



# City of Rialto

## Legislation Text

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**File #:** CC-19-412, **Version:** 1

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For City Council Meeting [April 23, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Sean Grayson, Interim City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Director

Request City Council to Approve Amendment #2 to Exclusive Right to Negotiate Agreement with RV Spa for the Development of Approximately 6 Acres of Property located southwest of Casmalia Avenue and Alder Avenue.

### **BACKGROUND:**

On June 13, 2017, the City Council approved an Amended and Restated Purchase and Sale Agreement ("Agreement") between the City and the County of San Bernardino (County) for the purchase of County property (portions of APN 1119-241-01 and 02) consisting of approximately 13.22 acres situated south of Casmalia Avenue and west of Alder Avenue ("Property"). On December 26, 2018, the City escrow closed escrow on the Property with the County. Attached is a map showing the subdivision of the site into two parcels (**Exhibit A**).

The Property consists of two parcels: a 6.00 acre parcel beginning at Alder Avenue and going westerly ("Six Acre Parcel") and a second parcel of 7.22 acres situated west of the Six Acre Parcel ("Seven Acre Parcel"). The purchase price for each parcel was \$2,300,000 or \$4,600,000 total.

On July 24, 2018, the City Council approved entering into an Exclusive Right to Negotiate Agreement (ENA) with RV Spa to acquire and develop the Six Acre Parcel for recreational vehicle sales and service ("Project"). The ENA confers no development rights, but is simply a good faith statement of the party's intention to negotiate a disposition, development agreement (DDA) on terms acceptable to both parties. Attached is the ENA (**Exhibit B**).

During the ENA period:

1. RV Spa prepared various reports and studies precedent to submittal of land-use entitlement applications. On February 20, 2019, RVA Spa submitted the required entitlement application (s) to the Planning Division to develop and operate recreational vehicle sale and service use. Attached is the draft site map (**Exhibit C**).
2. RVA Spa made a Good Faith Deposit of \$10,000.00 to the City per the ENA.
3. The parties negotiated a term sheet that served as the foundation for the draft DDA.

On February 12, 2019, the City Council approved ENA Amendment #1 to extend the ENA period to

April 23, 2019.

**ANALYSIS/DISCUSSION:**

The City Attorney prepared a draft DDA and submitted it to RVA Spa. On April 11, 2019, staff received proposed DDA changes from the RVA Spa's legal counsel. Staff and RV Spa will meet to negotiate changes to the DDA. Staff originally anticipated scheduling a public hearing in March or April for the City Council to consider the DDA.

RVA Spa requests an extension to June 25, 2019, to allow time to complete the DDA negotiations, to notice the public hearing, and obtain City Council approval of the DDA (Amendment #2).

**ENVIRONMENTAL IMPACT:**

The request is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**GENERAL PLAN CONSISTENCY:**

The proposed action fulfills the following General Plan Goals and Policies related to Economic Development:

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

Policy 3-1.2: Encourage a variety of businesses to locate in Rialto, including retail, high technology, professional services, clean industries, logistics-based businesses, and restaurants/entertainment uses to promote the development of a diversified local economy.

Policy 3-1.4: Encourage the consolidation of smaller lots of industrial and commercial areas to attract larger industrial businesses or commercial projects.

**LEGAL REVIEW:**

The City Attorney reviewed and approved the staff report and Amendment #2 to the Exclusive Right to Negotiate Agreement.

**FINANCIAL IMPACT:**

Operating Budget Impact

The ERN requires the developer to provide the City a Good Faith Deposit of \$10,000 that the City may utilize for professional services, if needed. The developer paid the Good Faith Deposit deposited to Account No. 830-217-0000-0000. The City must reimburse the developer any unused funds from the Good Faith Deposit

Capital Improvement Budget Impact

This action has no impact on the capital improvement budget.

Business Licensing

Not required for this action.

**RECOMMENDATION:**

Staff recommends that the City Council approve Amendment #2 to the Exclusive Right to Negotiate Agreement (**Exhibit D**) by and between the City of Rialto and RVA Spa Inc. extending the termination date to June 25, 2019.