

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

723



FROM: Economic Development Agency

SUBMITTAL DATE:
March 7, 2013

SUBJECT: Spring Mountain Ranch – Wastewater Treatment and Sewer Installation Agreements

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the First Amendment to Agreement for Wastewater Treatment for Highgrove Community by and between the City of Riverside and the County acting by and through CSA 152-C and to authorize the Chairman to execute the agreement; and
2. Approve the First Amendment to the Amended and Restated Sanitation System and Installation Agreement by and between SFI SMR, LLC and the County acting by and through CSA 152-C and to authorize the Chairman to execute the agreement.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER
DATE: 3/27/13
Departmental Concurrence

Consent
 Policy

 Consent
 Policy

Prev. Agn. Ref.:

District: 2/2

Agenda Number:

3-12

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

On June 22, 2004 the City of Riverside and the County of Riverside entered into an Agreement for Wastewater Treatment for the Highgrove Community. The County purchased the right to deliver wastewater generated by the Highgrove Community to the City for treatment and disposal, and the City agreed to accept, treat and dispose of wastewater generated by the Highgrove Community, subject to the terms and conditions set forth in the Treatment Agreement.

Incorporated into the agreement was a separate Agreement between the County of Riverside and SMR Ventures LLC., the developer of the Spring Mountain Ranch project. Under that Agreement, SMR Ventures agreed to pay sewer connection fees to the City of Riverside for 1,631 Equivalent Development Units (EDU's) in five scheduled installments. To date the developer has paid for 1,276 EDU's but has not made any connections to the sewer system.

The current owner of the Spring Mountain Ranch development has requested to defer the final payment for the remaining 355 EDU's until such time that they seek issuance of a building permit for the 1,277th EDU connection. The dollar amount due on the final installment will be based on the fee schedule in effect at the time of payment. The attached Amendment to the Agreement for Wastewater Treatment for the Highgrove Community amends the payment schedule as outlined above.

**FIRST AMENDMENT TO AGREEMENT FOR
WASTEWATER TREATMENT FOR HIGHGROVE COMMUNITY**

This First Amendment to Agreement for Wastewater Treatment for Highgrove Community (this "**Amended Treatment Agreement**"), dated as of _____, 2012 ("**Effective Date**"), is made by and between the City of Riverside, a California charter city and municipal corporation ("**City**") and the County of Riverside, a political subdivision of the State of California ("**County**").

RECITALS

City and County entered into that certain Agreement for Wastewater Treatment for Highgrove Community, dated June 22, 2004, (the "**Treatment Agreement**") whereby County purchased the right to deliver wastewater generated by the Highgrove Community to the City for treatment and disposal, and the City agreed to accept, treat and dispose of wastewater generated by the Highgrove Community, subject to the terms and conditions set forth in the Treatment Agreement.

A. Unless otherwise defined in this Amended Treatment Agreement, all capitalized terms used herein shall have the defined meanings ascribed to them in the Treatment Agreement.

B. County and SMR Ventures, LLC ("**SMR**") entered into that certain Amended and Restated Sanitation Installation and Service Agreement, dated June 22, 2004 ("**Amended Installation Agreement**"), whereby SMR agreed to design and construct the sanitation collection system, including the necessary infrastructure for collection and delivery of wastewater to the City system for approximately 1,631 EDUs on that certain property commonly known as Spring Mountain Ranch. In Paragraph 3(c) of the Amended Installation Agreement, SMR acknowledges that the Treatment Agreement provides for the payment of certain Sewer Connection Fees and incorporates the Treatment Agreement by reference.

C. On July 27, 2009, SMR assigned all right, title and interest in the Amended Installation Agreement to SFI SMR, LLC, a Delaware limited liability company (the "**Developer**"), which assignment has been approved by County in accordance with the Amended Installation Agreement.

D. Exhibit "E" to the Treatment Agreement sets forth the Sewer Connection Fees and Schedule of Payment to be paid by, or on behalf of the Highgrove Community property owners or their assigns at the time of, or prior to, the issuance of building permits. Pursuant to Paragraph 11(a) of the Treatment Agreement, the Sewer Connection Fees are fixed for a period of five (5) years from the Commencement Date.

E. SMR has agreed to pay Sewer Connection Fees in an amount of \$4,729,900. Through the date of this Amended Treatment Agreement, Developer has paid \$3,700,400 dollars, representing 1,276 EDUs of the Sewer Connection Fees to the County and City for the Spring Mountain Ranch Project, as described in Exhibit "E" to the Treatment Agreement.

