

STAFF REPORT

JP G-2



THE CITY OF
NOVATO
CALIFORNIA

922 Machin Avenue
Novato, CA 94945
415/ 899-8900
FAX 415/ 899-8213
www.novato.org

MEETING

DATE: July 11, 2017

TO: City Council

FROM: Chris Blunk, Deputy Public Works Director/City Engineer

PRESENTER: Chris Blunk, Deputy Public Works Director/City Engineer

SUBJECT: **ADOPT A RESOLUTION TO AMEND THE 17/18 CAPITAL IMPROVEMENT PROGRAM BUDGET TO FACILITATE THE EXCHANGE OF RECENTLY ACCEPTED PRIORITY CONSERVATION AREA GRANT FUNDS WITH LOCAL FUNDS**

REQUEST

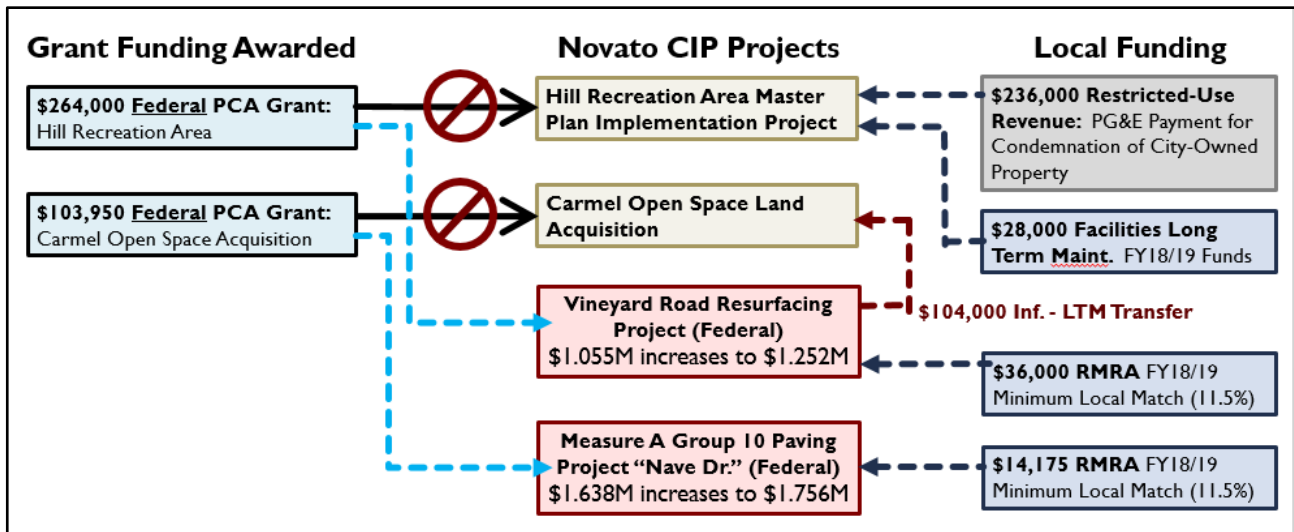
Adopt a resolution to amend the fiscal year 2017/18 Capital Improvement Program (CIP) budget to facilitate the exchange of recently accepted Priority Conservation Area (PCA) Grant funds with local funds.

DISCUSSION

City Council approved a request to submit PCA Grant applications to the Metropolitan Transportation Commission (MTC) on June 7, 2016. Subsequently, a \$103,950 PCA Grant was awarded to the City of Novato for the acquisition of a private parcel within the Carmel Open Space area and a \$264,000 PCA Grant was awarded for use on the Hill Recreation Area Master Plan Implementation Project. The federal dollars used to make up the PCA Grants had programmatic conflicts with the purpose and need of the recipient projects, so a funding exchange was approved by MTC and presented to City Council on June 20, 2017. The funding exchange allowed the city to secure the grant funding while minimizing local funding contributions, utilizing all funding sources involved in the exchange for their appropriate and intended use, and without adding new requirements to existing projects.

The funding exchange involved moving the PCA grant dollars to “eligible recipient” projects along with a required local funding match and backfilling the original projects with other local funding sources. The local match is required because the federal funding program will only reimburse 88.5% of the total project costs--Therefore at least 11.5% of the project costs must be borne by local funds.

The funding exchange is shown in the following diagram:



On June 20, 2017, City Council adopted five resolutions as a part of three separate general business items that allowed the city to exchange the PCA Grant funds and secure the grant funding awarded by MTC:

- A resolution to exchange the PCA Grant funds awarded for the Carmel Open Space Acquisition with local funds for use on the Measure A Group 10 Pavement Rehabilitation project.
- A standard Metropolitan Transportation Commission resolution of support for the eligible recipient Measure A Group 10 Pavement Rehabilitation project.
- A resolution to exchange the PCA Grant funds awarded for the Hill Recreation Area Master Plan Implementation Project with local funds for use on the Vineyard Road Pavement Rehabilitation project.
- A standard Metropolitan Transportation Commission resolution of support for the eligible recipient Vineyard Road Pavement Rehabilitation project.
- A standard MTC resolution to confirm compliance with the California Surplus Lands Act, California Government Code Sections 54220-54232 (MTC funding program element requirement.)

