



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

SUBJECT: SEE BELOW

DATE: 09-07-10

Approved

Date

9/16/10

COUNCIL DISTRICT: 8

**SUBJECT: GRANT APPLICATIONS FOR THE THOMPSON CREEK REACH 1A
(TULLY ROAD TO QUIMBY ROAD) TRAIL PROJECT**

RECOMMENDATION

A. Adopt a resolution that:

1. Authorizes the City Manager, or designee, to submit a grant application in an amount not to exceed \$200,000 to the State of California (Natural Resources Agency) under the Habitat Conservation Fund Program (HCF) for the Thompson Creek Reach 1A (Tully Road to Quimby Road) Trail project ("Project"); and
2. Certifies that City will have available, prior to commencement of any work on the Project included in the application, the required match of \$200,000 and sufficient funds of approximately \$1,222,000, which includes the required local match of \$200,000, to complete the \$1,422,000 Project if the grant is awarded; and
3. Certifies that City has or will have sufficient funds to operate and maintain the Project; and
4. Certifies that City has reviewed, understands, and agrees to the provisions contained in the contract shown in the grant administration guide; and
5. Delegates the authority to the City Manager or designee to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the Project; and
6. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines for the Project.

B. Adopt a resolution authorizing the City Manager, or designee, to:

1. Subject to City receiving the grant in Recommendation #1 above, submit an additional grant application to the Santa Clara County Open Space Authority (OSA) under the 20% Funding Program in the amount of \$200,000 for the Project to be used as a local match for the HCF grant; and
2. Accept any grant funds awarded to the City and negotiate and execute all necessary documents related to any grant funding.

OUTCOME

City Council approval of the recommended actions will authorize the City Manager, or designee to apply for grant funding in an amount not to exceed \$200,000 under the HCF program and \$200,000 under the OSA's 20% Funding Program, accept any grant funding, negotiate and execute grant agreements, and other necessary documents with the State of California and the OSA.

If the HCF grant is successfully secured for the Project, it will lead to the construction of 0.64 miles (3,400 lf) of paved trail from Tully Road to Quimby Road. The resulting trail would be consistent with the Council adopted Thompson Creek Trail Master Plan (April 26, 2005). Once HCF grant is secured, staff will then apply for OSA's 20% funding in the amount of \$200,000 which in turn will reduce City's contribution towards the Project and be used as the local match for the HCF grant. In the event the OSA grant is not awarded to City, City will need to find additional funding to complete the Project. Staff will return to the City Council as part of the regular budget process to appropriate City funds that are necessary to complete the Project.

EXECUTIVE SUMMARY

Staff is recommending the submission of an application for grant funds in the amount not to exceed \$200,000 for the Thompson Creek Reach 1A (Tully Road to Quimby Road) Trail project under the Habitat Conservation Fund Program (HCF) for the construction of the trail segment. If the grant is successfully secured, staff will then submit an application for grant funds in the amount not to exceed \$200,000 under the 20% funding program offered by OSA. This Project has been carefully selected based on the grant guidelines and provides the City of San José an excellent opportunity to secure grant funding to complete the trail segment. If awarded, grant funds for a total of \$400,000 together with a City contribution of \$1,022,000 will result in the construction of 0.64 miles (3,400 lf) of paved trail from Tully Road to Quimby Road for a total project cost of \$1,422,000.

BACKGROUND

On April 26, 2005, the City Council approved the master plan for the Thompson Creek Trail, reaches 1 to 6, from Tully Road to the City's southern border (near Heartland Way). The master

plan defined a long-term plan for development of the trail system as land uses changed in the area and development opportunities occur.

Reach 1 of the trail system, from Tully Road to Quimby Road, makes use of an existing Santa Clara Valley Water District (SCVWD) maintenance road. The City Manager, under the authority provided by the Collaborative Action Plan, executed a Joint Trail Agreement with the SCVWD in December 2007. The agreement defines roles and responsibilities relative to operation of a recreational trail, and defines minor site improvements that must be in place before permitting public access.

In 2008-2009 and 2009-2010, a total of \$11,280 and \$5,790 respectively were expended in Fund 386 (TRAIL: Thompson Creek Interim Improvements) for installation of the interim trail signage and minor fencing and pathway improvements as required by the Joint Trail Agreement.

