



Council Meeting: April 1, 2008

SUBJECT: Approval to Accept Onizuka AFS Base Realignment and Closure (BRAC) Phase 2 Funding, and Budget Modification No. 41

REPORT IN BRIEF

Onizuka Air Force Station (AFS) has been slated for closure by the Department of Defense (DOD) with Sunnyvale City Council formally recognized by DOD as the Local Redevelopment Authority (LRA). Serving as the LRA, the City Council fulfills a number of important responsibilities including developing a comprehensive plan for reuse of the property for submission to the DOD in July 2008.

This report to Council, serving also as the LRA, seeks approval of Budget Modification No. 41 to incorporate Onizuka AFS Base Realignment and Closure (BRAC) Phase 2 funding into the BRAC Project Budget.

BACKGROUND

On May 16, 2005 the Secretary of Defense included the Onizuka AFS on a list of military installations recommended for closure or realignment and the recommended closures were confirmed in December 2005. DOD formally recognized the City of Sunnyvale as the LRA on April 6, 2006. Among other responsibilities, the LRA serves as the single entity responsible for preparing the Onizuka AFS Reuse Plan and as the primary agency for all grant/aid applications related to transition, reuse and redevelopment of the site.

On April 11, 2006, the Council, serving as the LRA (LRA Report #06-002) approved a grant request to the Office of Economic Adjustment (OEA) in the amount of \$297,674 to conduct Phase 1 of the Onizuka planning process. Phase 1, completed within budget and on schedule in August 2007, identifies five conceptual reuse options for further analysis: 1) low density offices similar to the current Onizuka headquarters offices (responding to the Department of Veteran's Affairs' (VA) Notice of Interest (NOI); 2) corporate headquarters offices; 3) a hotel/conference center; 4) an auto mall to help retain and expand existing Sunnyvale auto dealers; and 5) homeless housing, in response to two NOI's submitted by homeless service providers for portions of the site.

Phase 2 has begun and will result in a Final Redevelopment Plan to be submitted to DOD and to the Department of Housing and Urban Development (HUD) by July 31, 2008. The final plan will be informed by the feasibility, environmental and economic impacts of the five identified conceptual reuse

options and will balance City-wide needs for redevelopment with the needs of the homeless for housing. Once submitted, HUD will have 60 days to review the plan for compliance with HUD guidelines, and the DOD will have one year to issue its formal Record of Decision describing how the property will be transferred.

BRAC activities are being coordinated by the Office of the City Manager, with significant support from the City's Community Development and Public Works departments, as well as support from the Office of the City Attorney.

EXISTING POLICY

Legislative Management Sub-Element, Goal 7.3C: Participate in intergovernmental activities, including national, state and regional groups, as a means to represent the City's interests, influence policy and legislation, and enhance awareness.

DISCUSSION

On January 30, 2007 (RTC 07-039) Council gave approval for staff to submit additional grant proposal(s) to OEA to fund Phase 2 to complete the development of the Reuse Plan, and authorized the City Manager to execute the necessary grant agreement(s) and expend OEA approved grant funds when received. This report seeks Council's approval of Budget Modification No. 41 to include the received funds in the BRAC Project Budget. In addition to staff management and support costs, Phase 2 grant funds will cover consultant costs for the following activities:

1. Develop project feasibility and market analysis for the five conceptual reuse options.
2. Assess the cost of structural demolition, clearance and disposal.
3. Re-examine infrastructure adequacy under conceptual reuse options and various densities.
4. Compare alternative concepts to determine the effect of the VA and homeless housing proposals on the remaining parcel, and compare alternatives.
5. Conduct a feasibility analysis to determine the density of conceptual options and project feasibility with, and without, accommodation for VA.
6. Develop a final reuse plan, including recommendations for site conveyance.

FISCAL IMPACT

Staff estimates the total project cost of planning the reuse of Onizuka AFS at approximately \$939,838 (excluding potential legal and associated costs for scoping and developing terms of multi-party agreements should these prove feasible for final plan submission). The grant portion has been funded by two

agencies: the California Employment Development Department provided a National Emergency pre-planning Grant (NEG) in the amount of \$100,000 for preliminary planning, and OEA provided Phases 1 and 2 planning grants totaling \$844,099. The required City match of \$95,739 was included in the City's FY2006/07 and FY2007/08 operating budgets. As a result, approval of the actions recommended by this report would not further impact the City's General Fund. The following tables depict the grant revenues and City matching funds plus actual expenditures:

NEG PRE-PLANNING GRANT - CLOSED

Fiscal Year	NEG Grant Funds Approved	NEG Grant Funds Actual Expenditures	NEG Grant Funds Unexpended
05-06	\$80,000	\$81,041	
06-07	\$20,000	\$8,719	\$10,240
Total	\$100,000	\$89,760	\$10,240

