



City of Fontana

8437 Sierra Avenue
Fontana, CA 92335

Action Report

City Council Meeting

File #: 26-0993

Agenda #: C.

Agenda Date: 5/26/2026

Category: Public Hearing

FROM:

Planning Department

SUBJECT:

Master Case No. 23-0100R1: Development Agreement (AGR) No. 23-0085R1 and Master Case No. 23-100R2: Development Agreement (AGR) No. 23-0085R2 - a request to amend and restate the previously approved Development Agreement (DA) for the Citrus/Oleander Industrial Commerce Center Project to allocate the provision of public benefit fees among properties in a manner consistent with Planning Commission Resolution No. 2025-040.

RECOMMENDATION:

Open the public hearings, receive public testimony, close the public hearings and by motion:

1. Determine that the recommended development agreement modifications are categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15060(c), 15061(B)(3) (the common-sense exemption), and 15378 and Sections No. 3.01, 3.22, and 10.59 of the 2019 Local Guidelines for Implementing CEQA, in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment where it can be with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and,
2. Determine that the development agreement modifications together with the underlying project were adequately analyzed in the previously certified Citrus and Oleander Avenue at Santa Ana Avenue Project Environmental Impact Report (EIR) (State Clearinghouse No. 2022110389) and its subsequent Addendum, and pursuant to CEQA Guidelines Section 15162, no subsequent or supplemental EIR is required because there are no substantial changes in the project or its circumstances, and no new information of substantial importance has been identified that would result in any new or more severe significant environmental impacts; and
3. Waive full reading and introduce for first reading by title only **Ordinance No. 1991** entitled: "An Ordinance of the City Council of the City Of Fontana, California, Approving Development Agreement No 23-0085R1, as to Assessor's Parcel Number 0255-021-17"
4. Waive full reading and introduce for first reading by title only **Ordinance No. 1992** entitled: "An Ordinance of the City Council of the City of Fontana, California, Approving Development Agreement No 23-0085R2, as to Assessor's Parcel Numbers 0255-011-13, 0255-011-14, 0255-011-18, 0255-011-19 AND 0255-011-25 thru 0255-011-32"

COUNCIL GOALS:

- Promote economic development by pursuing business attraction, retention, and expansion.
- Promote economic development by being business friendly at all levels and striving to constantly improve the city's competitiveness.

DISCUSSION:

In late 2023, the City of Fontana granted entitlements for the Citrus/Oleander Industrial Commerce Center Project through its approvals of a General Plan Amendment (22-004), Zone Change (22-005), Specific Plan Amendment (22-002), Tentative Parcel Maps (TPMs 22-009, -030, and -031), and Design Reviews (22-029, -061, and -062). Concurrently with those approvals, the City Council approved Ordinance No. 1935 which authorized the City to enter into Development Agreement No. 23-0085 (DA) with Acacia Real Estate Group, Inc. (Acacia). The DA provided Acacia with conditional rights to develop the Citrus/Oleander Industrial Commerce Center Project consistent with the entitlements, and obligated Acacia to provide specific public benefits, including public benefit fees, to City.

In October 2025, the Planning Commission considered and approved Design Review 22-062-R2, to reduce the size of one of the industrial commerce center buildings from 193,462 square feet to approximately 83,632 square feet, and to reduce the size of that property from 8.7 acres to 4.6 acres. The Planning Commission Resolution (No 2025-040), which approved Design Review 22-062-R2, included a condition that requires two separate amendments to the DA - one for the Acacia Property and one for the North Palisades Property - to accomplish the following:

1. Require the cumulative payment of public benefit fees of not less than \$4,300,000 (half due at building permit and half due a certificate of occupancy) with the Acacia Property responsible for \$881,678 and the North Palisades Property responsible for \$3,418,322.
2. Update the entitlements under the Acacia DA Amendment to include Design Review 22-062-R2.
3. Require the parties executing the DA amendments to warrant and represent that they are the legal or equitable owners of the property.
4. Require that the DA amendments be recorded in the Office of the San Bernardino County recorder within thirty days after City Council approval.
5. Prohibit either DA amendment from taking effect unless both DA amendments are duly approved and executed.
6. Rescind the 22-062-R2 design review approval if both of the DA amendments are not timely recorded.

