



Council Meeting: June 15, 2010

SUBJECT: Approval of Budget Modification No. 41 to Appropriate Office of Economic Adjustment's Economic Development Conveyance Grant for Onizuka Air Force Station

REPORT IN BRIEF

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 May 5, 2010 staff submitted a request to the Office of Economic Adjustment (OEA) to extend the end-date of the Economic Development Conveyance (EDC) Grant from March 31, 2010 to December 31, 2010 and to augment the City's grant award in the amount of \$58,573. Both requests were approved by OEA.

This report requests Council approval of Budget Modification No. 41 to appropriate \$58,573 in OEA funding to the Onizuka AFS Base Realignment and Closure (BRAC) project budget, as well as to approve the transfer of the required local match of \$6,507 from the FY 2010/2011 operating budget of the Community Development Department into the BRAC project budget.

BACKGROUND

Onizuka AFS is slated for closure by the DOD in 2011. The Sunnyvale City Council, in its role as the LRA, applied for and received grant funding from the OEA to develop the predevelopment planning and the BRAC-required Final Redevelopment Plan. This resulted in the LRA's selection of a multi-tenant Auto Center as the site's preferred reuse option and submission of the Onizuka AFS Redevelopment Plan, the Homeless Assistance Submission, and a recommendation for an EDC to the Department of the Air Force (AF) on December 15, 2008. BRAC requires that the EDC recommendation be formalized with an EDC Application and substantiated with a business/operations plan demonstrating the use of project proceeds (cash flow) to ensure project feasibility. The LRA's successful supplemental application for OEA grant funds compensates the City's cost for staffing and outside legal counsel associated with the extended nine month planning period. Project milestones during this extension period include: completion of the financial and market study of the auto mall, preparation of the Operations/Business plan and economic development conveyance of the property to the City of Sunnyvale.

**Approval of Budget Modification No. 41 to Appropriate Office of Economic
Adjustment's Economic Development Conveyance Grant for Onizuka Air Force
Station**

June 15, 2010
Page 2 of 4

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

In 2006, 2007, and 2008 the LRA applied for and received two OEA grants and an extension that funded the first two phases of the Onizuka BRAC project.

Phase 1 Conceptual Reuse Options: On April 11, 2006, the LRA (LRA Report #06-002) authorized a grant request to OEA which was approved in the amount of \$297,674 to conduct Phase 1 of the Onizuka planning process, and which identified five LRA-approved conceptual reuse options for further analysis.

Phase 2 Analysis and Final Redevelopment Plan: Upon conclusion of Phase 1, the Council (January 30, 2007, RTC 07-039) authorized staff to submit an additional OEA request to prepare a preliminary market and feasibility analysis of the reuse options, select the preferred option, and prepare the Final Redevelopment Plan and Homeless Assistance Submission, which OEA approved in the amount of \$546,425.

Phase 2 Extension for Public Review: On July 3, 2008, staff requested OEA to extend the period for public review and submission. On December 9, 2008 (LRA Report 08-006) the LRA adopted the Redevelopment Plan, which identified an Auto Center as the LRA's preferred reuse option for the site. The Plan, along with the Homeless Assistance Submission and a recommendation for an EDC, was submitted to the AF and U. S. Department of Housing and Urban Development on December 15, 2008. The plan was approved and an additional grant of \$180,655 was awarded.

EDC Application Phase: 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 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 extending the grant end date to December 31, 2010 and a supplemental federal award of \$58,573. This report completes the grant process for this extension phase with the Council's formal approval to appropriate the \$58,573 in federal grant funding and approve the transfer of \$6,507 from the FY 2010/2011 operating budget in City matching funds from various operating programs into the BRAC project budget.

**Approval of Budget Modification No. 41 to Appropriate Office of Economic
Adjustment's Economic Development Conveyance Grant for Onizuka Air Force
Station**

June 15, 2010
Page 3 of 4

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 FY 2010/2011 operating funds from the Community Development Department. With Council approval, this transfer will be done administratively once the FY 2010/2011 budget is adopted.

Staff requests Council authorization to accept and appropriate \$58,573 in federal grant funding into the BRAC EDC Grant project and transfer the City match of \$6,507 from the FY 2010/2011 operating budgets into the BRAC project budget.

**BUDGET MODIFICATION NO. 41
FISCAL YEAR 2009/2010**

General Fund	Current	Increase (Decrease)	Revised
<u>Revenues:</u>			
Project 826552- Onizuka BRAC EDC Application Grant	\$652,578	\$58,573	\$711,151
<u>Expenditures:</u>			
Program 237 – Community Development Department Management (FY 2010/2011 Budget)	\$381,811	(\$6,507)	\$375,304
Project 826552 – Onizuka BRAC EDC Application Grant	\$725,088	\$65,080	\$790,168

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.

Approval of Budget Modification No. 41 to Appropriate Office of Economic Adjustment's Economic Development Conveyance Grant for Onizuka Air Force Station

June 15, 2010
Page 4 of 4

ALTERNATIVES

1. Approve Budget Modification No. 41 to appropriate the Office of Economic Adjustment's Economic Development Conveyance Grant for Onizuka AFS.
2. Do not approve Budget Modification No. 41 to appropriate the Office of Economic Adjustment's Economic Development Conveyance Grant for Onizuka AFS.
3. Other alternatives as required by Council.

RECOMMENDATION

Staff recommends Alternative 1: Approve Budget Modification No. 41 to appropriate the Office of Economic Adjustment's Economic Development Conveyance Grant for Onizuka AFS.

Reviewed by:

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

Reviewed by:

Mary Bradley, Director of Finance

Approved by:

Gary M. Luebbbers, City Manager