F. City and County now desire to amend Exhibit "E" of the Treatment Agreement in order to extend the payment schedule for the remaining Sewer Connection Fees to be paid by Developer.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and County hereby agree as follows:

1. Paragraph 1 of the Schedule of Payment set forth on Exhibit "E" of the Treatment Agreement shall be amended to read as follows:

"1. Spring Mountain Ranch

County shall request that Developer, and its successors and assigns, the owner and/or developer of the Project known as Spring Mountain Ranch, which is legally described in the "Amended and Restated Sanitation System Installation and Service Agreement," dated June 22, 2004, by and between County of Riverside and Developer, pay all connection charges for users within such project according to actual build out or the following schedule, whichever occurs first:

a. 22% of Project Connection Fees on or before November 22, 2006
b. 18% of Project Connection Fees on or before November 22, 2006
c. 20% of Project Connection Fees on or before March 1, 2007
d. 18% of Project Connection Fees on or before July 2, 2008
e. the Project Connection Fees for the remaining EDUs on or before the date of issuance of a building permit for the 1,277th EDU in the Spring Mountain Ranch project, which shall thereafter be paid in accordance with the current City fee schedule in effect at the time of payment."

2. A copy of the current 2012 Sewer Connection Fees are attached hereto for reference.

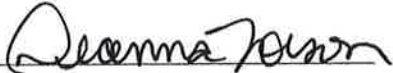
3. Except as expressly amended, modified or supplemented by this Amended Treatment Agreement, all provisions of the Treatment Agreement remain unchanged and in full force and effect. In the event of any inconsistency between this Amended Treatment Agreement and the Schedule of Payment set forth in Exhibit "E" of the Treatment Agreement, the terms of this Amended Treatment Agreement shall control.

4. This Amended Treatment Agreement may be executed in counterparts, each of which shall be deemed an original (including copies sent to a party by facsimile or electronic transmission), but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, City and County have executed this Amended Treatment Agreement as of the date first set forth above.

City of Riverside, a California charter city and municipal corporation


County of Riverside, a political subdivision of State of California, acting by and through the Riverside County Service Area 152-C

By: 
Name: Deanna Lorson
Title: Assistant City Manager

By: _____
JOHN J. BENOIT, Chairman
Board of Supervisors

ATTEST

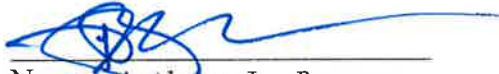
ATTEST


By: 
Name: Colleen J. Nicol
Title: City Clerk

By: _____
Name: _____
Title: _____

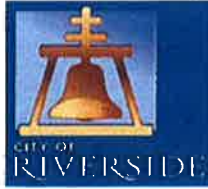
APPROVED AS TO FORM

APPROVED AS TO FORM


Name: Anthony L. Beaumon
Deputy City Attorney


Name: _____
Deputy County Counsel

ATTACHMENT 1
2012 Sewer Connection Fees



City of Riverside

HIGHGROVE SEWER CAPACITY CHARGE (CONNECTION FEES)

Residential and Commercial Capacity Charge Schedule

User Rate Categories	Capacity Charge	
	Per/ Units	Effective July 1, 2012
Residential Sewer Capacity Charge		
Basic Multi-Family Dwelling Unit	Unit	\$5,257
Basic Single Family Dwelling Unit	Unit	\$5,823
Commercial Sewer Capacity Charge		
Basic Commercial (Flat Rate)	Unit	\$5,823
Commercial Sewer Capacity Charge Structure		
Department & Retail Stores	1,000 S.F.	\$339
Hotels & Motels	Unit	\$2,133
Laundromats	1,000 S.F.	\$14,517
Laundries	1,000 S.F.	\$13,248
Markets	1,000 S.F.	\$3,270
Mortuaries	1,000 S.F.	\$8,926
Professional Offices	1,000 S.F.	\$564
Repair Shops & Service Stations	1,000 S.F.	\$6,390
Restaurants	1,000 S.F.	\$14,092
Other Commercial	1,000 S.F.	\$939
Hospitals	1,000 S.F.	\$2,323
Churches & Halls	1,000 S.F.	\$2,368
Schools "B"	1,000 S.F.	\$774
Other Commercial "A"	1,000 S.F.	\$2,443
Other Commercial "B"	1,000 S.F.	\$583
Warehouse	1,000 S.F.	\$162