Based on City Council action on June 20, 2017, the city now meets all MTC grant funding programming requirements and may submit programming requests for amendments into the Federal Transportation Improvement Program (FTIP.) But in order to finalize the exchange, an internal CIP Budget Amendment is required to commit the local funds as shown in the diagram above and as committed in the resolutions previously adopted.

The fiscal year 2017/18 CIP Budget Amendment request is as follows:

1. Hill Recreation Area PCA Grant Funds Exchange:
 - a. Remove \$264,000 of PCA/STP Federal Grant funds from CIP #01-005, Hill Recreation Area Master Plan Implementation Project.
 - b. Add \$236,000 of restricted Revenue funds (PG&E payment for condemnation of city-owned property) to CIP #01-005, Hill Recreation Area Master Plan Implementation Project.
 - c. Add \$28,000 of 18/19 Facilities Long Term Maintenance funds to CIP #01-005, Hill Recreation Area Master Plan Implementation Project.

2. Vineyard Road PCA Grant Funding Recipient:
 - a. Remove \$104,000 of Infrastructure Long Term Maintenance funds from CIP #15-017, Vineyard Road Pavement Rehabilitation Project.
 - b. Add \$264,000 of PCA/STP Federal Grant funds to CIP #15-017, Vineyard Road Pavement Rehabilitation Project.
 - c. Add \$36,000 of 18/19 Gas Tax or Road Maintenance and Rehabilitation Account (SB1, Beall) to CIP #15-017, Vineyard Road Pavement Rehabilitation Project.

3. Carmel Open Space Acquisition PCA Grant Funds Exchange:
 - a. Remove \$103,950 of PCA/STP Federal Grant funds from assignment to the future Carmel Open Space Acquisition
 - b. Add \$104,000 of Infrastructure Long Term Maintenance funds to the future Carmel Open Space Acquisition

4. Measure A Group 10 PCA Grant Funding Recipient:
 - a. Add \$103,950 of PCA/STP Federal Grant funds to CIP #18-001, Measure A Group 10 Pavement Rehabilitation Project.
 - b. Add \$14,175 of 18/19 Gas Tax or Road Maintenance and Rehabilitation Account (SB1, Beall) to CIP #18-001, Measure A Group 10 Pavement Rehabilitation Project.

PUBLIC OUTREACH

The request to submit the PCA Grant applications for various projects were discussed and approved at City Council meetings in June, 2016.

The PCA Grant funding exchange and associated resolutions required to secure the grant funding through MTC were discussed and approved on June 20, 2017. During the presentation, staff stated that—pending approval—a follow-up resolution to amend the 17/18 CIP Budget would be required and submitted as a “consent” item. This item is the 17/18 CIP Budget Amendment resolution to formally allocate and re-allocate the local funds involved with the funding exchange.

FISCAL IMPACT

In order to accept the total \$367,950 of PCA Grant dollars awarded to Novato, the city must allocate a total of \$314,175. Of the \$314,173 local funding allocation, \$236,000 is restricted-use revenue from PG&E’s condemnation of a city-owned parcel that should be expended in the same manner as Quimby fees. The use of these funds toward the Hill Recreation Area is appropriate considering the city-wide recreational benefit and the proximity of the Hill Recreation Area to the condemned parcel. The combined minimum local match requirements of this type of grant funding is \$50,175 and this amount is proposed to be allocated from fiscal year 2018/19 Gas Tax or Road Maintenance and Rehabilitation Account (SB1, Beall) revenues. The Road Maintenance and Rehabilitation Account (RMRA) is expected to produce an additional \$1M of city revenue beginning in fiscal year 2018/19 for use in a similar manner as the current Gas Excise Tax revenues. Finally, \$28,000 of 18/19 Facilities Long Term Maintenance funds will be allocated as a part of this exchange.

The current total funding programmed in Fiscal Year 18/19 for the Measure A Group 10 Pavement Resurfacing Project focused on Nave Drive is \$1,638,000. Upon adoption of this 17/18 CIP Budget

Amendment resolution, the new total funding for the paving project will be \$1,756,125. Therefore, the scope of work associated with the Measure A Group 10 Pavement Resurfacing Project will increase by \$118,125 (PCA grant amount + local match amount.)

The Infrastructure Long Term Maintenance funds currently allocated to the Vineyard Road Pavement Resurfacing Project will be reduced by approximately \$104,000 in the 17/18 fiscal year. \$300,000 of new funds will be added to the Vineyard Road Pavement Resurfacing Project (\$264,000 federal STP dollars plus the \$36,000 minimum local match made up of 18/19 Gas Tax or RMRA funds.) This results in a net increase in funding for the Vineyard Road Pavement Resurfacing Project of \$195,513.

