

**Council Meeting: September 27, 2011****SUBJECT: Re-Programming of Federal Transportation Funding from East Channel Trail Project to Downtown Streetscape Project, Approval of Resolution of Support, and Approval of Budget Modification No. 8****BACKGROUND**

A federal transportation grant to the City for an East Channel Trail project needs to be re-programmed in order to allow for timely expenditure of the funds. The East Channel Trail project cannot meet certain grant deadlines due to unforeseen environmental and design issues and the need for coordination with Santa Clara Valley Water District flood control improvements. The Sunnyvale Downtown Streetscape Project is under-prescribed for funding after initial design found that planned improvements exceeded the current level of funding. Working with the Santa Clara Valley Transportation Authority (VTA) and the Metropolitan Transportation Commission (MTC), the City will be allowed to re-program the East Channel Trail funds, which would otherwise be lost, to the Downtown Streetscape Project to allow completion of more streetscape improvements. The MTC requires the approval of a resolution of support committing to complete the project and stating the City's understanding of the funding process. Consequently, staff recommends approval of the attached Resolution (Attachment A).

EXISTING POLICY

Downtown Specific Plan E.2, Improve the quality of key vehicular and pedestrian linkages that function as important feeders to the downtown, such as Sunnyvale, Washington and Iowa Avenues.

Land Use and Transportation Element C3, Attain a transportation system that is effective, safe, pleasant and convenient.

Land Use and Transportation Element C3.7, Pursue local, state and federal transportation funding sources to finance City transportation capital improvement projects consistent with City priorities.

DISCUSSION

The City received a federal grant for an East Channel Trail project through the VTA Community Design and Transportation (CDT) Program. This project is part of the Tasman/Fair Oaks Bicycle and Pedestrian Circulation Plan and would provide a paved bike and pedestrian trail from the John W. Christian Greenbelt to Tasman Court. The grant was submitted assuming that the trail would utilize existing City right of way adjacent to the East Channel, in order to avoid conflicts with pending Water District flood control improvements and to allow trail construction to proceed in a timely fashion. However, initial field review found that trail construction in the City right of way would involve significant tree removals, loss of habitat, and utility conflicts, as well as potentially high construction costs due to necessary drainage improvements. These issues could not be resolved in the time frame allowed for design authorization, and Caltrans, who administers Federal grant funding, is prepared to de-fund the grant.

In order not to lose the funds, staff worked with VTA and MTC to identify an alternative project that meets the CDT program objectives and can meet Caltrans requirements. The Downtown Streetscape project has already received Caltrans authorization. The original project scope called for pedestrian, bike, and lighting improvements on several streets in the downtown area. Completion of initial design drawings determined that the available funding was insufficient to cover the entire cost of the original scope. A reduced scope project has been carried forward to final design and will be bid in October. Remaining planned improvements are at a 65% design stage. The VTA and MTC will allow the City to re-program the East Channel funds to complete more of the planned downtown streetscape improvements. This will be done through a new project, Downtown Streetscape Improvements Phase II.

Staff also met with Water District staff to pursue coordination of East Channel Trail and flood control improvements. A maintenance road on District property provides an opportunity to construct trail improvements while avoiding environmental and design issues associated with use of the parallel City right of way. However the Water District will be constructing flood walls along the East Channel, currently planned for construction initiation in 2014. The Water District is amenable to allowing the City to improve the maintenance road for public access subsequent to the flood control improvements. This will also bring the cost of the trail down by taking advantage of grading improvements that will be made by the Water District as part of the flood control project and clearing the project environmentally as part of the flood control project. Improving the maintenance road prior to the flood control improvements is not possible, because floodwall construction would result in destruction of any trail improvements due to the use of heavy construction equipment on the maintenance road.

Because this project will not proceed until 2014 at the earliest, staff proposes to reprogram additional funding for an East Channel during the next capital projects budget cycle, which will occur in FY 2012/2013. Additional grant funding will be sought to fund the \$594,000 that is currently being de-funded.

The MTC requires the attached resolution of support to be approved to allow re-programming of federal funds from the East Channel Trail to the Downtown Streetscape Improvements Phase II project.