OEA PLANNING GRANT PHASES 1 and 2

OEA Grant	Time Period	OEA Funds Approved to Date	City Match Required	Total OEA Funds and City Match	OEA Grant Funds Actual Expended 2/9/08	City Match Actual Expended 2/9/08	Total OEA Funds and City Match Actual Expended	Total Funds Unexpended
Phase 1	7/1/06 – 6/30/07	\$297,674	\$34,129	\$331,803	\$252,224	\$31,454	\$283,678	\$48,125
	7/1/07 – 8/31/07							
Phase 2	9/1/07 – Fall '08	\$546,425	\$61,610	\$608,035*	\$70,952	\$19,691	\$90,643	\$517,392
Total		\$844,099	\$95,739	\$939,838	\$323,176	\$51,145	\$374,321	\$565,517

*Difference between this figure and \$608,113 on page 5 is due to rounding to get close to city match by personnel hours/dollars.

NEG Grant

City-wide BRAC pre-planning efforts (FY 2005/2006) were funded with a \$100,000 National Emergency Grant (NEG) through the California Employment Development Department, secured by the City's Department of Employment Development (EDD) in July 2005. Of the \$100,000 available, the City's preliminary BRAC planning activities required a total expenditure of \$89,760.

Phase 1 Grant

On April 11, 2006 the Sunnyvale City Council, in its role as LRA, authorized staff to submit a community based reuse grant proposal to OEA (Report to LRA

#06-002). In October 2006, OEA approved the LRA's request for \$297,674 and, as required, the City provided a 10 percent match in the amount of \$34,129 bringing the total Phase 1 grant funding to \$331,803. Phase 1 was completed in August 2007 with a total actual expenditure of \$283,678, leaving an unexpended fund balance of \$48,125.

Phase 2 Grant

On January 30, 2007 Council authorized LRA staff (RTC 07-039) to submit a grant amendment request not to exceed \$500,000 to the OEA to fund Phase 2 of the Onizuka AFS reuse planning process. Consistent with Council direction, on August 8, 2007, staff submitted a grant request for \$499,000. Subsequent to this request, OEA modified its initial direction to staff. Instead of requesting Phase 2 funding through an augmentation of the Phase 1 grant, OEA directed that the Phase 1 grant be closed out and the unexpended fund balance be added to a new grant request for Phase 2.

Accordingly, staff submitted a revised new grant request to OEA totaling \$546,425, which captured the unutilized amount from the Phase 1 grant award. Staff noted the procedural change and the adjusted grant request amount in the September 20, 2007 City Manager weekly report to Council.

Budget Modification No. 41 has been prepared to include Phase 2 funding in the amount of \$546,425 and appropriates the required 10% local match from the operating budgets of the Office of the City Manager, Community Development and Public Works departments in the amount of \$61,687 to the Onizuka BRAC Project budget. These funds will cover the budgeted project costs of \$608,113.

**BUDGET MODIFICATION NO. 41
FISCAL YEAR 2007/2008**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
General Fund			
<u>Revenues:</u>			
Office of Economic Adjustment Grant	\$0	\$546,426	\$546,426
<u>Expenditures:</u>			
525500 - Provide Programs For At-Risk Youth	\$23,768	(\$4,023)	\$19,745
525700 - Management and Supervisory Services	\$67,479	(\$15,881)	\$51,598
726330 - Manage Inter-agency Projects	\$44,088	(\$7,623)	\$36,465
729100 - Executive Management	\$628,280	(\$7,963)	\$620,317
246100 - Department Management	\$145,684	(\$6,906)	\$138,778
302110 - Department Management	\$428,357	(\$4,639)	\$423,718
826551 - Onizuka BRAC Project-Phase 2	\$0	\$608,113*	\$608,113*
Community Development Block Grant Fund			
<u>Expenditures:</u>			
Program 230 – Housing and Human Services (Various Activities)	\$129,256	(\$14,652)	\$114,604

*Difference between this figure and \$608,035 on page 3 is due to rounding to get close to city match by personnel hours/dollars.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Approve Budget Modification No. 41 to incorporate Onizuka AFS Base Realignment and Closure (BRAC) Phase 2 Funding in the BRAC Project Budget.
2. Do not approve Budget Modification No. 41.
3. Other alternatives as required by Council.

RECOMMENDATION

Staff recommends approval of Budget Modification No. 41 to incorporate Onizuka AFS Base Realignment and Closure (BRAC) Phase 2 Funding in the BRAC Project Budget.

Reviewed by:

Robert Walker, Assistant City Manager
Prepared by: Coryn Campbell, Assistant to the City Manager

Reviewed by:

Mary Bradley, Director, Department of Finance

Approved by:

Amy Chan
City Manager