



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 2, 2021

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: STEVE DANLEY, ACTING CITY MANAGER

PREPARED BY: MEG McWADE, PUBLIC WORKS DIRECTOR
DEREK WIESKE, PRINCIPAL CIVIL ENGINEER / ACTING CITY ENGINEER

SUBJECT: AGREEMENT WITH GLC FULLERTON LLC FOR INDUSTRIAL LOGISTICS CENTER AT 2001 EAST ORANGETHORPE AVENUE (GOODMAN LOGISTICS CENTER FULLERTON) TO MODIFY DEVELOPER'S CATEGORY OF PUBLIC BENEFITS ASSOCIATED WITH THE PROJECT

SUMMARY

This action directs the development and execution of an agreement with GLC Fullerton LLC to facilitate the construction of various public facilities associated with the Goodman Logistics Center Project located at 2001 East Orangethorpe Avenue.

RECOMMENDATION

1. Direct the City Attorney to develop an agreement with GLC Fullerton LLC that does not reduce the public benefit amounts associated with the Goodman Logistics Center Project located at 2001 East Orangethorpe Avenue but modifies the specific category of benefit.
2. Authorize the Acting City Manager to execute and administer the agreement, in the form developed and approved by the City Attorney.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Infrastructure and City Assets.

FISCAL IMPACT

Staff does not anticipate the net fiscal impact of the public benefits / improvements associated with the Goodman Logistics Center Project at 2001 East Orangethorpe Avenue to change with this agreement. This action recommends modification of that category of the developer's financial obligation. The fiscal impact of the proposed changes is as follows:

Public Improvement/Benefit*				Original	Revised	Change
Water	Well	Line	Replacement	\$ 63,500	\$ 90,500	\$ 27,000
Contribution						
Water	Well	Antenna	Contribution (if needed)	27,000	0	(27,000)
Sewer Infrastructure Replacement**				0	79,000	79,000
Traffic signal (State College/Kimberly) Contribution				400,000	321,000	(79,000)
Net Change						0

*This list is not all inclusive as the Goodman Project is providing other improvements such as street reconstruction on Orangethorpe as well as Kimberly (from Acacia to State College).

**Replacement of deficient manholes (City responsibility) was not originally anticipated with this project.

The overall public benefit from the project will not change with this agreement. As presented above, the anticipated change will revise the traffic signal cost the developer is responsible for from \$400,000 to \$321,000. Staff will not know the cost of traffic signal improvements the traffic signal design is finalized. If the cost of traffic signal improvements exceeds \$321,000, the City may need to expend additional funds.

DISCUSSION

The Goodman Logistics Center Project at 2001 East Orangethorpe Avenue involves the redevelopment of the former Kimberly Clarke site with an industrial logistics center consisting of four buildings on four separate lots, totaling over 1.5 million square feet. City Council approved a development agreement with GLC Fullerton LLC approving the project in November 2020. At that time, the development agreement outlined several improvements / public benefits, including the following:

- Contribution to removal and replacement of City's water line and associated pipes, fittings and valves between the City's on-site water well and the water main on Kimberly Avenue. The developer's obligation for this work totaled \$63,500.
- Contribution to replacement of the City's antenna tower serving the existing water well operations due to the height of the new building adjacent to the tower potentially impacting signal, if needed. The developer's obligation for this work, if needed, would total \$27,000.
- Reconstruction of the pavement section of Orangethorpe Avenue from State College Boulevard to Acacia Avenue is the responsibility of the developer.
- Contribution to the installation of a new traffic signal at the intersection of State College Boulevard and Kimberly Avenue. The developer's obligation for this work

will total \$400,000, with the City absorbing any additional cost associated with the installation.

Since the time of project approval last year, staff has worked with representatives from GLC Fullerton LLC to keep the project construction on schedule. Construction costs nationwide have escalated considerably in the past year and these increased construction costs, as well as changed field conditions, have made it necessary to revisit the City's and developer's financial obligations associated with this project. Specifically, staff recommends City Council memorialize two recommended changes, as follows:

1. The estimated cost of the removal and replacement of the water line between the City's on-site water well and the water main on Kimberly Avenue now totals approximately \$90,000. Rather than the City providing the developer with the additional funding, staff recommends that the completion of the water line work could satisfy the developer's obligations for both water line replacement and antennae installation. Representatives from GLC Fullerton LLC have agreed to this recommendation.
2. To accomplish the reconstruction of the pavement on Orangethorpe Avenue from State College Boulevard to Acacia Avenue, the developer's contractor will need to adjust some of the sewer manholes on Orangethorpe Avenue to grade as a part of the paving operations. However, staff recently discovered that the manholes are structurally deficient and beyond their useful life and therefore need replacement prior to the paving operations. The developer's original scope of work did not include this work. The City will pay the cost to perform this necessary work.

The developer's contractor will install their traffic controls for other work on Orangethorpe Avenue and has offered to replace the manholes at the same time, at a cost of \$79,000. Staff believes this is a reasonable cost for this work. Because the developer is currently underway with the project, the developer can perform the work cost-effectively and more quickly than if the City performed a stand-alone project to replace the manholes later. Therefore, staff recommends that the City accept the offer to replace the manholes by the Developer's contractor. Rather than compensate the developer directly for the work, Staff recommends revising the Developer's contribution related to the traffic signal installation on State College Boulevard and Kimberly Avenue, originally in the amount of \$400,000, to \$321,000. Staff has not determined the final cost of the traffic signal because the final design is not completed, and therefore, staff does not know the City's ultimate financial obligation for this planned traffic signal. The final design will require the approval of BNSF prior to installation.

Staff recommends that City Council direct the City Attorney to develop an agreement with GLC Fullerton LLC which does not reduce the project public improvements / benefits required of the developer but modifies the category of the public benefits as outlined in the report and authorize the City Manager to execute the agreement.