The Hill Recreation Area Master Plan Implementation Project will release \$264,000 of federal STP dollars (PCA Grant) in return for an allocation of \$236,000 of Restricted Revenue from PG&E's condemnation of a city-owned parcel plus an additional \$28,000 of FY18/19 Facilities Long Term Maintenance Funds for a zero-net-sum difference in total project funding (\$236,000 + \$28,000 = \$264,000.)

The Carmel Open Space acquisition funding allocation will release \$103,950 of federal STP dollars (PCA Grant) in return for an allocation of \$104,000 of Infrastructure Long Term Maintenance funds for a net increase of \$50. It is important to note that the acceptance of the PCA grant on June 20th committed the City to the purchase of the subject property within the Carmel Open Space Area by January 31, 2020 or any PCA funds reimbursed for work on the recipient Measure A Group 10 Pavement Resurfacing Project will need to be returned. The preliminary appraisal value of the 3.3 acre subject property was \$315,000 as of June, 2016.

All \$314,175 of local dollars allocated as a part of this exchange will be reinvested into the two paving projects (Vineyard Road Pavement Resurfacing Project and Measure A Group 10 Pavement Resurfacing Project) essentially offsetting the need for future Gas Tax or Infrastructure Long Term Maintenance fund expenditures for this work.

RECOMMENDATION

Adopt the resolution to amend the fiscal year 2017/18 Capital Improvement Program (CIP) budget to facilitate the exchange of recently accepted Priority Conservation Area (PCA) Grant funds with local funds.

ALTERNATIVES

1. Reject the proposed fiscal year 2017/18 CIP Budget Amendment and do not meet the funding commitment requirements set forth in the funds exchange resolutions adopted on June 20, 2017.
2. Take no action at this time; direct staff as to action requested.

ATTACHMENTS

1. Resolution

CITY COUNCIL OF THE CITY OF NOVATO

RESOLUTION NO. ____

RESOLUTION AMENDING BUDGET RESOLUTION 2017-039 TO FACILITATE A FUNDING EXCHANGE BETWEEN CAPITAL IMPROVEMENT PROJECTS #01-005, HILL RECREATION AREA; #15-017 VINEYARD ROAD IMPROVEMENTS; 18-001, MEASURE A GROUP 10 PAVEMENT REHABILITATION; AND FUNDING ALLOCATION FOR THE ACQUISITION OF PRIVATE PROPERTY LOCATED WITHIN THE CARMEL OPEN SPACE AREA.

WHEREAS, the City Council of the City of Novato has adopted a final Capital Improvement Program (CIP) budget for fiscal Year 2017/2018; and

WHEREAS, the Metropolitan Transportation Commission (MTC) has awarded two Priority Conservation Area (PCA) Grants to the City of Novato for use on CIP project 01-005, Hill Recreation Area, and for the acquisition of private property located within the Carmel Open Space area; and

WHEREAS, the PCA Grants awarded to the City of Novato are comprised of federal funding that is not appropriate for use on CIP project 01-005, Hill Recreation Area, or for the acquisition of private property located within the Carmel Open Space area; and

WHEREAS, the City Council has adopted two separate resolutions 2017-035 and 2017-037 to exchange the federal PCA Grant funding with eligible recipient projects; and

WHEREAS, the City Council has adopted two separate resolutions 2017-036 and 2017-038 to commit an equivalent amount of local funding plus a minimum matching requirement to the original PCA Grant recipient projects as a requirement of the funding exchange; and

WHEREAS, adoption of a budget resolution is required to complete the PCA Grant funding exchange.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Novato hereby approves this budget amendment providing for the revised appropriations as follows:

1. Reallocate \$264,000 of PCA/STP Federal Grant funds from CIP #01-005, Hill Recreation Area Master Plan Implementation Project, to CIP #15-017, Vineyard Road Pavement Rehabilitation Project.
2. Add \$236,000 of Restricted Revenue funds (PG&E payment for condemnation of city-owned property) to CIP #01-005, Hill Recreation Area Master Plan Implementation

Project.

3. Add \$28,000 of 18/19 Facilities Long Term Maintenance funds to CIP #01-005, Hill Recreation Area Master Plan Implementation Project.
4. Reallocate \$104,000 of Infrastructure Long Term Maintenance funds from CIP #15-017, Vineyard Road Pavement Rehabilitation Project, to the future Carmel Open Space Acquisition.
5. Add \$36,000 of 18/19 Gas Tax/Road Maintenance and Rehabilitation Account funds to CIP #15-017, Vineyard Road Pavement Rehabilitation Project.
6. Reallocate \$103,950 of PCA/STP Federal Grant funds assigned for the future Carmel Open Space Acquisition to CIP #18-001, Measure A Group 10 Pavement Rehabilitation Project.
7. Add \$14,175 of 18/19 Gas Tax/Road Maintenance and Rehabilitation Account funds to CIP #18-001, Measure A Group 10 Pavement Rehabilitation Project.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the 11th day of July, 2017, by the following vote, to wit:

AYES: Councilmembers
NOES: Councilmembers
ABSTAIN: Councilmembers
ABSENT: Councilmembers

City Clerk of the City of Novato

Approved as to form:

City Attorney of the City of Novato