

**Council Meeting: September 20, 2011****SUBJECT: Approval of Budget Modification No. 9 to Appropriate Office of Economic Adjustment Grant Funding for Onizuka Air Force Station (AFS) Base Realignment and Closure****DISCUSSION**

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

On July 26, 2011 staff submitted a grant application to the Office of Economic Adjustment (OEA) requesting \$71,095 to amend the Redevelopment Plan to accommodate an education center, with an alternative park use option and a public benefit conveyance (PBC) to expand the City's Fire Station #5. The OEA approved the application on August 26, 2011.

This report requests Council approval of Budget Modification No. 9 to appropriate \$71,095 in OEA funding to the Onizuka AFS Base Realignment and Closure (BRAC) project, as well as to appropriate the required local match of \$7,896 from the FY 2011/2012 operating budgets of the Community Development Department, the Department of Public Works and the Office of the City Manager into the new BRAC project budget.

**BACKGROUND**

On December 9, 2008, the LRA directed staff to prepare an OEA funding request for a business plan and related activities as required for an economic development conveyance (EDC). On August 11, 2009, Council (RTC #09-204) approved receipt of \$652,579 in OEA funding for April 1, 2009 to March 31, 2010. On May 27, 2010, OEA approved a supplemental federal award of \$58,573, bringing the grant total to \$711,152, and also extended the grant end date to December 31, 2010.

On October 5, 2010, the LRA halted further consideration of the auto mall and directed staff to amend the Redevelopment Plan to pursue alternative uses and to investigate possible public benefit uses and a Data Center. In December 2010, staff successfully requested OEA's approval of the changed scope of work and a reallocation of consultant funds, earmarked for preparation of an EDC business-operations plan, to personnel to compensate staff costs for the PBC analysis. OEA also agreed to extend the grant's end date to June 30, 2011.

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Subsequently, on June 6, 2011, OEA approved reallocating the final \$10,000 consulting balance, held in reserve for possible technical studies, to personnel and extended the grant's closeout date to July 31, 2011.

**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.

**FISCAL IMPACT**

There is no net impact to the General Fund for acceptance and appropriation of these grant funds. The City's required 10% match will be funded with currently budgeted operating funds from the Community Development Department, the Department of Public Works and the Office of the City Manager. These budgeted expenditures will be transferred into the new BRAC project.

Budget Modification No. 9 has been prepared to appropriate \$71,095 of grant funding from the Office of Economic Adjustment and \$7,896 of local City match from the FY 2011/12 operating budgets of the Community Development Department, the Department of Public Works and the Office of the City Manager.

**BUDGET MODIFICATION NO. 9  
FISCAL YEAR 2011/2012**

<b>General Fund</b>	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
<u>Revenues:</u>			
901 – Federal Grants	\$0	\$71,095	\$71,095
<u>Expenditures:</u>			
Various Operating Activities – Community Development Department, Department of Public Works and Office of the City Manager (FY 2011/2012 Budget)	\$5,773,063	(\$7,896)	\$5,765,167
New Project 826553 – Onizuka BRAC Redevelopment Plan Amendment Application Grant	\$0	\$78,991	\$78,991

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**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. 9 to appropriate the Office of Economic Adjustment's Redevelopment Plan Amendment Funding and local City match.
  
2. Do not approve Budget Modification No. 9 to appropriate the Office of Economic Adjustment's Redevelopment Plan Amendment Funding and local City match.
  
3. Other alternatives as required by Council.

**RECOMMENDATION**

Staff recommends Alternative 1: Approve Budget Modification No. 9 to appropriate the Office of Economic Adjustment's Redevelopment Plan Amendment Funding and local City match.

Reviewed by:

Hanson Hom Director, Community Development  
Prepared by: Terilyn Anderson, BRAC Project Assistant

Reviewed by:

Grace Leung, Director of Finance

Approved by:

Gary M. Luebbers  
City Manager