FISCAL IMPACT

The cost of the second phase of the Downtown Streetscape Project is \$743,000. \$594,000 of this amount will be re-appropriated grant funding from the East Channel Trail Project that would otherwise be lost. The \$149,000 in local matching funds will come from dedicated funds within the Capital Projects Fund/Traffic Mitigation Sub-Fund that are reserved for this purpose.

The East Channel Trail project will be de-funded in the amount of \$594,000, leaving \$149,000 of funding in that project (\$81,795 from Sense of Place fees and \$67,205 from TDA funds). During the next capital projects budget cycle, which will occur in FY 2012/2013, the existing \$149,000 budget for the East Channel Trail project will be augmented with additional funding sources identified for Council consideration. Ideally, an additional grant will be secured to fund completion of the project. If no grant funds are available, staff anticipates utilizing Sense of Place fees to fund this project. Currently, there is approximately \$310,000 of available Sense of Place fee funds, and based on projections, staff believes there will be enough additional Sense of Place fee collections over the next several years to fund this project if no other grant funds become available.

Budget Modification No. 8 has been prepared to re-appropriate grant revenues in the amount of \$594,000 from the East Channel Trail Project to a new Downtown Streetscape Project Phase II, as well as appropriate the total required local match of \$149,000 from dedicated local transportation grant matching funds.

**Budget Modification No. 8
FY 2011/2012**

	<u>Current</u>	<u>Increase/ (Decrease)</u>	<u>Revised</u>
Capital Projects Fund/ General Assets Subfund			
<u>Expenditures:</u>			
New Project – Downtown Streetscape Project Phase II	\$0	\$743,000	\$743,000
Project 829010 – Sunnyvale East Channel Trail (JWC Greenbelt to Tasman Drive)	\$743,000	\$(594,000)	\$149,000
Capital Projects Fund/ Traffic Mitigation Subfund			
<u>Transportation Grant Local Match Fund Reserve:</u>			
Dedicated Local Matching Funds	\$339,699	(\$149,000)	\$190,699

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin boards outside City Hall, in the Council Chambers lobby, the City Clerk’s office, 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 Office of the City Clerk.

ALTERNATIVES

1. Approve the attached Resolution of Support committing to complete the Downtown Streetscape Phase II project and stating the City’s understanding of the funding process, invalidate previously approved resolution 467-11 committing to complete the East Channel Trail Project utilizing Federal funds, and approve Budget Modification No. 8 to re-appropriate grant revenues in the amount of \$594,000 from the East Channel Trail project to the new Downtown Streetscape Phase II project as well as appropriate the total required local match of \$149,000 from dedicated local transportation grant matching funds.
2. Do not take action at this time and forfeit the opportunity for federal transportation funds distributed through the Santa Clara VTA.

RECOMMENDATION

Approve the attached Resolution of Support committing to complete the Downtown Streetscape Phase II project and stating the City's understanding of the funding process, invalidate previously approved resolution 467-11 committing to complete the East Channel Trail Project utilizing Federal funds, and approve Budget Modification No. 8 to re-appropriate grant revenues in the amount of \$594,000 from the East Channel Trail project to the new Downtown Streetscape Phase II project as well as appropriate the total required local match of \$149,000 from dedicated local transportation grant matching funds.

Reviewed by:

Kent Steffens, Director of Public Works

Prepared by: Jack Witthaus, Transportation and Traffic Manager

Reviewed by:

Grace Leung, Director of Finance

Approved by:

Gary M. Luebbbers, City Manager

Attachment:

A. Resolution of Support

**Resolution of Local Support
STP/CMAQ Funding**

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SUNNYVALE AUTHORIZING THE FILING FOR FEDERAL
SURFACE TRANSPORTATION PROGRAM (STP) AND/OR
CONGESTION MITIGATION AND AIR QUALITY
IMPROVEMENT (CMAQ) FUNDING AND COMMITTING THE
NECESSARY NON-FEDERAL MATCH AND STATING THE
ASSURANCE TO COMPLETE THE PROJECT**

WHEREAS, the City of Sunnyvale (herein referred to as APPLICANT) is requesting programming of funding by the Metropolitan Transportation Commission (MTC) in the amount of \$594,000 in funding from the federal Surface Transportation Program (STP) and/or Congestion Mitigation and Air Quality Improvement (CMAQ) program for the Sunnyvale Downtown Streetscape Project Phase II (herein referred to as PROJECT) for the MTC Resolution, No. 3925, New Federal Surface Transportation Act (FY 2009-10, FY 2010-11 and FY 2011-12) Cycle 1 STP/CMAQ Program: Project Selection Criteria, Policy, Procedures and Programming (herein referred to as PROGRAM); and

