



Staff Report

TO: City Council
FROM: Jeff Hart, Director of Public Works
DATE: September 6, 2022
SUBJECT: Authorization for a Letter of Credit for Mitigation Bank Credits associated with Fire Station No. 106

Background and Analysis:

On March 1, 2022, City Council adopted the Initial Study/Mitigated Negative Declaration (IS/MND) and Mitigation and Monitoring Reporting Program (MMRP) for Fire Station No. 106, also known as the Westside Fire Station. The MMRP identified several mitigation measures required to ensure that Fire Station No. 106 complies with all applicable environmental mitigation requirements identified in the IS/MND (see Attachment A).

One of the mitigation measures, MM-BIO-2, requires the City to offset permanent impacts to 0.07-acres of riverine resources by purchasing 0.07 acres of re-establishment credits and 0.07 acres of re-habilitation credits from the Riverpark Mitigation Bank located within the San Jacinto watershed. The City obtained a quote for \$56,000 for the required 0.14 acre credits within the current phase of the Riverpark Mitigation Bank; however, there are no available credits remaining in the current phase. The management of the Riverpark Mitigation Bank has stated that the next phase of credits is projected to be released in 2023. The cost of the next phase credits is unknown at this time but is not expected to exceed 120% of the current cost.

As an alternative to purchasing credits prior to the start of construction, the California Department of Fish and Wildlife (CDFW) allows the deferred purchase of credits by accepting security in the form of a Letter of Credit (LOC). The LOC template is included as attachment B for reference.

In order to prevent a construction delay, City staff is seeking City Council approval to request a LOC prior to final approval from CDFW. CDFW has not yet approved the City's request to provide a LOC in lieu of purchased credits prior to construction. It is anticipated that the LOC amount will not exceed \$67,200; which is 120% of the current phase estimate.

Fiscal Impact:

Project funding is based on the approved five-year Capital Improvement Plan. An amount not to exceed \$67,200 will be paid from the permit budget. The following is a summary of the funding and budget:

CIP2017-028 Westside Fire Station Project Accounting Summary				
Funding Summary				
Funding Year	Funding Source			Amount
FY17/18	DIF			\$1,000,000.00
FY18/19	DIF			\$3,100,000.00
FY20/21	Bond Proceeds			\$3,984,954.00
FY20/21	General Fund Reserves			\$565,045.00
Total Project Funding =				\$8,649,999.00
Budget Summary				
Project Component	Budget	Encumbered	Paid to Date	Remaining Budget
Project Management	\$2,500.00	(\$2,316.96)	(\$2,316.96)	\$183.04
Preliminary Services	\$7,500.00	(\$7,500.00)	(\$7,500.00)	\$0.00
Environmental	\$149,000.00	(\$148,200.30)	(\$63,976.68)	\$799.70
Design	\$270,000.00	(\$270,101.00)	(\$237,273.00)	(\$101.00)
Construction	\$8,113,500.00	(\$7,475,000.00)	\$0.00	\$638,500.00
Construction Management	\$40,000.00	(\$40,000.00)	\$0.00	\$0.00
Permits	\$67,499.00	(\$67,200.00)	\$0.00	\$299.00
Equipment	\$0.00	\$0.00	\$0.00	\$0.00
Project Summary Totals	\$8,649,999.00	(\$8,010,318.26)	(\$311,066.64)	\$639,680.74

Recommended Action:

Authorize City staff to execute a letter of credit in an amount not to exceed \$67,200 for future purchase of mitigation bank credits associated with Fire Station No. 106.

Attachments:

- A. Mitigation and Monitoring Reporting Program
- B. Letter of Credit Template