Between 2008-2010, a total of \$111,467 was expended for the preparation of construction documents of the trail system from Tully Road to Aborn Road. The FY2010-2011 budget currently has \$360,000 in allocation for the design and completion of construction documents.

ANALYSIS

The total cost to complete 0.64 miles (3,400 lf) of paved trail from Tully Road to Quimby Road based on the Engineer's estimate is \$1,422,000. Of this total amount, \$111,427 has been spent for pre-construction related costs leaving \$1,311,000 in remaining project cost to complete the Project. Currently, \$360,000 is appropriated in the Park Trust Fund (TRAIL: Thompson Creek Aborn Road to Tully Road) for the Project. Therefore, an additional \$951,000 is needed for the Project.

Staff recommends submitting a grant application in an amount not to exceed \$200,000 to the State of California (Natural Resources Agency) under the Habitat Conservation Fund Program (HCF) for the project. Staff also recommends the pursuit of OSA funds in the amount of \$200,000 under the 20% Funding Program upon notification from the State that the City has been awarded the HCF grant.

With the receipt of both the HCF and OSA grants, the City will have \$400,000 of the remaining \$951,000 required to complete the Project.

Since grant funds are provided to the City on a reimbursement basis, a total of \$951,000 will have to be appropriated for the Project. Staff will recommend that this amount be appropriated through the annual budget process or through a future City Council memorandum using a combination of funds from Construction Tax and Property Conveyance Fund: Council District 8 (Fund 386) and park eligible funds from the Subdivision Park Trust Fund (Fund 375).

HCF grant guidelines require the City to provide the greater of a local match of 100% (\$200,000) of the requested grant funding or necessary funds to deliver a completed (i.e. built) Project. If

the City receives only the HCF grant, the City will need to come up with the additional \$200,000 to complete the Project. Staff will likely recommend that this \$200,000 shortfall be appropriated at the same time as the \$951,000 using a combination of funds from Construction Tax and Property Conveyance Fund: Council District 8 (Fund 386) and park eligible funds from the Subdivision Park Trust Fund (Fund 375).

Habitat Conservation Fund

The Habitat Conservation Fund (HCF) Program allocates approximately \$2,000,000 per year to the California Department of Parks and Recreation for grants to cities, counties, and districts to provide for nature interpretation and other non-capital outlay programs which bring urban residents into park and wildlife areas, and to protect fish, wildlife and native plant resources, to acquire or develop wildlife corridors and trails.

Preparation of construction documents for Thompson Creek Trail from Tully Road to Aborn Road (1.69 miles) is currently in progress and is expected to be completed in December 2010, when it will be ready for construction funding. In light of the limited maximum grant award (based on previous award history), the memorandum recommends that pursuit of grant funds be limited to Reach 1A (Tully Road to Quimby Road). Construction documents outline a phased construction approach and no changes to the documents are required to bid and award a contract for 0.64 miles of trail improvements.

In the event that the State of California awards the HCF grant, the City will be required to enter into a written grant agreement that will commit the City to the following:

Requirement	Addressed in the following manner:
Grant funding will be fixed at the award amount, therefore, any cost increase will be incurred by the City.	Consistent with other grant programs, the City will address funding shortfall, if any, through local funding and other grant sources. Staff will notify the City Council if additional funding beyond the allocated budget is required due to unforeseen circumstances.
City will advance its own funds to complete the Project.	This is consistent with many grant programs. The City will request reimbursements for expenses incurred on a quarterly basis, or sooner if necessary, to replenish the City fund that advances the money.
City shall have sufficient funds to operate and maintain the Project.	The operating costs are identified under the costs and budget section of the memorandum. These costs will be reviewed annually through the budget process. The General Fund Forecast includes funding for up to 3.3 miles of new (unidentified) trails each year.

Requirement	Addressed in the following manner:
City shall comply with the California Environmental Quality Act and all applicable federal laws.	This requirement is consistent with City Policy and Procedures, and the City shall comply with this requirement.
City shall complete the project within the project performance period -July 1, 2011-June 30, 2016.	The City is well positioned to complete the Project within the deadline.
City must continue the use of the Project for at least 20 years or will have to return the grant funds and pay additional penalties.	The trail segment will be constructed on Santa Clara Valley Water District (SCVWD) property. The City has a 25 year Joint-Trail Agreement with the SCVWD.

