

City of Hesperia

STAFF REPORT



DATE: October 15, 2019

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

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

SUBJECT: Amendment to the Covenant Agreement for Reimbursement of Sewer Connection Operating Costs between the City of Hesperia and 18667 Hesperia, LLC.

RECOMMENDED ACTION

It is recommended that the City Council approve an amendment to the Covenant Agreement for Reimbursement of Sewer Connection Operating Costs (Agreement) between the City of Hesperia (City) and 18667 Hesperia, LLC (Developer) to change the owner name on the Agreement from Rich Development Enterprises, LLC to 18667 Hesperia, LLC.

BACKGROUND

On March 5, 2019, City Council approved the final, amended version of an 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 purpose of the CSA Agreement was to provide sewer service to the Rich Development Retail Project.

The CSA Agreement 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. Furthermore, in order to recoup these costs, the City had to enter into an Agreement with the Developer to establish a method of reimbursement as well as related terms and conditions to that reimbursement arrangement.

On August 6, 2019, City Council approved this Agreement which established that the Developer would reimburse the City for all sewer invoices incurred pursuant to the CSA Agreement as well as a 10% administrative fee.

However, upon final review, the Developer notified City Staff that the owner name on the Agreement was incorrect. The original Agreement lists Rich Development, LLC as the property owner; however, San Bernardino County Records indicates that the property owner of this parcel is 18667 Hesperia, LLC.

ISSUES/ANALYSIS

Staff recommends that City Council approve the amendment to the Agreement between the City and 18667 Hesperia, LLC to change the owner name from Rich Development Enterprises, LLC

to the correct owner name of 18667 Hesperia, LLC. This approval is needed in order to finalize the agreement and facilitate a repayment arrangement 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. 2019-058
2. Covenant Agreement for Reimbursement of Sewer Connection Operating Costs