



City of Rialto

Legislation Text

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For City Council Meeting [June 11, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Sean Grayson, Interim City Administrator

FROM: Robb Steel, Assistant CA/Development Services Director

Request City Council to Adopt **Resolution No. 7527** Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and Christopher Development Group, Inc. and Adopt Budget **Resolution No. 7528** amending the FY18/19 Budget to increase expenditures of \$850,734 for Regional Traffic Fee Street Improvements and \$7,677 for Street Median Fee Improvements and to increase Revenues of \$522,042 for the Regional Traffic Fee and \$7,677 for the Street Median Fee.

(ACTION)

BACKGROUND:

Christopher Development Group, Inc., ("Developer") submitted various planning and development applications (PPD 2018-0062 and EAR 2018-0066) to the City to develop 66 detached single family dwelling units and 118 attached townhome dwelling units. The Project is located on 16 acres of land at 1096 W. Foothill Boulevard on the north side of Foothill Boulevard and west of Spruce Avenue (the "Project") (see map attached as **Exhibit A** and Project Site Plan as **Exhibit B**).

On November 7, 2018, the Transportation Commission reviewed the Traffic Study for the Project and set related conditions of approval. On March 13, 2019, the Development Review Committee ("DRC") approved the Precise Plan of Design subject to Conditions of Approval (**Exhibit C**). The Conditions of Approval for the Project require Developer to construct specified off-site improvements in accordance with the Foothill Boulevard Specific Plan ("Off-Site Improvements") including:

- (i) Widening and reconstructing the existing roadways to the full width improvement standard (120') along the Project's frontages on the north side of the centerline of Foothill Boulevard; and,
- (ii) Construct a 16-feet wide raised landscaped median island along the Foothill Boulevard frontages.

Developer agreed to construct the Off-Site Improvements subject to a Construction Fee Credit and Reimbursement Agreement (**Exhibit D**). 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:

Section 3.33.110 of the Rialto Municipal Code 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 fee credit eligible public facility submitted by the Developer. The cost estimate for the Off-Site Improvements is attached hereto as **Exhibit E**.

The Regional Traffic Fee Program (Measure I) and the approved 2017 Project List identified the widening of Foothill Boulevard 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 does not provide credit or reimbursement for parkway landscaping, utility relocation or utility undergrounding. The City has included median islands in the eligible basis if the City conditioned the Project for access control purposes and safety enhancement.

The Project owes an estimated \$522,042 in Regional Traffic Development Impact Fees. The estimated construction cost for the eligible Regional Traffic Fee improvements is \$850,734. Because this cost exceeds the Project's estimated Regional Traffic Fee obligation of \$522,042, Developer requests a full fee credit and reimbursement for the actual costs exceeding the Project's Regional Traffic Impact Fee. The City's reimbursement obligation from Regional Traffic Fees is therefore \$328,692; however, the final reimbursement will be based upon actual eligible construction costs and actual fee credits.

The raised landscaped median along Foothill Boulevard qualifies as an eligible improvement and credit against Street Median Development Impact Fees in accordance with RMC 3.33.180. The Foothill Boulevard Specific Plan requires the street median as for traffic flow efficiencies and aesthetic enhancements. The City originally conditioned the Developer to install the street median along the entire Project frontage. However, the Developer requested that the City consider a modification to the condition and only require construction of the median island easterly of the Project entry on Foothill Boulevard. The City and Developer considered the following options to construct the street median:

1. The Developer agreed to pay an in-lieu fee to the City representing a 50% fair share (\$335,100) contribution and either the City or the developer of the vacant parcel south of the Project would construct the median at a future date. The Developer originally preferred this option because it fixed its costs, and the median island would not restrict the Project access for some time. The City benefited because it received \$335,100 for future median improvements and did not grant a credit against fees due or an actual reimbursement for the median improvements.
2. The Developer proposed to construct the segment of the median between the Project's Foothill Boulevard main entry and Spruce Avenue, with a credit for the \$7,677 Street Median

Impact Fee, but otherwise no other credit or reimbursement from the City to the Developer. Under this scenario, motorists can make eastbound left turns into the Project via a striped median but the hard median extension will prevent vehicles from making outbound left turns to easterly Foothill Boulevard. The Developer estimates its improvement cost for this median segment at \$342,777. The City receives a partial median for minimal fee credit consideration, and the City retains flexibility to design the eliminated median portion when the City knows more about the south side development and its access requirements. The parcel on the south side is zoned for residential uses in the Foothill Boulevard Specific Plan.

3. The Developer constructs the median along the entire Project frontage and the City provides credits or reimbursements totaling \$685,554 to the Developer upon completion from Street Median and Regional Traffic Development Impact Fees.