Most recently on April 21, 2026, the Planning Commission considered (1) Development Agreement No. 23-0085R1, which is the First Amendment to and Restatement of Development Agreement No. 23-0085 as it relates to the Acacia Property, and (2) Development Agreement No. 23-0085R2, which is the First Amendment to and Restatement of Development Agreement No. 23-0085 as it relates to the North Palisades.

After considering public comments, the Planning Commission voted unanimously to approve a resolution recommending that the City Council approve both amended and restated Development Agreements.

PROJECT DESCRIPTION

The items currently before the Council are the Acacia DA Amendment and the North Palisades DA Amendment. Land use approvals and entitlements for the underlying properties have been granted through prior Planning Commission and City Council actions.

ANALYSIS

When the City and Acacia entered into the DA in December 2023, the Citrus/Oleander Industrial Commerce Center Project was envisioned as a single coordinated development effort lead by a single developer. But circumstances changed, and it is now more likely that the project will proceed through multiple ownership groups. To accommodate this change while preserving most of the DA benefits, the City authorized and directed amendments to the DA as specified above.

The following table outlines where each of the revisions directed in Planning Commission Resolution 2025-040 is implemented in the DA amendments.

	Modification	Acacia DA Amendment	North Palisades DA Amendment
1.	Allocation of Public Benefit Fees	§ 4.3 - Total of \$881,678	§ 4.3 - Total of \$3,418,322
2.	Update to Entitlements	§ 1.1.15 -entitlements include all approvals as of "Effective Date	N/A
3.	Legal / Equitable Ownership Representation	§ 2.2 - Acacia Real Estate Group, Inc. represents it is legal or equitable owner of the property.	§ 2.2 - NP Santa Ana LLC represents it is legal or equitable owner of the property.
4.	Recordation Required*	§ 10.1 (both amendments) - Will be recorded 10 days after entering into agreement.	
5.	Neither amendment is effective unless both amendments are effective	§ 1.1.13 (both amendments) - "Effective Date" requires execution of amendments by fee owners of Acacia Property and North Palisades Property; and must be within 120 days after entitlements for North Palisades Property are final and non-appealable	
6.	Rescission of Design Review 22-062-R2 if DA amendments are not executed	§ 3.1 (both amendments) - if either DA amendment is not timely executed, all project entitlements are rescinded	

* Planning Commission Resolution 2025-040 indicates that the DA amendments should be recorded within 30 days of Council approval. However, because the approval of the DA will precede the close of escrow on the properties, the actual execution and recordation cannot occur within that 30 day window.

In addition to the revisions mandated by Planning Commission Resolution 2025-040, staff and the developer parties negotiated and the Planning Commission recommended, three additional items of note. First, Acacia agreed that if the North Palisades development is delayed, it will advance a portion of the public benefit fee owed by North Palisades. To that end, Section 4.4 of the Acacia DA Amendment requires that if the City has not issued a building permit for the North Palisades Property prior to the issuance of a final Certificate of Occupancy on the Acacia Property, Acacia will advance \$618,322 to the City. The City would refund that same amount to Acacia when the North Palisades public benefit fee payment comes due and is paid to the City.

Second, the parties recognized that Assessor's Parcel Numbers 0255-021-18, and 0255-021-22 thru 0255-021-024 are included in the original DA but are not covered by either the Acacia DA Amendment or the North Palisades DA Amendment. The original DA, including its public benefit fee structure and obligations, will remain applicable to those properties.

Third, the DA amendments confirm that if the Acacia DA Amendment and the North Palisades DA Amendment do not take effect, the original DA, including its public benefit fee obligations, will remain valid and enforceable.

ENVIRONMENTAL REVIEW:

The proposed ordinance is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15060(c), 15061(B)(3) (the common-sense exemption), and 15378 and Sections No. 3.01, 3.22, and 10.59 of the 2019 Local Guidelines for Implementing CEQA, in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment where it can be with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed DA amendments are minor in nature and do not have the potential for causing significant impacts on the environment; therefore, the exemptions are appropriate.

Separately and independently, the DA modifications together with the underlying project were adequately analyzed in the previously certified Citrus and Oleander Avenue at Santa Ana Avenue Project Environmental Impact Report (EIR) (State Clearinghouse No. 2022110389) and its subsequent Addendum, and pursuant to CEQA Guidelines Section 15162, no subsequent or supplemental EIR is required because there are no substantial changes in the project or its circumstances, and no new information of substantial importance has been identified that would result in any new or more severe significant environmental impacts.

FISCAL IMPACT:
NONE

MOTION:
Approve staff's recommendation