CITY OF ONTARIO

Agenda Report

July 7, 2026

SECTION:
CONSENT CALENDAR

Department: Financial Services	Submitted To: Council/OHA
Prepared By: Matthew Hernandez	Approved: ______________________________
Staff Member Presenting: Armen Harkalyan, Executive Director of Finance	Continued To: __________________________
Approved By:	Denied: _________________________________
	Item No: 11

SUBJECT: **APPROVAL OF THE DEVELOPMENT IMPACT FEE CREDIT AGREEMENT (FILE NO. PDIF21-001, PDIF26-002, AND PDIF26-003) AND MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF ONTARIO AND EUCLID LAND VENTURE LLC EUCLID LAND VENTURE 2 LLC AND GROVE LAND VENTURE FOR INFRASTRUCTURE CONSTRUCTION ASSOCIATED WITH PARCEL MAP 20016, LOCATED BETWEEN EUCLID AVENUE, GROVE AVENUE, EUCALYPTUS AVENUE, AND MERRILL AVENUE, WITHIN THE ONTARIO RANCH BUSINESS PARK SPECIFIC PLAN AND SOUTH ONTARIO LOGISTICS CENTER SPECIFIC PLAN**

RECOMMENDATION: That the City Council approve the Development Impact Fee Credit Agreement (File No. PDIF21-001, PDIF26-002, AND PDIF26-003) and Memorandum of Agreement between the City of Ontario and Euclid Land Venture LLC, Euclid Land Venture 2, and Grove Land Venture for infrastructure construction associated with Parcel Map 20016, located east of Euclid Avenue, south of Eucalyptus Avenue, north of Merrill Avenue, and west of Grove Avenue, within the Ontario Ranch Business Park Specific Plan and South Ontario Logistics Center, and authorize the City Manager to execute the Agreements.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:
Invest in the Growth and Evolution of the City's Economy
Operate in a Businesslike Manner
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)
Ensure the Development of a Well Planned, Balanced, and Self-Sustaining Community in Ontario Ranch

FISCAL IMPACT: Approval of the proposed Development Impact Fee ("DIF") Credit Agreement (File No. PDIF21-001, PDIF26-002, and PDIF26-003) will result in no fiscal impact to the City's General Fund. The Development Plan and related conditions of approval ("COA") require the Developer to construct fiber optic, sewer, storm drain, streets, and water infrastructure improvements with an estimated cost of $148,972,447 and limited to a total maximum eligible DIF credits of $133,785,901 due to the cost sharing agreement between Euclid Land Venture, LLC and Prologis LP. The proposed DIF Agreement defines the amount of DIF credit and reimbursement the Developer may be eligible to receive. The Developer is conditioned to construct these infrastructure improvements from Euclid Avenue to Grove Avenue alongside Eucalyptus Avenue and Merrill Avenue, including Sultana Avenue, Campus Avenue, and Bon View Avenue. All segments are included in the City's DIF Program and the City's Capital Improvement Program. The DIF Credit Agreement states that the credit the Developer will receive upon completion of the infrastructure improvements may be exchanged for a refund of DIF fees that were paid by the Developer (up to the Developer's maximum DIF obligation) in the respective DIF category.

The Memorandum of Agreements (MOA) have no fiscal impact to the City's General Fund. The request states in addition to the repayment of Development Impact Fees from the DIF Credit Program, the City will pay for the difference between the construction costs incurred and the original refund conditioned in the DIF Credit Agreement limited to that respective DIF category. The payment will be made from the collection of Development Impact Fees from northern development sites benefitting from the infrastructure built. The current estimated difference between construction costs and Development Impact Fees paid is $62,839,697 and is still subject to an audit and review by the City. Through a preliminary review, the City will honor one half or $31,419,800 of this amount. Whereas the remaining payment amount of $31,419,897 is contingent on the audit and review.

BACKGROUND & ANALYSIS: On December 1, 2020, the City Council approved the Development Agreement (File No. PDA19-001) between the City of Ontario and Euclid Land Venture, LLC. In accordance with the Development Agreement and related conditions, the Developer is required to construct DIF Program infrastructure to serve Parcel Map 20016. On June 6, 2023, the City Council approved the Development Agreement (File No. PDA21-005) between the City of Ontario and Grove Land Venture, LLC. On July 18, 2023, the City Council approved the Development Agreement (File No. PDA21-006) between the City of Ontario and Euclid Land Venture 2, LLC. In accordance with the Development Agreements and related conditions, the Developer is required to construct DIF Program infrastructure to serve Parcel Maps 20016, 20161, and 20517. Improvements include installation of fiber optics, sewer, storm drain, streets, and water facilities from Euclid Avenue to Grove Avenue alongside Eucalyptus Avenue and Merrill Avenue, including Sultana Avenue, Campus Avenue, and Bon View Avenue.

Pursuant to the City's adopted DIF Credit and/or Reimbursement policies, construction of DIF Program facilities requires the Developer and the City to enter into a DIF Credit and/or Reimbursement Agreement, which specifies the infrastructure to be constructed by the Developer and includes an estimate of the maximum DIF credit that may be applied in the applicable Regional/Local DIF categories. These infrastructure improvements are within the Ontario Ranch fiber optics, sewer, storm drain, street, and water system categories. Since the maximum eligible costs in the Agreement for the required infrastructure exceeds the Developer's DIF obligation, the Developer is eligible to receive DIF Credit under the proposed Agreement.

The proposed Agreement complies with the City's DIF policies and conforms with the approved Development Plan and associated COA. Under the provisions of the City's DIF Program, the City Manager is authorized to execute this Agreement upon approval by the City Council.

On April 15, 2025, City Council gave the authorization to establish an implement a redemption program for unused New Model Colony Development Impact Fee (DIF) Certificates in accordance with underlying agreements and applicable law.

In the case of Euclid Land Venture LLC, Grove Land Venture, and Euclid Land Venture 2, there was a considerable amount of infrastructure built on behalf of the City on the Southwest side of the Ontario Ranch. Given the benefit to all the infrastructure constructed will provide to adjacent and northern projects, the City is proposing that the Council use Development Impact Fees collected from nearby beneficiaries to reimburse these entities for a portion of the construction cost building on behalf of the City.