



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

SUBJECT: SEE BELOW

DATE: 09-15-08

Approved 

Date 9/16/08

COUNCIL DISTRICT: 3, 4

SNI AREA: N/A

SUBJECT: GRANT APPLICATION IN THE AMOUNT NOT TO EXCEED \$1,377,000 FOR CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT (CMAQ) PROGRAM FUNDING TO SUPPORT PREPARATION OF CONSTRUCTION DOCUMENTS FOR THE LOWER GUADALUPE RIVER (GOLD STREET TO HIGHWAY 880) TRAIL PROJECT

RECOMMENDATION

Adoption of a resolution authorizing the City Manager, or designee, to:

1. Submit a grant application to Valley Transportation Authority in the amount not to exceed \$1,377,000 for CMAQ program grant funding for the Lower Guadalupe River (Gold Street to Highway 880) Trail Project.
2. Accept any grant funds and to negotiate and execute any and all documents relating to the grant funding agreement with State of California.

CEQA: Mitigated Negative Declaration, PP04-323.

OUTCOME

Authorizes the City Manager to submit an application and execute a grant funding agreement for reimbursable grant funds for the design of the Lower Guadalupe River (Gold Street to Highway 880) Trail Project. By securing these funds, a likely surplus can (1) permit reallocation of funds towards construction of a paved trail along the Lower Guadalupe River, and (2) assist the Valley Transportation Authority ("VTA") in ensuring that CMAQ funds are expended on eligible projects within the region.

BACKGROUND

In 1991, Congress adopted the Intermodal Surface Transportation Efficiency Act (ISTEA). This law authorized the creation of the CMAQ program and provided \$6.0 billion in funding for surface transportation and other related projects that contribute to air quality improvements and reduce congestion. In 2005, the CMAQ program continued under the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The CMAQ program under SAFETEA-LU received over \$8.6 billion dollars in funds to provide to various State Departments of Transportation and Metropolitan Transportation Organizations (MTO) to invest in projects that reduce air pollutants regulated from transportation-related sources over a period of five years (2005-2009). The Metropolitan Transportation Commission (MTC) is the Bay Area's MTO.

The Valley Transportation Authority (VTA) programs CMAQ funds on behalf of MTC. As part of its process, MTC requires a resolution from the local agency in order to update the region's Transportation Improvement Plan (TIP) before CMAQ funds may be made available.

The VTA reports that \$5,000,000 in CMAQ funding currently remains unexpended and uncommitted. Projects from the parent legislation (SAFETEA-LU) are candidate projects for use of CMAQ funds. The City Council's action increases total project funding through use of CMAQ and preserving earmark funds for future construction work.

ANALYSIS

The SAFETEA-LU included an earmark of \$5,879,000 for the Lower Guadalupe River Trail. Caltrans, which serves as the administrator of federal funds, issued a notice to proceed (form E-76) entitling the City to expend up to \$1,905,000 towards the preparation of:

- Federal environmental (NEPA) documentation; and
- Construction documents from Highway 880 to Gold Street (6.4 miles)

In order to proceed with the work, the City Council (February 26, 2008, item 5.2) adopted a resolution for appropriating the funds which will be ineligible for partial reimbursement¹.

Once the environmental and construction documents are completed, staff will work with Caltrans to secure an additional E-76 for construction of the project. A future council action will be requested to access the balance of earmarked funds to support construction of paved trail and miscellaneous improvements from Highway 880 to Montague Expressway (3.7 miles).

¹ The council-adopted appropriation ordinance amendments (February 26, 2008) identified District 4 Construction and Conveyance Tax Fund and the Park Trust Fund to appropriate \$1,905,000 for the TRAIL: Lower Guadalupe River (Gold Street to Highway 880) project. Of this amount, \$1,350,000 is reimbursable through the SAFETEA-LU grant, and the remaining \$555,000 is being provided by the City as a match.

On May 9, 2008, VTA staff approached PRNS staff seeking to find suitable projects to make use of unexpended CMAQ funds. VTA was concerned that funds would be returned to the federal government if not programmed for expenditure by March 2009. To be eligible for CMAQ funds, a project has to meet three conditions:

- A notice to proceed (E-76 form) has been issued by Caltrans.
- The project's schedule has funds obligated to a contract by March 1, 2009.
- All funding can be expended by March 1, 2012.
- No expenses have yet been incurred.

Staff determined that accessing CMAQ funds for a project with existing funding had some merit. By using CMAQ funds first, the SAFETEA-LU funds already programmed could be reserved for future tasks and accommodate a greater scope of work within the parameters of the initial earmark. Staff coordinated with Caltrans to ensure that the E-76 could be reissued to reflect an alternative funding source if it were to become available. Because the earmark funds are not sufficient for paving the entire 6.4 mile trail system, securing the CMAQ funds provides a strategic opportunity.

