



CITY OF MENIFEE

SUBJECT: Replacement Agreement and Bonds for Legado Phase 1 Backbone Infrastructure Improvements, Tract Map No. 37391, Lennar Homes of California, LLC.

MEETING DATE: June 19, 2024

TO: Mayor and City Council

PREPARED BY: Chet Robinson, Principal Engineer

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute the replacement Subdivision Improvement Agreement with Lennar Homes of California, LLC to guarantee the completion of required public improvements associated with the Legado Phase 1 Backbone Infrastructure Improvements associated with Tract Map No. 37391, located east of Encanto Drive, south of Rouse Road, west of Antelope Road, and north of Chambers Avenue; and
2. Authorize the City Engineer to release 100% of the originally posted securities with BLC Fleming, LLC for the Legado Phase 1 Backbone Infrastructure Improvements, Tract Map No. 37391.

DISCUSSION

Tract Map No. 37391 (“TM37391”), also known as Legado (“Project”), is a proposed subdivision of 331 gross acres of land into 18 large lots for residential, commercial, and park use and 28 lots for roads and utilities. This map was recorded to establish the Project’s planning areas that will be further subdivided in the future. TM37391 is part of the Legado Specific Plan by BLC Fleming, LLC, a Delaware Limited Liability Company (BLC Fleming). The Project is located east of Encanto Drive, south of Rouse Road, west of Antelope Road, and north of Chambers Avenue.

On December 2, 2023, the City Council approved and entered into Public Improvement Agreements (“Original Agreements”) with BLC Fleming for the Project’s phases 1, 2, and 3, to guarantee the construction of the public backbone street, drainage, utility, and landscaping improvements as required by the Project’s conditions of approval. BLC Fleming posted all required improvement securities for all three phases of the Project at that time (“Original Securities”).

Following the City’s approval of the Original Agreements and Original Securities, BLC Fleming provided the City with Increase Riders to the Original Securities’ amounts related to flood control drainage for the Project. The amount of the increased drainage securities that were provided resulted from updated cost estimates prepared by the Riverside County Flood Control & Water Conservation District (RCFC&WCD) after City approval of the Project. A summary of the Original Securities for drainage and the associated Increase Riders received is provided in Table 1 below.

TABLE 1 – STORM DRAIN INFRASTRUCTURE IMPROVEMENTS INCREASE RIDERS TM 37391

Improvement	Security No.	Original Faithful Performance Amount	Increased Faithful Performance Amount (Rider)
IP21-030 – Drainage	PB03010409619	\$ 362,000	\$1,895,863
IP21-031 – Drainage	PB03010409620	\$1,872,000	\$5,977,099
IP21-032 – Drainage	PB03010409621	\$ 516,500	\$1,135,983
IP21-033 – Drainage	PB03010409622	\$3,893,000	\$9,426,731
IP21-034 – Drainage	PB03010409623	\$ 215,500	\$ 638,810
IP21-035 - Drainage	PB03010409656	\$1,093,500	\$3,380,790
IP21-036 – Drainage	PB03010409624	\$2,149,000	\$4,844,108
IP21-037 - Drainage	PB03010409657	\$ 340,500	\$ 680,491
IP21-038 – Drainage	PB03010409625	\$ 308,500	\$ 724,399
IP21-039 - Drainage	PB03010409666	\$ 382,500	\$1,636,405
IP21-040 – Drainage	PB03010409626	\$1,092,500	\$2,557,402
Total		\$12,225,500	\$32,898,081

Phase 1 of the Project has now been transferred to a new developer, Lennar Homes of California, LLC, a California Limited Liability Company (“Developer”). The Developer has requested approval of a Subdivision Improvement Agreement (“Replacement Agreement”) to replace the Original Agreement associated with the Project’s Phase 1 backbone infrastructure improvements. The Replacement Agreement requires that improvement securities (“Replacement Securities”) are posted to guarantee the completion of the required backbone street, drainage, water, recycled water, and sewer improvements, and the placement of survey monuments, within 24 months from the City Council agreement approval date. Based on transfer of ownership for Phase 1 of the Project, BLC Fleming has also requested release of the Original Securities and Increase Riders held for Phase 1, as they would be replaced by the Developer with approval of this item.

Staff has reviewed the Replacement Agreement, determined that it meets the requirements of the Project’s conditions, confirmed that the Replacement Securities have been posted, and verified that the Original Securities and Increase Riders held for Phase 1 may be released.

Summaries of the Replacement Securities are provided in Table Nos. 2 and 3 on the following page. All Replacement Securities provided by the Developer for Phase 1 drainage improvements have been established in the full amounts previously required by RCFC&WCD.

