



**Council Meeting: February 10, 2009**

**SUBJECT: Approval to Accept Office of Economic Adjustment's Phase 2 Augmentation Funding and Approval of Budget Modification No. 27**

**REPORT IN BRIEF**

When the Department of Defense slated the Onizuka Air Force Station (AFS) for closure, it formally recognized the Sunnyvale City Council as the Local Redevelopment Authority (LRA). As the LRA, the City Council serves as the primary agency for grants and other aid to plan and redevelop the Onizuka AFS site.

In May 2008 staff submitted a request to the Office of Economic Adjustment (OEA) to extend the submission deadline for the Redevelopment Plan to December 15, 2008. In July 2008 staff submitted a request to augment the City's federal planning grant award accordingly. Both requests were approved by OEA.

This report requests Council approval of Budget Modification No. 27 to accept and appropriate \$180,655 in OEA Phase 2 Augmentation funding into the Onizuka AFS Base Realignment and Closure (BRAC) project budget, as well as to appropriate the required local match from the operating budgets of the Office of the City Manager and the Community Development Department into the BRAC project budget.

**BACKGROUND**

The Council, in its role as the LRA, is the single entity responsible for preparing the Onizuka AFS Redevelopment Plan and for all grant/aid applications related to analyzing and planning the transition, reuse and redevelopment of the Onizuka AFS site.

**Phases 1 and 2 Grants**

On April 11, 2006, the LRA (LRA Report #06-002) approved a grant request to OEA in the amount of \$297,674 to conduct Phase 1 of the Onizuka planning process which identified five LRA-approved conceptual reuse options for further analysis. Upon conclusion of Phase 1, Council gave approval (January 30, 2007, RTC 07-039) for staff to submit an additional grant application to OEA to analyze the reuse options, select the preferred option and to prepare the Final Redevelopment Plan, Homeless Assistance Submission including the Legally

Binding Agreement, and other submissions. OEA approved the City's Phase 2 funding request in the amount of \$546,425.

#### Phase 2 Grant Augmentation

On July 3, 2008, staff submitted a Phase 2 augmentation request to OEA totaling \$180,655 in federal funds. The request reflected an extended Redevelopment Plan submission deadline of December 15, 2008. The Redevelopment Plan was adopted by the LRA on December 9, 2008 (LRA Report 08-006) and was submitted to the Department of the Air Force (AF) and HUD on December 15, 2008.

#### **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 February 12, 2008 the LRA (LRA Report 08-001) authorized staff to submit a Phase 2 budget augmentation not to exceed \$100,000 to prepare homeless services submissions, possibly formulate a legally binding agreement and negotiate disposition agreements with the AF and Department of Veteran Affairs. In April 2008 staff notified the LRA that due to the need for unanticipated additional analysis and legal review, staff planned to request an extension of the Redevelopment Plan submission deadline to December 15, 2008.

Subsequent to staff's submission of the deadline extension request, and in response to an urgent request from OEA to submit the City augmentation application in time for the agency's approval before the end of its fiscal year, staff submitted a Phase 2 grant amendment application on July 3, 2008. The application 1) requested an extension of the Phase 2 planning period from August 31, 2008 to March 31, 2009, 2) reflected a revised Redevelopment Plan submission deadline of December 15, 2008, and 3) requested \$180,655 in federal funds to pay for the increased projected cost of planning for an economic development conveyance, including preparing a 2009 OEA grant application.

Due to the time impediments posed by the end of OEA's fiscal year, there was insufficient time to seek Council approval for requesting funds above \$100,000. On September 22, 2008 OEA approved the augmentation application request.

This report seeks to complete the grant process by requesting Council's formal approval of Budget Modification No. 27 to accept and appropriate the \$180,655 in federal grant funding and appropriate \$48,984 in City matching funds into the BRAC project budget for the Phase 2 budget augmentation.

**FISCAL IMPACT**

There is no net impact to the City for acceptance and appropriation of these grant funds. The City's match will be covered by using currently budgeted operating funds from the Office of the City Manager and the Community Development Department.

Grant Budget Summary

The following table depicts the grant revenues and the City matching funds of the Phase 1 and Phase 2 Grants, and the Phase 2 Grant Augmentation:

**OEA PLANNING GRANTS**

<b>OEA Grant</b>	<b>Time Period</b>	<b>OEA Funds</b>	<b>City Match Required</b>	<b>Total OEA Funds and City Match</b>
<b>Phase 1 Actual (Closed)</b>	7/1/06 – 8/31/07	\$259,728	\$30,707	\$290,435
<b>Phase 2 Budget</b>	9/1/07 – 8/31/08	\$564,425	\$61,610	\$608,035
<b>Phase 2 Augmentation Budget</b>	9/1/08 – 3/31/09	\$180,655	\$48,984	\$229,639
	<b>Total</b>	\$1,004,808	\$141,301	\$1,128,109

Budget Modification No. 27 has been prepared to accept and appropriate \$180,655 in federal grant funding into the BRAC Phase 2 Augmentation project. This budget modification also appropriates the City match of \$48,984 from the operating budgets of the Office of the City Manager and the Community Development Department into the BRAC project.

**BUDGET MODIFICATION NO. 27  
FISCAL YEAR 2008/2009**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
<b>General Fund</b>			
<u>Revenues:</u>			
Office of Economic Adjustment Phase 2 Augmentation Grant	\$0	\$180,655	\$180,655
<u>Expenditures:</u>			
729100 - Executive Management	773,194	(\$37,718)	735,476
246100 – Community Development Department Management	\$193,424	(\$3,605)	\$189,819
New Project - Onizuka BRAC Project-Phase 2 Augmentation	\$0	\$229,639	\$229,639
<b>Housing Mitigation Fund</b>			
<u>Expenditures:</u>			
Program 230 – Housing and Human Services (Various Activities)	380,139	(\$7,661)	\$372,478

**PUBLIC CONTACT**

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

**ALTERNATIVES**

1. Approve Budget Modification No. 27 to incorporate Onizuka AFS BRAC Phase 2 Augmentation Funding in the BRAC Project Budget.
2. Do not approve Budget Modification No. 27.
3. Other alternatives as required by Council.

**RECOMMENDATION**

Staff recommends Alternative 1: Approve Budget Modification No. 27 to incorporate Onizuka AFS BRAC Phase 2 Augmentation Funding in the BRAC Project Budget.

Reviewed by:

Robert Walker, Assistant City Manager  
Prepared by: Robert Switzer, BRAC Project Manager

Reviewed by:

Mary Bradley, Director, Department of Finance

Approved by:

Gary M. Luebbers  
City Manager