

**Council Meeting: June 15, 2010****SUBJECT: State Proposition 1B Infrastructure Bond Funds - Second Allotment and Revision of First Allotment, and Approval of Budget Modification No. 36.****BACKGROUND**

California State Proposition 1B, approved in November 2006, provides Sunnyvale with approximately \$4.2 million for improvement of local streets and roads. The funds are distributed in two allocations. The first allocation of \$2.1 million was received and initially appropriated at the end of FY 2007/2008. The second allocation of \$2.1 million will be distributed in FY 2010/2011. Prior to distribution, a project plan for expending the funds must be approved by Council and then submitted to the State. The Council action on this report will allow the Finance Department to complete necessary documents and submit them to the State to obtain the second allocation of Proposition 1B funds.

On May 6, 2008, the City Council approved using the entire \$2.1 million first allocation for the Wolfe Road bridge repair project (RTC 08-149). This allowed design work to proceed immediately. Subsequently, the shovel-ready Wolfe Road bridge project qualified for American Recovery and Reinvestment Act (ARRA) funding. Therefore, only \$481,703 of the Proposition 1B funds was actually used to cover preliminary and other costs that were not eligible for ARRA funds. Remaining funds from the Proposition 1B first allocation were applied to several other projects at the time of award (RTC's 09-273, 09-300, and 10-092). A revised plan for the total first allocation, as well as the plan for the second allocation is presented below.

EXISTING POLICY**Land Use and Transportation Element**

Goal C 3 Attain a transportation system that is effective, safe, pleasant, and convenient.

Policy C 3.4 Maintain roadways and traffic control devices in good operating condition.

DISCUSSION**First Allocation of Proposition 1B Funds**

The revised plan for the first allocation of Proposition 1B funds including accrued interest is as follows:

Wolfe Road CalTrain Overcrossing (Project 825621)	\$481,703
Homestead Road Resurfacing (Project 828180)	\$145,327
Sunnyvale Ave. Rehabilitation (Project 828570)	\$431,000
Concrete Reconstruction (Project 828610)	\$605,000
Annual Street Slurry Seal (Project 828030)	\$488,799
<u>Pavement Rehabilitation (Project 825290)</u>	<u>\$ 96,698</u>
Total Proposition 1B – 1st Allocation	\$2,248,527

Second Allocation of Proposition 1B Funds

The plan for the second allotment of Proposition 1B funds is as follows:

Concrete Reconstruction (Project 828610)	\$900,000
Pavement Rehabilitation (Project 825290)	\$933,000
<u>Annual Slurry Seal of City Streets (Project 828030)</u>	<u>\$184,675</u>
Total Proposition 1B – 2nd Allocation	\$2,017,675

With the exception of the Wolfe Road CalTrain Overcrossing project and the Concrete Reconstruction project, the dollar amounts are estimates. Actual contract awards and use of other grant funds may change the amount of Proposition 1B funds applied to each specific project. Unspent funds would be applied to similar projects to ensure that each allocation of Proposition 1B funds is spent within their three-year time limits, June 2011 and June 2013, respectively.

The allocation of \$900,000 of Proposition 1B funds, along with other concrete work in progress, (see attachment) will eliminate the current backlog of concrete sidewalk projects. The remainder of the allocation will go to the maintenance of City streets.

It should be noted that the current annual operating budget amount for concrete repairs is still less than the cost to keep up with annual requested concrete repairs. Although grant funds are being used to address the current backlog, the amount of money in the operating budget is insufficient to keep up with annual work to prevent a new backlog from occurring.

Budget Modification for Concrete Work funded by CDBG

Staff previously recommended using the second allocation of Proposition 1B to address the backlog of concrete work. This backlog was already substantially reduced using Community Development Block Grant (CDBG) funds and other grants, allowing a portion of the second allocation of Proposition 1B to be used for needed pavement repairs. However, a Budget Modification, described in the Fiscal Impact section, is needed to align the certain concrete project budgets with the CDBG action plan.