As part of the grant requirement, Council will be required to adopt a resolution in substantially the same form as the attachment and make the certifications and assurances explained in this memorandum and in the attached sample resolution.

Staff reviewed all active projects to identify suitable candidates for this grant program. The Penitencia Creek Trail project (from Noble Avenue to Dorel Drive) was the subject of a recent council action in pursuit of a Santa Clara Valley Water District grant. It is not a candidate for the HCF grant program because it is not within an urban area and likely to serve a transportation-focused user.

Santa Clara Open Space Authority funds

The purpose of the Open Space Authority (OSA) is to preserve key portions of the natural environment in order to balance continuing urban growth. Buying land, acquiring easements, contributing funds to joint conservation efforts, and careful land management are OSA's major preservation tools. The Authority was created by the state legislature at the urging of community leaders who saw the importance of maintaining the ecological integrity of the region. A Citizen's Advisory Committee (CAC) continues to serve as a community liaison. The OSA has supported the funding of trail projects as a means of offering access to open space within the urban boundaries of San José.

Use of OSA funds for projects is defined as part of the Grant Funding Prioritization Guidelines. Because OSA funds can support a wide range of projects, the guidelines identify objective criteria that strategically target projects in need of minor funding support (less than 50% of budget). If HCF grant funds are secured, staff will work with OSA to secure \$200,000 in grant funds for the Project to be used as part of the local match requirement for the HCF grant. The Project aligns well with the following criteria.

Project Criteria	Objective
Contiguous Open Space	Project site is adjacent to existing riparian open space and leads to Lake Cunningham Park.

Project Criteria	Objective
Accessibility	Provides access to open space from a nearby urban area and leads to sidewalks with access to the Eastridge Transit Center.
Unique/Significant Characteristics	Project provides trail access in an area with few off-street walking/biking opportunities. Project initiates the first reach of a planned 6-mile trail system. Provides off-street neighborhood access in an area bordered by a high-volume expressway.

EVALUATION AND FOLLOW UP

If the City secures the grants for the Project, staff will seek the required City Council appropriation actions, including fronting funds and required funds to complete the Project, as well as the authorization for the award of a construction contract at a later date.

POLICY ALTERNATIVES

Alternative #1: Do Nothing

Pros: Does not require staff time in the preparation of an application packages.

Cons: Inconsistent with City Council’s approach of seeking grant funds to develop projects when feasible.

Reason for not recommending: The projects are well suited for these funding sources and the City would lose opportunities to receive grant funding.

PUBLIC OUTREACH/INTEREST

- 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)**

The proposed Council action does not meet any of the above criteria. However, this memorandum will be posted on the City’s website prior to the September 21, 2010 City Council agenda.

COORDINATION

This memorandum has been coordinated with City Attorney's Office, the Department of Planning, Building and Code Enforcement, the City Manager's Budget Office, Public Works Department and the District 8 Council Office.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

The Project is referenced in the Council-adopted Greenprint Update (December 8, 2009, item 5.2). Delivery of the Project supports Goal 10 of the Council-adopted Green Vision (October 30, 2007, item 9.1) to provide a 100-mile Trail Network by 2022.

COST SUMMARY/IMPLICATIONS

Based on the most recent cost estimates, a total of \$1,422,427 is anticipated to be required to complete the Project. With the receipt of \$400,000 in grant funds, the City's total contribution to the Project is \$1,022,427.

The HCF grant program requires a 100% local match. A total of \$360,000 is allocated in the Park Trust Fund (TRAIL: Thompson Creek Aborn Road to Tully Road) for the completion of construction documents for the Thompson Creek Trail.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Design	469,000
Project Delivery	212,388
Construction (Engineer's Estimate)	673,672
Contingency 10%	67,367
TOTAL PROJECT COSTS	\$1,422,427
Prior Year Expenditure (estimated through 2009-2010)	111,427
Remaining Project Cost	<u>\$1,311,000</u>