TABLE 2 – REPLACEMENT PHASE 1 BACKBONE INFRASTRUCTURE IMPROVEMENTS TM 37391

Improvement	Security	Faithful Performance	Material and Labor
IP21-026 – Street, Drainage, Water, Recycled Water, Sewer	SU1200192	\$9,169,000	\$4,584,500
IP21-028 – Street, Drainage, Water, Recycled Water, Sewer	024275899	\$4,809,000	\$2,404,500
IP21-030 – Drainage	30217710	\$1,895,863	\$ 947,931
IP21-031 – Drainage	800176309	\$5,977,099	\$2,998,549
IP21-032 – Drainage	30217718	\$1,135,983	\$ 567,991
IP21-033 – Drainage	30217731	\$9,426,731	\$4,713,365
IP21-034 – Drainage	024275900	\$ 638,810	\$ 319,405
IP21-036 – Drainage	9448375	\$4,844,108	\$2,422,054
IP21-038 – Drainage	72BSBJE0679	\$ 724,399	\$ 362,199
IP21-040 – Drainage	024275891	\$2,557,402	\$1,278,701
IP21-059 - Landscape	SU1200190	\$5,237,000	\$2,618,500
IP21-060 – Traffic Signal	0809090	\$1,088,500	\$ 544,250
IP21-068 – Drainage	024275897	\$ 19,500	\$ 9,750
IP21-069 – Drainage	0809093	\$ 69,000	\$ 34,500
IP21-078 – Landscape	024275896	\$ 616,000	\$ 308,000
IP21-079 – Landscape	0809091	\$1,161,000	\$ 580,500
IP21-088 – Traffic Signal	0809092	\$ 471,000	\$ 235,500
Total		\$49,840,395	\$24,930,195

TABLE 3 – REPLACEMENT SURVEY MONUMENTS TM 37391

Improvement	Security	
Survey Monument	024275895	\$ 53,640
	Total	\$ 53,640

Original Securities to be released, pending City Council approval, are provided in Table Nos. 4 and 5 below and on the following page.

TABLE 4 – ORIGINAL PHASE 1 BACKBONE INFRASTRUCTURE IMPROVEMENTS TM 37391

Improvement	Security	Faithful Performance	Material and Labor
IP21-026 – Street, Drainage, Water, Recycled Water, Sewer	PB03010409617	\$9,169,000	\$4,584,500
IP21-028 – Street, Drainage, Water, Recycled Water, Sewer	PB03010409618	\$4,809,000	\$2,404,500
IP21-030 – Drainage	PB03010409619	\$1,895,863	\$ 947,931
IP21-031 – Drainage	PB03010409620	\$5,977,099	\$2,998,549

IP21-032 – Drainage	PB03010409621	\$1,135,983	\$ 567,991
IP21-033 – Drainage	PB03010409622	\$9,426,731	\$4,713,365
IP21-034 – Drainage	PB03010409623	\$ 638,810	\$ 319,405
IP21-036 – Drainage	PB03010409624	\$4,844,108	\$2,422,054
IP21-038 – Drainage	PB03010409625	\$ 724,399	\$ 362,199
IP21-040 – Drainage	PB03010409626	\$2,557,402	\$1,278,701
IP21-059 - Landscape	PB03010409627	\$5,237,000	\$2,618,500
IP21-060 – Traffic Signal	PB03010409628	\$1,088,500	\$ 544,250
IP21-068 – Drainage	PB03010409629	\$ 19,500	\$ 9,750
IP21-069 – Drainage	PB03010409630	\$ 69,000	\$ 34,500
IP21-078 – Landscape	PB03010409631	\$ 616,000	\$ 308,000
IP21-079 – Landscape	PB03010409632	\$1,161,000	\$ 580,500
IP21-088 – Traffic Signal	PB03010409633	\$ 471,000	\$ 235,500
Total		\$49,840,395	\$24,930,195

All Original Security drainage amounts shown above include any associated Increase Rider amounts.

TABLE 5 – ORIGINAL SURVEY MONUMENTS TM 37391

Improvement	Security	
Survey Monument	PB03010409616	\$ 53,640
	Total	\$ 53,640

Due to the volume of security documents referenced in this report, only the Replacement Agreement and Replacement Securities have been provided as attachments. The Original Agreements, Original Securities, and Increase Riders are available, and on file, in the Office of the City Clerk.

It is important to note that only the Original Securities associated with Phase 1 of the Project are being replaced by the Developer and all Replacement Securities provided by the Developer for Phase 1 drainage improvements have been established in the full amounts previously required by RCFC&WCD. The Original Agreements and Original Securities posted by BLC Fleming for Phases 2 and 3 would remain in place.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

There is no fiscal impact associated with the recommended action. The Developer has paid all necessary fees associated with the recommended action.

ATTACHMENTS

1. Project Map
2. Replacement Agreement
3. Replacement Improvement Bonds