

# City of Hesperia

## STAFF REPORT



**DATE:** August 6, 2019

**TO:** Mayor and Council Members

**FROM:** Nils Bentsen, City Manager

**BY:** Michael Blay, Assistant City Manager  
Jamie Carone, Administrative Analyst

**SUBJECT:** Covenant Agreement for Reimbursement of Sewer Connection Operating Costs between the City of Hesperia and Rich Development Enterprises, LLC.

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### RECOMMENDED ACTION

It is recommended that the City Council approve the Covenant Agreement for Reimbursement of Sewer Connection Operating Costs between the City of Hesperia (City) and Rich Development Enterprises, LLC (Developer) to facilitate the financial reimbursement arrangement for sewer fees charged to the City for sewer invoices incurred by the Developer pursuant to the agreement between the City and San Bernardino County Service Area (CSA 64).

### BACKGROUND

On March 5, 2019, City Council approved the final, amended version of the agreement between the City and CSA 64 (CSA Agreement) to facilitate the extension of sewer service to the south of CSA 64 in order to serve property within the City's boundary located on the southern portion of Bear Valley Road near Fish Hatchery Road.

The impetus of the CSA Agreement was to provide sewer service to the Rich Development project and surrounding areas as the construction of a sewer connection is a condition of approval for the proposed commercial shopping center, and, at the time of the agreement, none existed. The City entered into the CSA Agreement on April 2, 2019 which established that CSA 64 would provide sewer service to the City for the Development Area.

The CSA Agreement also established a method for CSA 64 to collect meter data and sewer service fees whereby CSA 64 will bill the City directly for sewer services from the aforementioned property on a bimonthly basis.

In order to recoup these costs, as well as administrative costs involved in the processing of invoices, and as a material consideration for the City executing the CSA Agreement, the City must enter into an Agreement with the Developer, and/or future property owners, to establish a method of reimbursement as well as related terms and conditions to that reimbursement arrangement. The subject Agreement between Rich Development and the City establishes that the Developer shall reimburse the City for all sewer invoices incurred pursuant to the CSA Agreement as well as a 10% administrative fee.

## **ISSUES/ANALYSIS**

Staff recommends that City Council approve the Covenant Agreement for Reimbursement of Sewer Connection Operating Costs between the City and Rich Development Enterprises, LLC in order to both facilitate the required construction of a sewer connection to the property at 18667 Bear Valley Road and to facilitate a repayment agreement between the City and the Developer to cover all sewer invoices and related administrative costs.

## **FISCAL IMPACT**

There is no fiscal impact associated with this request.

## **ALTERNATIVE(S)**

Provide alternative direction to Staff.

## **ATTACHMENT(S)**

1. Resolution No. 2019-037
2. Draft Rich Development Agreement
3. CSA Agreement for reference