2. COST ELEMENTS OF CONSTRUCTION CONTRACT: Construction and Project delivery

3. SOURCE OF PROPOSED FUNDING: 375 – Subdivision Park Trust Fund
386 – Construction and Conveyance Tax Fund: District 8

4. OPERATING COSTS: The annual cost to maintain the trail would be \$7,700 and the cost for Trail Rangers to patrol the trail segment would be \$1,400. At this early date, it is difficult to project completion dates and when this funding will be required. The 2011-2015 General Fund Forecast (released on February 28, 2010) includes funding for up to 3.3 miles of new trail each year.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Amount for Project	Total Allocation	Proposed 2010-11 Budget Page*	Last Budget Action (Date, Ord. No.)
Remaining Project Cost			\$1,311,000			
<u>Existing Funding</u>						
375	6398	<u>TRAIL: Thompson Creek (Aborn Road to Tully Road)</u>	\$360,000	\$360,000	V-487	6/29/2010, Ord. No. 28765
<u>Proposed Funding</u> (to be appropriated by the annual budget process or through a future City Council memorandum)						
386	8999	<u>Ending Fund Balance</u>	\$536,000**	\$2,616,444	V - 394	6/29/2010, Ord. No. 28765
375	8242	<u>Reserve: Trail Thompson Creek</u>	\$325,000	\$325,000	V - 530	6/29/2010, Ord. No. 28765
375	8845	<u>Reserve: Future PDO/PIO Projects</u>	\$90,000***	\$19,451,578	V - 531	6/29/2010, Ord. No. 28765
<u>Total Funding</u>			\$1,311,000			

* The 2010-2011 Capital Budget and the implementing appropriation ordinance were approved by the City Council on June 29, 2010.

** If the City secures the two grants, a future Council memorandum may include a recommendation to allocate \$536,000 from the Council District 8 Construction and Conveyance Tax Fund Ending Fund Balance. However, of this amount, a total of \$400,000 will be reimbursed from the State of California Habitat Conservation Fund Program and Santa Clara County Open Space Authority grants, provided that the funding is awarded. If the grant funding is not received, follow-up with the City Council will be necessary to determine if the Project should continue.

HONORABLE MAYOR AND CITY COUNCIL

09-07-10

Subject: Grant Applications for the Thompson Creek Reach 1A (Tully Road to Quimby Road) Trail Project

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*** Funds to be recommended for the Project will be within the 3-mile nexus requirement for expenditure of Park Trust Funds.

CEQA

Mitigated Negative Declaration, File No. PP04-283

/s/

ALBERT BALAGSO
Director of Parks, Recreation and
Neighborhood Services

For questions please contact Matt Cano, Acting Deputy Director, at 408-535-3580.

Attachment – Sample Resolution

Attachment

Resolution No: _____

RESOLUTION OF THE SAN JOSE CITY COUNCIL OF CITY OF SAN JOSE APPROVING THE APPLICATION FOR GRANT FUNDS FROM THE HABITAT CONSERVATION FUND PROGRAM

WHEREAS, the people of the State of California have enacted the California Wildlife Protection Act of 1990, which provides funds to the State of California for grants to local agencies to acquire, enhance, restore or develop facilities for public recreation and fish and wildlife habitat protection purposes; and

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility for the administration of the HCF Program, setting up necessary procedures governing project application under the HCF Program; and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the applicant to certify by resolution the approval of application(s) before submission of said application(s) to the State; and

WHEREAS, the applicant will enter into a contract with the State of California to complete the project(s);

NOW, THEREFORE, BE IT RESOLVED that the SAN JOSE CITY COUNCIL hereby:

1. Approves the filing of an application for the Habitat Conservation Fund Program in an amount not to exceed \$200,000; and
2. Certifies that said applicant has or will have available, prior to commencement of any work on the project included in this application, the required match and sufficient funds to complete the project if grant is awarded; and
3. Certifies that the applicant has or will have sufficient funds to operate and maintain the project(s), and
4. Certifies that the applicant has reviewed, understands, and agrees to the provisions contained in the contract shown in the grant administration guide; and
5. Delegates the authority to the CITY MANAGER or DESIGNEE to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the project.
6. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

Approved and Adopted the 21st day of September, 2010.

I, the undersigned, hereby certify that the foregoing resolution number _____ was duly adopted by the SAN JOSE CITY COUNCIL following a roll call vote:

Ayes:

Noes:

Absent:

Clerk