasing appropriations in the Regional Traffic Fund Account No. 250-500-4312-3001-160703 in the amount of \$27,834.92 and reimburse PSIP \$27,834.92.

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*. Staff will update the street in the City's pavement management system accordingly (**Exhibit F**).

RECOMMENDATION:

Staff recommends that the City Council:

1. Authorize the Public Works Director/City Engineer to execute and file the Notice of Completion at the County Recorder's Office.
2. Accept for maintenance, those Public Improvements constructed on behalf of the City of Rialto by PSIP Rialto, L.P. required by the Precise Plan of Design, and pursuant to the Construction and Credit Agreement by and between the City of Rialto and PSIP Rialto.
3. Authorize the total reimbursement payment of \$27,834.92 to PSIP Rialto pursuant to the Construction and Credit Agreement by and between the City of Rialto and PSIP Rialto, paying \$27,834.92 from Regional Traffic Fees to PSIP Rialto.
4. Approve a Budget Resolution (**Exhibit G**) Amending the FY18/19 by increasing appropriations in the Regional Traffic Fund Account No. 250-500-4312-3001-160703 for \$27,834.92.