



Staff Report

TO: City Council

FROM: Jeff Hart, Public Works Director

DATE: June 15, 2021

SUBJECT: **Authorize City Staff to Issue a Bond Exoneration Letter for Performance and Payment Bond No. 106679751 for Fourth Street Traffic Signal and Striping Improvements associated with Parcel Map No. 34209, Accept Maintenance Bond No. 107366940, and Authorize the Finance Department to Refund McDonald Property Group, Inc., \$85,019.67 Pursuant to the City Fee Credit Agreement, Dated February 5, 2019**

Background and Analysis:

The City requires all developers to provide construction security for public improvements consisting of, but not limited to, street improvements, sewer improvements, storm drain improvements, and survey monumentation. After the improvements are constructed, City staff verifies that no liens have been filed and that the improvements are completed in accordance to the project's conditions of approval, design standards, and City requirements. Once verified, City Council may exonerate the construction security and accept a one-year maintenance security.

During the one-year maintenance period, the developer maintains all associated improvements. After the one-year term has elapsed, the developer petitions the City to accept the improvements into the publicly maintained system and exonerate the maintenance security.

The developer, McDonald Property Group, Inc., has constructed all work associated with Public Works File No. PW2020-0612 and as shown on City File No. 3279, under Performance and Payment Bond No. 106679751. Improvements generally consist of traffic signals and related improvements at the following intersections:

- Fourth Street and Prime Drive,
- Fourth Street and Distribution Way,
- Fourth Street and Veile Avenue, and
- Minor improvements at Fourth Street and Potrero Boulevard.

City staff has verified that no liens have been filed and that the improvements were constructed in accordance with the project's conditions of approval, design standards, and City requirements. Additionally, City staff has received and reviewed the Maintenance Bond No. 107366940, provided by USEF Crossroads II, LLC.

In addition to the construction security, the City entered into a fee credit agreement with USEF Crossroads II, LLC, dated February 5, 2019. The fee credit agreement contains eligible fee credits for the installation of the aforementioned three (3) traffic signals. As stated in the agreement, a traffic signal fee of \$85,019.67 is due prior to the issuance of the certificate of occupancy but is eligible to be refunded back to USEF Crossroads II, LLC, upon completion of said traffic signals. On October 30, 2019, McDonald Property Group, Inc., on behalf of USEF Crossroads II, LLC, provided a check in the amount of \$85,019.67.

Therefore, City staff recommends that City Council accept the maintenance bond, authorize City staff to issue a bond exoneration letter for the performance and payment bond, and authorize the Finance Department to refund McDonald Property Group, Inc., \$85,019.67.

Fiscal Impact:

The cost of preparing the staff report is estimated to be \$1,000.

Recommended Action:

Authorize City staff to issue a bond exoneration letter for Performance and Payment Bond No. 106679751 for Fourth Street traffic signal and striping improvements associated with Parcel Map No. 34209;
Accept Maintenance Bond No. 107366940; and
Authorize the Finance Department to refund McDonald Property Group, Inc., \$85,019.67 pursuant to the fee agreement, dated February 5, 2019.

Attachments:

- A. Bond Exoneration Application
- B. Maintenance Bond No. 107366940
- C. Fee Agreement, dated February 5, 2019