The City and Developer agreed upon Option 2 (illustration provided as **Exhibit F**). It improves traffic safety by controlling the easterly left turns from the Project and provides the City with some flexibility to plan the westerly median extension when the City knows more about the south side development. The City can complete the remainder median improvements by conditioning the south side development or as a separate CIP. The improvement will include installation of a traffic signal at Larch Avenue and Foothill Boulevard (as part of the future Larch Avenue extension). The City additionally benefits by, in effect, receiving 50% of the improvements at no cost to the fee programs.

The Project owes an estimated \$7,677 in Street Median Development Impact Fees. Under Option 2, the estimated construction cost for the street median improvements is \$342,777. The Developer will receive a \$7,677 credit but otherwise absorb the \$335,100 cost differential.

The table below summarizes the Off-Site Improvement costs, estimated fee credits, and potential reimbursements:

ESTIMATED FEE CREDITS/REIMBURSEMENTS

	Fund #	Eligible Costs	Fee Obligations	Estimated Fee Credit	City Reimbursement	Developer Pays
Foothill Boulevard Improvements						
Street Widening	Fund 250	\$ 850,734.00	\$ 522,042.00	\$ (522,042.00)	\$ 328,692.00	\$ -
Street Median Installation - Option #2	Fund 255	\$ 342,777.00	\$ 7,677.00	\$ (7,677.00)	\$ -	\$ 335,100.00
TOTAL:		\$1,193,511.00	\$ 529,719.00	\$ (529,719.00)	\$ 328,692.00	\$ 335,100.00

Section 5.3.4 of the Agreement specifies that the Developer shall have no right to receive the reimbursement of \$328,692 ("Reimbursement") unless and until all of the following are met: (i) the Off-Site Improvements are completed and accepted by the City, (ii) the City has sufficient funds in the City's Regional Traffic Fee to pay the Reimbursement, and (iii) the City Council appropriates said funds to pay the Reimbursement in accordance with the priority schedule for City Council approved projects. The Project shall become the top priority project following reimbursement to the higher priority projects identified on **Exhibit G**.

ENVIRONMENTAL IMPACT:

On February 27, 2019, the Planning Commission adopted a Mitigated Negative Declaration (EAR 2018-0066) 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.

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:

The City Attorney prepared the Construction Fee Credit and Reimbursement Agreement, reviewed, and approved the staff report and Resolution.

FINANCIAL IMPACT:

Operating Budget Impact

There are no immediate impacts to operating budget. The additional roadway improvements will increase street maintenance expenditures in the future.

Capital Budget Impact

The City normally receives Development Impact Fees at issuance of building permits. In this case, Developer will receive a credit up to the estimated cost of eligible improvements at building permit issuance, and a claim for reimbursement for any excess costs. 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 Fee Credit and Reimbursement Agreement.

Developer intends to pull its building permit in Fiscal Year 2019-20. The City did not previously budget the fee credits and reimbursement payments to the Developer in the FY18/19 Budget. Staff recommends that the City Council approve a Budget Resolution amending the FY18/19 Budget to increase appropriations by \$850,734 (combined credit and reimbursement amount) from Fund 250 to Account 250-500-4312-3001 for Regional Traffic Fee street improvements and to increase appropriations of \$7,677 (credit amount) from Fund 255 to Account No. 255-500-4314-3001. The Budget Resolution also amends the FY18/19 Budget to appropriate the estimated credit amounts of \$522,042 From Fund 250 to Account 250-400-4312-3001 and \$7,677 from Fund 255 to Account No. 255-400-4314-3001. The City will pay the reimbursement amount of \$328,692 from Account 250-500-4312-3001.

The City intends to pay the reimbursement amount immediately upon completion of the Off-Site

Improvements, the acceptance as complete by the City Council, and the availability of Regional Traffic Fee Funds pursuant to Section 5.3.4 of the Construction Fee Credit and Reimbursement Agreement.

Licensing

Contractors performing the off-site street improvements are required to obtain a business license.

RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt a Resolution (**Exhibit H**) Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and Christopher Development Group, Inc.
2. Approve a Budget Resolution (**Exhibit I**) Amending the FY18/19 Budget by increasing appropriations in the Regional Traffic Fund Account No. 250-500-4312-3001 in the amount of \$850,734 (combined credit and reimbursement amount) and the Street Median Fee Account No. 255-500-4314-3001 in the amount of \$7,677 (credit amount) and increasing appropriations in the Regional Traffic Fund Account No. 250-400-4312-3001 in the amount of \$522,042 (estimated credit amount) and in the Street Median Fee Account No. 301-400-4312-3001 in the amount of \$7,677 (estimated credit amount).