

STAFF REPORT

 J-10



THE CITY OF
NOVATO
CALIFORNIA

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

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SUBJECT: **ADOPT A RESOLUTION TO AMEND THE 17/18 CAPITAL IMPROVEMENT PROGRAM BUDGET TO MODIFY THE FUNDING SOURCE OF CAPITAL IMPROVEMENT PROJECT 18-006, DOWNTOWN SONOMA-MARIN AREA RAIL TRANSIT STATION PHASE II, FROM A LOAN FROM THE HAMILTON TRUST TO CITY FUNDS FROM TWO SOURCES: THE EQUIPMENT REPLACEMENT FUND (605) AND THE FACILITIES LONG TERM MAINTENANCE FUND (323)**

REQUEST

Adopt a resolution to amend the fiscal year 2017/18 Capital Improvement Program (CIP) budget to modify the funding source of CIP Project 18-006, Downtown Sonoma-Marin Area Rail Transit (SMART) Station Phase II to eliminate and replace the budgeted \$1,305,284 loan from the Hamilton Trust with \$1,300,900 of city funds from two sources: \$1,000,000 of unallocated funds from the Equipment Replacement Fund (605) and \$300,900 from the Facilities Long Term Maintenance Fund (323) for a net funding decrease of \$4,384 for the Downtown SMART Station Phase II project.

DISCUSSION

The Downtown Novato SMART Station is being implemented in three phases:

- Phase I consisted of station infrastructure that would otherwise be in conflict with future SMART revenue service--Phase I was not designed or constructed to be an operational train station. This work was completed in April of 2017 for a total cost of \$2,400,000.
- Phase II includes the rail switches, electrical components, and other improvements required for the passenger train station to operate. Phase II work is estimated at \$3,100,000 and will likely take place in autumn 2017.
- Phase III includes the development of the City-owned lot adjacent to the station. The scope of work for Phase III is not clearly defined at this time, but cost estimates from the original proposal in 2014 included a parking lot, accessibility enhancements, site lighting, and landscaping work that ranged from \$300,000-\$500,000.

On May 23, 2017, City Council approved a grant funding exchange to accept \$1,448,000 of Metropolitan Transportation Commission (MTC) "One Bay Area Grant – Round Two" (OBAG2) funding awarded to the city for construction of the Downtown SMART Station Phase II. During the same meeting, the City Council supported a motion to fully fund the project by committing

\$1,305,000 of additional funding through the following plan: 1) Staff would utilize the following six week period to seek additional grant funding to offset potential costs to the city; 2) If additional grant funds were not committed within the six week period, staff would return to the City Council with a strategy to use other sources such as the Equipment Replacement Fund; and 3) In the event that the majority of the City Council does not agree to the funding strategy brought by staff, the \$1,305,000 funding shortfall will be funded by a loan from the Hamilton Trust.

In the six weeks following the May 23, 2017 City Council meeting, the City was successful in receiving a commitment from MTC for an additional \$500,000 worth of grant funding to be used toward the Phase III commuter lot improvements. Staff also identified a potential grant funding source through the California Transportation Commission’s (CTC) Active Transportation Program (ATP) Greenhouse Gas Reduction Fund (GGRF.) MTC administers CTC grant dollars to local agencies in the Bay Area. MTC received very few proposals in 2016 for the ATP compared to their program funding levels and may open up a supplemental call for projects in August of 2017. Therefore, staff will submit an ATP application for \$1,305,000 in GGRF money for use on the Downtown SMART Station Phase II project in the event that MTC reopens their call for projects. Any additional external funds received will offset other city expenditures during the life of the project.

In accordance with the funding plan approved by City Council and outlined above, the fiscal year 2017/18 CIP budget was adopted with \$1,305,284 of new funding for the Downtown SMART Station Phase II project through a loan from the Hamilton Trust. This budget amendment request proposes to replace the \$1,305,284 loan from the Hamilton Trust with available funds from other sources, namely \$1,000,000 from the Equipment Replacement Fund (605) and \$300,900 from the Facilities Long Term Maintenance Fund (323) as was described in the CIP Budget presentation to City Council on May 9, 2017.

Facilities Long Term Maintenance funds were allocated to various CIP projects as a part of the fiscal year 17/18 budget, and approximately \$300,000 was put toward deferred maintenance projects at parks and city-owned buildings that serve the community. This proposed budget amendment request will shift the deferred maintenance costs from the CIP projects to currently unallocated Measure F funds in order to release the Facilities Long Term Maintenance funds for use on the Downtown SMART Station Phase II project. Measure F funds are proposed as the funding source for these projects as the purpose and need of the deferred maintenance projects is aligned with the intention of Measure F funds as described to the voters in the ballot language for the tax measure.

The proposed budget amendment is shown in the following table:

CIP #	CIP Project Name	Funding Amount	Current Fund Source	Proposed Fund Source(s)
16-007	Reservoir Hill & Scottsdale Marsh Pathway Rehabilitation	\$ 70,900.00	LTM - Facilities (323)	Unallocated Measure F
18-007	Parks Deferred Maintenance - Group 3	\$ 100,000.00	LTM - Facilities (323)	Unallocated Measure F
18-008	Civic Facilities Deferred Maintenance - Group 3	\$ 100,000.00	LTM - Facilities (323)	Unallocated Measure F
18-010	Police Department HVAC Replacement Analysis	\$ 30,000.00	LTM - Facilities (323)	Unallocated Measure F
18-006	Downtown SMART Station Phase 3	\$ 1,305,000.00	Hamilton Trust Loan	Equipment Replacement (605) & LTM - Facilities (323)

PUBLIC OUTREACH

Funding for the Downtown SMART Station Phase II project was discussed as a part of the fiscal year 17/18 CIP Budget workshops at the April 18 and May 9, 2017 City Council meetings. The Downtown SMART Station Phase II project funding plan was discussed and approved at the May 23, 2017 City Council meeting.