WHEREAS, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA) (Public Law 109-59, August 10, 2005) authorized the Surface Transportation Program (23 U.S.C. § 133) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ) (23 U.S.C. § 149) through September 30, 2009; and

WHEREAS, SAFETEA has been extended through September 30, 2011 pursuant to Public Law 112-5 and may be subsequently extended pending enactment of successor legislation for continued funding; and

WHEREAS, pursuant to SAFETEA, and the regulations promulgated thereunder, eligible project sponsors wishing to receive federal Surface Transportation Program and/or Congestion Mitigation and Air Quality Improvement Program (STP/CMAQ) funds for a project shall submit an application first with the appropriate Metropolitan Planning Organization (MPO), for review and inclusion in the MPO's Transportation Improvement Program (TIP) and which application has been previously submitted; and

WHEREAS, the Metropolitan Transportation Commission (MTC) is the MPO for the nine counties of the San Francisco Bay region; and

WHEREAS, MTC has adopted a Regional Project Funding Delivery Policy (MTC Resolution No. 3606, revised) that sets out procedures governing the application and use of STP/CMAQ funds; and

WHEREAS, APPLICANT is an eligible project sponsor for STP/CMAQ funds; and

WHEREAS, as part of the application for STP/CMAQ funding, MTC requires a resolution adopted by the responsible implementing agency stating the following:

- 1) the commitment of necessary local matching funds of at least 11.47%; and
- 2) that the sponsor understands that the STP/CMAQ funding is fixed at the programmed amount, and therefore any cost increase cannot be expected to be funded with additional STP/CMAQ funds; and
- 3) that the projects will comply with the procedures specified in Regional Project Funding Delivery Policy (MTC Resolution No. 3606, revised); and
- 4) the assurance of the sponsor to complete the project as described in the application, and if approved, as included in MTC's TIP; and
- 5) that the project will comply with all the project-specific requirements as set forth in the PROGRAM.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT the APPLICANT is authorized to execute and file an application for funding for the PROJECTS under the Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) of SAFETEA, any extensions of SAFETEA or any successor legislation for continued funding.

BE IT FURTHER RESOLVED THAT the APPLICANT, by adopting this resolution, does hereby state that:

1. APPLICANT will provide \$149,000 in non-federal matching funds; and
2. APPLICANT understands that the STP/CMAQ funding for the project is fixed at the MTC approved programmed amount, and that any cost increases must be funded by the APPLICANT from other funds, and that APPLICANT does not expect any cost increases to be funded with additional STP/CMAQ funding; and
3. APPLICANT understands the funding deadlines associated with these funds and will comply with the provisions and requirements of the Regional Project Funding Delivery Policy (MTC Resolution No. 3606, as revised); and
4. PROJECT will be implemented as described in the complete application and in this resolution and, if approved, for the amount programmed in the MTC federal TIP; and
5. APPLICANT and the PROJECT will comply with the requirements as set forth in the program.

BE IT FURTHER RESOLVED that APPLICANT is an eligible sponsor of STP/CMAQ funded projects.

BE IT FURTHER RESOLVED that APPLICANT is authorized to submit an application for STP/CMAQ funds for the PROJECT.

BE IT FURTHER RESOLVED that there is no legal impediment to APPLICANT making applications for the funds.

BE IT FURTHER RESOLVED that there is no pending or threatened litigation that might in any way adversely affect the proposed PROJECT, or the ability of APPLICANT to deliver such PROJECT.

BE IT FURTHER RESOLVED that APPLICANT the City Manager, or designee to execute and file an application with MTC for STP/CMAQ funding for the PROJECT as referenced in this resolution.

BE IT FURTHER RESOLVED that a copy of this resolution will be transmitted to the MTC.

BE IT FURTHER RESOLVED that the MTC is requested to support the application for the PROJECT described in the resolution and to include the PROJECT, if approved, in MTC's TIP.

Adopted by the City Council at a regular meeting held on _____, 2011, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

David E. Kahn, City Attorney