



City of Rialto

Legislation Text

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For City Council Meeting [July 23, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Administrator

FROM: Robb Steel, Assistant CA/Development Services Director

Request City Council to Adopt **Resolution No. 7548** Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and CDRE Holdings 11, LLC.

(ACTION)

BACKGROUND:

CDRE Holdings 11, LLC, ("Developer") submitted various planning and development applications (PPD 2018-0021 and EAR 2018-0025) to the City to develop a warehouse consisting of a 99,999 square foot building on 5.01 acres of land on the north side of Baseline Road, east of Palmetto Avenue (Assessor Parcel Number 0248-181-32) (the "Project"). The Project Location Map is attached as **Exhibit A** and the Project Site Plan is attached as **Exhibit B**.

On September 5, 2018, the Transportation Commission approved the Traffic Study for the Project and set related conditions of approval. On January 23, 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 Renaissance Specific Plan (Off-Site Improvements) including:

- (i) Widening and reconstructing the existing roadway along the Project's frontage on the north side of Baseline Road; and,
- (ii) Installing a landscaped raised median along the Project's frontage on Baseline Road and further east to include the frontage of the neighboring church, connecting to the median that Oakmont will construct westerly from Tamarind Avenue (this was a condition imposed by the City of Fontana). The City proposes to grant a priority reimbursement for the cost of the median improvements adjacent to the Project Site.

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:

Fee Credits and/or Reimbursements

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 fee credit eligible public facility submitted by the Developer.

The Regional Traffic Fee Program (Measure I, 2017 Update) identifies the widening of Baseline Road from three lanes to four lanes, commencing from the west City limits to Ayala Drive. 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 raised landscape median on Baseline Road also qualifies as an eligible improvement under both the Regional Traffic Fee and the Street Median Fee Program (Street Median Fee) (RMC 3.33.180).

The Project owes an estimated \$279,997 in Regional Traffic Development Impact Fees based upon the current fee schedule. The estimated construction cost for the eligible Regional Traffic Fee improvements is \$350,153. Because this cost exceeds the Project's Regional Traffic Fee obligation of \$279,997, 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 estimated at \$70,156.

The Project owes an estimated \$2,000 for the Street Median Fee. The estimated construction cost for the street median is \$191,393 ("Street Median Construction Costs"). Because the cost exceeds the Street Median Impact Fee obligation of \$2,000, Developer requests a full fee credit, and reimbursement for actual costs exceeding the Street Median Fee. The City's reimbursement obligation from the Street Median Fee is therefore \$189,393. The cost estimate for the street improvements is attached hereto as **Exhibit E**.

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
<u>Baseline Avenue</u>						
Street Widening	Fund 250	\$ 350,153.00	\$ 279,997.20	\$ (279,997.20)	\$ 70,155.80	\$ -
Street Median Installation	Fund 255	\$ 191,393.00	\$ 1,999.98	\$ (1,999.98)	\$ 189,393.02	\$ -
TOTAL:		\$ 541,546.00	\$ 281,997.18	\$ (281,997.18)	\$ 259,548.82	\$ -

Section 5.3.4 of the Agreement specifies that the Developer shall have no right to receive the reimbursements of \$259,548.82 (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 and Street Median Development Impact Fee Accounts 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, with the exception of \$38,278.60 for street median improvements (representing the estimated cost of the median fronting the church property to the east). The City will pay \$38,278.60 within sixty (60) calendar days after the City accepts the Off-Site Street Improvements. Staff prepared a five-year impact fee model

based on existing and future projected revenue and projects and determined sufficient funds exists to reimburse the Developer. The Project shall become the top priority project following reimbursement to the higher priority projects identified on **Exhibit F**.

ENVIRONMENTAL IMPACT:

On January 9, 2019, the Planning Commission adopted a Mitigated Negative Declaration (EAR 2018-0025) 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 for the Project before December 31, 2019. The City did not previously budget the fee credits and reimbursement payments to Developer. The combined credit and reimbursement amount of \$350,153.00 will be allocated to Fund 250 for street widening improvements; and the combined credit and reimbursement amount of \$191,393.00 will be allocated

to Fund 255 for street median improvements. If inadequate funds exist in Fund 255, then monies from Fund 250 are eligible to cover reimbursement balance for street median.

The City intends to pay the reimbursement amounts 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 Adopt a Resolution (**Exhibit G**) Approving a Construction Fee Credit and Reimbursement Agreement by and between the City of Rialto and CDRE Holdings 11, LLC.