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## Staff Report

Item #   8  

**To:           Redevelopment Agency Board**  
**From:       David Wlaschin, Public Works Director**  
**Date:        March 1, 2006**  
**Subject:     Storm Sewer System Reimbursement**

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**Background:**

Staff has been approached by the developers of a gas station/convenience store at the southwest corner of West Bush Street and 19 ½ Avenue regarding reimbursement for a storm sewer system to the area.

This type of reimbursement, if the Agency/City were to participate, would be structured as a reimbursement agreement for repayment by future development to the City. The funds would then be repaid to the RDA as payments were made.

The options available are identified as follows:

1. Developer to install storm sewer improvements needed for development with no City oversizing and no reimbursements from future development at an estimated construction cost of \$125,000.
2. Developer to install ultimate improvements with City oversizing for future development. The City would pay for oversizing with funding provided by Redevelopment Agency at an estimated construction cost of \$290,000 and an oversizing reimbursement not to exceed \$165,000.
3. Redevelopment Agency to install oversize improvements for ultimate buildout and set up a ten year reimbursement agreement to recoup funds at an estimated cost of \$378,000. This would require developer to pay prevailing wages on entire gas station construction project.

The City Impact Fees are not currently adequate (estimated amount of \$50,890 as of June 30, 2006) to reimburse for oversizing. Therefore, unless the Agency was to loan funds to the City, the only other option is for this developer to front the cost and have

the City set up a ten year reimbursement agreement for the entire oversizing cost to be paid back to developer.

If the RDA were to front the oversizing cost to the City, the City could also set up a reimbursement agreement which would be repaid as adjacent properties tied in to infrastructure. The loan would be forgiven after the sunset date on agreement for any funds not collected.

The loan would be set up to be paid to the City over the ten year period and would then annually reimburse the RDA Funds collected. The risk to the Agency is that funds which were not collected before the conclusion of the ten year reimbursement period, due to lack of development, would be lost to the Agency.

Any agreement would need to provide for a “not to exceed” amount for construction but would allow developer to not have to carry cost until future development reimbursement occurred.

**Budget Impact:**

Funds from RDA would range from \$165,000 to \$378,000.

**Recommendation:**

That the RDA Board authorize an infrastructure loan to the City for the storm sewer improvements along 19 ½ Avenue with a not to exceed amount of \$165,000.