Staff carefully reviewed SAFETEA-LU funded projects that had the potential to meet the conditions noted earlier and determined that the Lower Guadalupe River Trail project was an eligible candidate for the following reasons:

Project	Status (as of 6/01/08)	Use of Additional CMAQ Funds
Bay Trail Reach 9B	E-76 secured authorizing expenses up to \$675,000.	Pursuing CMAQ funds is not feasible because: <ul style="list-style-type: none"> ▪ Preparation of construction documents is already underway and expenses have been incurred.
Lower Guadalupe River Trail	E-76 secured authorizing expenses up to \$1,362,000 (+ \$340,500 in local match).	Pursuing CMAQ funds is feasible because. <ul style="list-style-type: none"> ▪ The E-76 authorized funds are sufficient for preparation of construction and environmental documents. ▪ Securing CMAQ funds could permit re-assignment of existing funds. The balance could support award of a construction contract because the project is scalable. ▪ The earmark funds are insufficient to build the entire 6.4 mile trail system, so supplementing the budget with CMAQ helps to partially address a funding gap.
Coyote Creek Trail	E-76 has not been secured.	Pursuing CMAQ funds is not feasible because: <ul style="list-style-type: none"> ▪ An E-76 form has not yet been issued by Caltrans.
Almaden Expressway Pedestrian Bridge	E-76 has not been secured.	Pursuing CMAQ funds is not feasible because: <ul style="list-style-type: none"> ▪ An E-76 form has not yet been issued by Caltrans.

For the reasons noted in the table, staff proceeded in providing the VTA with a recommendation to fund the Lower Guadalupe River Trail project. VTA staff confirmed that the project was suitable for funding and has requested a Council resolution addressing the following conditions:

Commitment	Approach for Addressing
Provide local matching funds of at least 11.47%.	The funding plan includes \$555,000 in matching local funds, exceeding the required amount.
CMAQ funding is fixed at the programmed amount, and therefore any cost increase cannot be expected to be funded with additional STP/CMAQ funds.	Consistent with other grant programs, the City seeks to address funding shortfalls through local and other grant sources when necessary.
Project will comply with the procedures specified in Regional Project Funding Delivery Policy (MTC Resolution No. 3606, revised).	Same procedures that govern use of SAFETEA-LU funds and accepted by Council's February 2008 action.
Complete the project as described in the application, and if approved, as included in MTC's TIP.	Same procedures that govern use of SAFETEA-LU funds and accepted by Council's February 2008 action.
Compliance with the funding deadlines.	Funds must be obligated (contract encumbered) by March 1, 2009 with all expenses incurred by March 1, 2012 – current schedule supports this time frame.

Staff is recommending that the City Council adopt a resolution to address the above conditions for the receipt of CMAQ funds. Receipt of the funds will free-up \$1.35 million in SAFETEA-LU funds to be used for partial construction of the trail project.

EVALUATION AND FOLLOW-UP

Staff will provide updates on the three projects through a twice yearly presentation to the Transportation & Environment Committee and quarterly updates to the Neighborhood Services and Education Committee.

POLICY ALTERNATIVES

Alternative #1: Do not accept supplemental funding.

Pros: Permits staff to proceed with project as currently funded, reduces paperwork and inter-agency coordination.

Cons: City loses opportunity to increase necessary funding for future construction of the trail project.

Reason for not recommending:

Approach is inconsistent with current City Council policy to utilize federal grants and earmarks, as well as construction of a 100-mile trail network.

PUBLIC OUTREACH/INTEREST

- X **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will be posted on the City's website for the October 7, 2008 City Council meeting.

COORDINATION

This memorandum has been coordinated with the Departments of Transportation, Planning, Building and Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

These projects are consistent with the Council-approved Budget Strategy Economic Recovery section. Should in the future the Council appropriate funds for construction, the project will spur construction spending in our local economy. Additionally, the projects are consistent with the Greenprint objective of delivering a 100-mile Trail Network.

In Fiscal Year 2006-07, \$56,826 in Operations and Maintenance Funding was provided for the Lower Guadalupe River Trail so that it could be opened in an interim, unpaved state. With construction of the paved trail, an additional \$34,250 for operations and maintenance would be requested as part of the annual budget process

CEQA

Mitigated Negative Declaration, PP04-323



ALBERT BALAGSO
Director of Parks, Recreation
and Neighborhood Services

For questions, please contact Yves Zsutty, Trail Manager, at (408) 793-5561.

