

SUPPLEMENTAL



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: August 17, 2011

Approved

Date

8/19/11

COUNCIL DISTRICT: 3 & 5

SNI AREA: Spartan Keyes,
Tully/Senter, and
Five Wounds/
Brookwood Terrace

SUBJECT: AGREEMENTS WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND THE DOWNTOWN STREETS TEAM FOR THE RECEIPT AND DISBURSEMENT OF \$680,000 IN GRANT FUNDS FROM THE SAN FRANCISCO BAY WATER QUALITY IMPROVEMENT FUND AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE INTEGRATED WASTE MANAGEMENT FUND

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This Supplemental Memorandum recommends that the City Council resolution on the EPA grant include authorization to authorize the City Manager to negotiate and execute an amendment to the EPA grant agreement to allow for reimbursement to the City for indirect costs.

OUTCOME

Approval of this action will allow the City to negotiate and execute an amendment to the grant agreement to allow the City to charge indirect costs to the grant.

ANALYSIS

The additional authority in the resolution on the EPA grant will allow the City Manager to negotiate and execute an amendment to the grant agreement with the United States Environmental Protection Agency (EPA) funding the *Clean Creeks, Healthy Communities Project* (Project) to allow for reimbursement of indirect costs charged by the City.

Staff has been working with the EPA to finalize the grant agreement to implement the Project. It was discovered late last week that the City's indirect costs were included in incorrect line items of the project budget submitted with the grant application. As a result the grant agreement with EPA currently stipulates that indirect costs are not allowed. Furthermore, grant recipients must have a federally approved Indirect Cost Rate in order charge indirect costs.

The Finance Department submitted the City's Indirect Cost Rate Agreement to the Housing and Urban Development Agency (HUD), the City's responsible agency for approving the federal indirect cost rate, on June 30, 2011. Approval of this agreement is pending and anticipated to be a straightforward administrative process. This agreement specifies the Indirect Cost Rate the City can charge to federally funded grants, including this grant agreement with the EPA.

Upon approval of the City's Indirect Cost Rate Agreement by HUD, the City will submit a budget modification request to the EPA Project Officer to amend the Project budget to properly reflect the indirect costs that will be charged. This request will initiate a formal amendment to the grant agreement to allow the City to charge indirect costs to the grant. Indirect costs can be retroactively charged to the grant.

COORDINATION

The memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

COST SUMMARY

The City's indirect cost to be charged to the grant over the Project term is estimated to be \$50,560. There will be additional indirect costs charged to the grant by Downtown Streets Team and San Jose State University to implement their Project components.

/s/

KERRIE ROMANOW

Acting Director, Environmental Services