FISCAL IMPACT

If Council approves \$900,000 for Concrete Reconstruction in the second allotment of Proposition 1B funds, staff will adjust the proposed FY 2010/2011 budget to be adopted on June 29. The rest of the second allotment and the reallocation of some of the remaining first allotment will replace gas tax funds currently budgeted for these projects. This allows the City to preserve approximately \$1.2 million for other transportation related infrastructure and operating expenditures. This is important since gas tax revenues have declined in recent years, and are currently subject to delayed payments and proposed reductions as part of the State’s efforts to balance its budget. Additional funds, albeit one-time, do provide some cushion against so much uncertainty.

To align the FY 2009/2010 project budgets with the CDBG Action Plan, the following budget adjustments are recommended to ensure the full allocation of CDBG funds for sidewalk repairs and curb ramps is appropriated:

**BUDGET MODIFICATION NO. 36
 FISCAL YEAR 2009/2010**

CDBG Fund	Current	Increase (Decrease)	Revised
Expenditures:			
828140 – CDBG Sidewalk Repl.	\$430,000	\$20,000	\$450,000
820631 – ADA Curb Retrofit	\$539,595	\$84,965	\$624,560

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 the revised first allocation of Proposition 1B funds as shown in the staff report.
2. Approve the plan for the second allocation of Proposition 1B funds as shown in the staff report.
3. Revise the second allocation of Proposition 1B funds for other eligible purposes.
4. Approve Budget Modification No. 36 to appropriate additional CDBG funds to two projects to align them with the 2009 Action Plan.

RECOMMENDATION

Staff recommends alternative 1, 2, and 4, to approve the revised first allocation of Proposition 1B funds as shown in the staff report; to approve the plan for the second allocation of Proposition 1B funds as shown in the staff report; and to approve Budget Modification No. 36, to align the CDBG funded concrete projects to the CDBG Action Plan.

Reviewed by:

Marvin Rose, Director of Public Works

Prepared by: Mark Rogge, Assistant Director of Public Works

Reviewed by:

Mary Bradley, Director of Finance

Approved by:

Gary M. Luebbers

City Manager

Attachment: Progress on Concrete Infrastructure Projects

City of Sunnyvale

Progress on reducing the backlog of Concrete Infrastructure Projects

The following is a summary of concrete projects in Sunnyvale Works! The City is also employing Transportation Development Act (TDA) and State Safe Routes to School (SR2S) grant funds. These concrete projects also include related signage and safety elements:

ADA Curb Retrofit (Project 828510)	\$265,924	CDBG-ARRA
ADA Curb Retrofit (Project 820631)	\$624,560	CDBG
Sidewalk Replacement (Project 828140)	\$450,000	CDBG
Concrete Reconstruction (Project 828610)	\$605,000	Prop 1B
Concrete Maintenance (Program 217)	\$468,614	Gen. Fund
<u>Residential and School Area (Project 828160)</u>	<u>\$927,000</u>	<u>TDA/SR2S</u>
Total Concrete Work	\$3,341,098	

Community Development Block Grant (CDBG) and ARRA funds, distributed through CDBG, were applied to the backlog of sidewalk, curb, gutter and driveway repairs in CDBG-eligible neighborhoods. Additionally, 243 curb ramps have been or are currently being installed. Due to favorable bid prices, a third bid is being prepared to use remaining CDBG funds to install approximately 114 additional ramps.

In addition to the work above, the City has submitted a project under the second allotment of ARRA for \$500,000 that would complete accessibility ramps on all locally-controlled arterial and collector streets in Sunnyvale. Staff has also allocated \$280,542 of the FY 2010/2011 CDBG funds for additional curb ramps.

With these efforts, all of the busiest sidewalks, all CDBG-eligible neighborhoods, and all requested accommodations will have been met. The remaining backlog of accessibility ramps would be limited to residential neighborhoods where there has been no request for accommodations. The City is currently in the process of surveying the remaining residential areas to estimate how many actual locations lack accessible ramps, and will continue installation of ramps in these areas using CDBG funds