

**Council Meeting: April 22, 2008****SUBJECT: Mary Avenue Extension Project Appropriation of Revenue and Budget Modification No. 39****REPORT IN BRIEF**

A 2006 Subdivision Agreement between the City and Lockheed Martin calls for Lockheed Martin to make payment of \$250,000 of funds dedicated for the Mary Avenue Extension Project. These funds comprise a portion of a \$1,100,000 commitment towards the project that was made as part of a 1985 development agreement. The purpose of the \$250,000 payment is to facilitate the completion of an engineering and environmental analysis for the Mary Avenue Extension Project. The agreement calls for the balance of funds to be transferred to the City at such time that the City approves a Mary Avenue Extension project. The City executed a Cooperative Agreement with the Santa Clara Valley Transportation Authority (VTA) for contract management and oversight assistance for the engineering and environmental analysis. This agreement calls for the City to provide the \$250,000 Lockheed development contribution to the VTA for contract costs. Lockheed made the \$250,000 payment to the City on June 15, 2006 and the funds were deposited into the Capital Projects Fund, Traffic Mitigation Projects Sub-fund. At this time, staff recommends that the City Council approve Budget Modification No. 39 to appropriate the \$250,000 contribution received from Lockheed Martin for the Mary Avenue Extension Project and pay VTA for contract costs as per the original agreement.

BACKGROUND

The City of Sunnyvale has planned for the extension of Mary Avenue to the Moffett Park area since the 1970's. Recent efforts include the adoption of the Transportation Strategic Program, which includes the Mary Avenue Extension as a project to be funded with transportation impact fees on new development, and the State Route 237 Corridor Study, which included a detailed operations analysis that better defined the need for the Mary Avenue Extension and other improvements to the Mathilda Avenue/SR 237/US 101 area in order to support future land development. The City submitted the Mary Avenue Extension for inclusion in the *Valley Transportation Plan 2030*, which is the long-range planning document for Santa Clara County. The project was deemed a priority for the Plan. As such, VTA may potentially receive future outside major transportation project funding through its programming efforts. In addition, VTA will advocate and assist with the development of this project as a regional transportation system improvement priority.

In FY 2005/2006, the City budgeted \$550,000 to initiate engineering and environmental studies to assist in the determination of a final Mary Avenue Extension alignment and to complete Caltrans studies required for the programming of outside funds. Recent land development proposals caused a need to expedite this work and the City took advantage of the VTA's pre-qualification process and its expertise in planning and delivering large-scale transportation projects to facilitate the hiring of a project consultant team. At that time, it was determined that additional funds in the amount of \$250,000 would be required to complete the study. The City negotiated a contribution from Lockheed Martin to cover the additional funding requirement.

EXISTING POLICY

R1.2 Support coordinated regional transportation system planning and improvements.

DISCUSSION

Lockheed Martin contributed \$250,000 towards completion of the Mary Avenue Engineering and Environmental Analysis. These funds are committed to the cost of the project by a Cooperative Agreement with the VTA. This revenue was received in June 2006, but due to internal inter-Departmental miscommunication the funds were not appropriated to the project for expenditure. At this time, the VTA has invoiced the City for this funding commitment and payment is due as per the terms of the agreement. To date, the VTA has advanced the cost of consultant and project management services through its operating budget.

FISCAL IMPACT

Approval of Budget Modification No. 39 will appropriate \$250,000 from the Capital Projects Fund/Traffic Mitigation Projects Sub-fund Reserve to *Project 825630 — Mary Ave. Extension Engineering/Environmental Analysis*. Approval of the Budget Modification will allow the City to remit \$250,000 to the VTA for work performed on the engineering and environmental analysis for the Mary Avenue Extension. These monies were received as a contribution from Lockheed Martin specifically for this project.

Budget Modification No. 39 is presented in the following table:

BUDGET MODIFICATION NO. 39
FISCAL YEAR 2007-2008

	Current	Increase (Decrease)	Revised
Capital Projects Fund/Traffic Mitigation Projects Sub-fund			
<u>Expenditures:</u>			
Project 825630 — Mary Ave. Extension Engineering/ Environmental Analysis	\$116,959	\$250,000	\$366,959
<u>Reserves:</u>			
Future Land Use & Transportation Projects	\$2,658,940	(\$250,000)	\$2,408,940

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. 39 to appropriate \$250,000 from the Capital Projects Fund/Traffic Mitigation Projects Sub-fund Reserve to *Project 825630 — Mary Ave. Extension Engineering/Environmental Analysis* to pay VTA for services performed on the project.
2. Approve alternative action and approve Budget Modification No. 39 as amended by Council.
3. Do not approve Budget Modification No. 39.

RECOMMENDATION

Staff recommends Alternative 1: Approve Budget Modification No. 39 to appropriate \$250,000 from the Capital Projects Fund/Traffic Mitigation Projects Sub-fund Reserve to *Project 825630 — Mary Ave. Extension Engineering/Environmental Analysis* to pay VTA for services performed on the project.

This will allow the City to pay the VTA for work performed on the engineering and environmental analysis for the Mary Avenue Extension. These monies were received as a contribution from Lockheed Martin specifically for this project.

Reviewed by:

Marvin Rose, Director, Public Works

Prepared by: Jack Witthaus, Transportation and Traffic Manager

Reviewed by:

Mary J. Bradley, Director of Finance

Approved by:

Amy Chan
City Manager