FISCAL IMPACT

This budget amendment proposal eliminates and replaces the budgeted \$1,305,284 loan from the Hamilton Trust with \$1,300,900 of city funds from two sources: \$1,000,000 of unallocated funds from the Equipment Replacement Fund (605) and \$300,900 from the Facilities Long Term Maintenance Fund (323) for a net funding decrease of \$4,384 for the Downtown SMART Station Phase II project.

Unallocated Measure F funds in the total amount of \$300,900 will be assigned to four deferred-maintenance CIP projects (16-007, 18-007, 18-008, 18-010) and those projects will release the equivalent amount of Facilities Long Term Maintenance funds for use on the Downtown SMART Station Phase II project.

Should City Council decide to reject this budget amendment request, a loan will be arranged from the Hamilton Trust in the amount of \$1,305,284 with similar terms to the loan that was arranged from the Hamilton Trust for use on the construction of the Downtown SMART Station Phase I project. Assuming a 20-year term at a 3.65% rate compounded semi-annually, the total cost of financing is approximately \$1,850,000. With \$436,000 of the interest being returned to the General Fund and \$109,000 of the interest being reinvested into the Hamilton Trust, the net cost to the General Fund would be approximately \$1,414,000 over the 20-year period with total annual payments due in the amount of \$92,527.

Staff will continue to seek grant funding opportunities (such as the ATP GGRF grant mentioned above) throughout the life of the project to offset City expenditures.

RECOMMENDATION

Adopt the resolution to amend the fiscal year 2017/18 Capital Improvement Program (CIP) budget to modify the funding source of CIP Project 18-006, Downtown Sonoma-Marin Area Rail Transit (SMART) Station Phase II

ALTERNATIVES

1. Reject the proposed fiscal year 2017/18 CIP Budget Amendment and proceed to fund the project in accordance with the adopted 2017/18 Budget through a loan from the Hamilton Trust.
2. Modify the 2017/18 CIP Budget Amendment to utilize a combination of available funds from Measure F, the Equipment Replacement Fund, or a loan from the Hamilton Trust to make up at least \$1,300,000 in funding for the Downtown SMART Station Phase II project. There is currently \$1,000,000 of unallocated Equipment Replacement funds, \$1,200,000 of unallocated

Measure F funds, and enough capacity in the Hamilton Trust to fund the entire \$1,305,284 shortfall.

3. Direct staff as to other action requested.

ATTACHMENTS

1. Resolution

CITY COUNCIL OF THE CITY OF NOVATO

RESOLUTION NO. _____

RESOLUTION AMENDING BUDGET RESOLUTION 2017-039 TO MODIFY THE FUNDING SOURCE OF CAPITAL IMPROVEMENT PROJECT 18-006, DOWNTOWN SONOMA-MARIN AREA RAIL TRANSIT STATION PHASE II

WHEREAS, the City Council of the City of Novato adopted a final Capital Improvement Program (CIP) Budget for Fiscal Year 2017/2018 on June 20, 2017; and

WHEREAS, the CIP Budget for Fiscal Year 2017/2018 includes \$3,100,000 total funding for the Downtown Sonoma-Marin Area Rail Transit (SMART) Station Phase II project, CIP #18-006, \$1,305,284 of which is identified as being funded by a loan from the Hamilton Trust; and

WHEREAS, the City Council on May 23, 2017 approved full funding for the Downtown SMART Station Phase II project through a plan that required a six week period to seek additional grant funding before any action would be taken to approve funding from city funding sources and, in the event that an agreement could not be reached on the city funding sources, that the project would be fully funded by a loan from the Hamilton Trust; and

WHEREAS, the Capital Improvement Program (CIP) Budget for Fiscal Year 2017/2018 must be amended to replace the funding for the Downtown SMART Station Phase II project, CIP #18-006, from a Hamilton Trust loan with other city fund sources

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. Allocate \$1,000,000 of city Equipment Replacement funds to CIP #18-006, Downtown SMART Station Phase II project.
2. Allocate \$70,900 of Measure F funds to CIP #16-007, Reservoir Hill and Scottsdale Marsh Pathway Rehabilitation project.
3. Allocate \$100,000 of Measure F funds to CIP #18-007, Parks Deferred Maintenance Group 3 project.
4. Allocate \$100,000 of Measure F funds to CIP #18-008, Civic Facilities Deferred Maintenance Group 3 project.
5. Allocate \$30,000 of Measure F funds to CIP #18-010, Police Department HVAC Replacement Analysis.

6. Reallocate \$70,900 of Long Term Maintenance Facilities funds from CIP #16-007, Reservoir Hill and Scottsdale Marsh Pathway Rehabilitation project to CIP #18-006, Downtown SMART Station Phase II project.
7. Reallocate \$100,000 of Long Term Maintenance Facilities funds from CIP #18-007, Parks Deferred Maintenance Group 3 project to CIP #18-006, Downtown SMART Station Phase II project.
8. Reallocate \$100,000 of Long Term Maintenance Facilities funds from CIP #18-008, Civic Facilities Deferred Maintenance Group 3 project to CIP #18-006, Downtown SMART Station Phase II project.
9. Reallocate \$30,000 of Long Term Maintenance Facilities funds from CIP #18-010, Police Department HVAC Replacement Analysis to CIP #18-006, Downtown SMART Station Phase II project.
10. Eliminate the \$1,305,284 loan from the Hamilton Trust for CIP #18-006, Downtown SMART Station Phase II 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