



PUBLIC WORKS DEPARTMENT

CITY HALL

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CITY COUNCIL STAFF REPORT

Meeting: May 17, 2011

Subject

Stevens Creek Corridor Project, Phase II-Funding Report and Authorization to Continue Design.

Recommendation

Authorize staff to continue design and accept the California River Parkways Grant of \$1.215 million.

Discussion

On January 18, 2011, Council received a report with recommended actions for the Stevens Creek Corridor Project, (SCCP) Phase II. The report advised Council of a \$1.2M grant that had been awarded to the City several months earlier if the project scope was expanded to include creek restoration. Council authorized:

- Staff to initiate the design effort for Alternative 4A (Attachment 1)
- The City Manager to execute a design agreement with SSA Landscape Architects for design fees not to exceed \$200,000
- The City Manager to issue Letters of Intent to granting agencies
- Staff to initiate an environmental clearance process for the project
- Staff to conduct public meetings and outreach efforts to collect project related concerns

On March 15 and April 5, 2011, Council considered several bridge location alternatives and agreed on the Base Alignment depicted in the original CEQA documents and to a general trail alignment that respected both the privacy setback of approximately 100 feet from the Meadows residential area and a reasonable riparian area adjacent to the creek and backwater. Council also expressed concern about the close proximity of the trail with the 8th hole of the golf course and directed staff to study potential mitigation alternatives. Several of those alternatives will be discussed in another item on this meeting's agenda.

This report provides an update on the potential funding sources and the shortfall for the overall project, still estimated to cost \$3.5M. This cost does not include additional money that may be necessary to mitigate concerns regarding the trail/golf course conflict. In January of 2011, Council was provided a chart of funding sources and potential funds. This report updates that chart and provides budget shortfall information for Council consideration at the CIP study session on May 23rd, the CIP public hearing on June 7th, and the CIP adoption on June 21st.

Funding Sources and Shortfall

Staff anticipates that the shortfall of SCCP Phase II may be met with CIP savings, awarded grants, park dedication fees, and some amount of General Fund. Staff is also continuing to actively pursue grant funding from a variety of sources.

Existing and potential grant funding sources for SCCP Phase II are provided below:

| <u>Source</u> | <u>Funding</u> | <u>Status</u> | <u>Conditions for Use</u> |
|-------------------------|----------------|---------------|----------------------------|
| Park Dedication Fees | \$200,000 | Received | can use for creek or trail |
| Ca River Parkways Grant | 1,215,000 | Awarded | can use for creek & trail |
| State EEMP Grant | 245,000 | Awarded | CEQA complete by Nov. 2011 |
| VTA Project Readiness | 25,000 | Awarded | Agreement executed |
| TDA Grant | 103,000 | Awarded | Documentation in progress |
| Total Grant/Fee Funding | 1,788,000 | | |

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| <u>Project Budget</u> | <u>3,500,000</u> |
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| Shortfall | \$1,712,000 |
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Staff believes the shortfall of \$1,712,000 can be provided from City funds over the next two years should Council be willing to use funds from several sources including some of the current CIP savings. Potential sources and amounts are shown below.

| <u>Potential City Funding Sources</u> | <u>Likelihood</u> |
|---|------------------------------------|
| General Fund Savings (Completed Projects) | \$430,000 Sure |
| General Fund Savings (Project Deferrals/Reductions) | 450,000 Sure (other proj. impacts) |
| Parks & Recreation Funds (Project Deferrals/Reductions) | 400,000 Sure (other proj. impacts) |
| Park Dedication Fees | 1,400,000 Hopeful (unknown when) |
| General Fund Savings (Project Deferrals/Reductions) | 850,000 Hopeful |
| Total City Funding | \$3,530,000 |

The prospect of obtaining the \$1.4M in park dedication fees from the Rose Bowl Development is becoming more somewhat more likely as the economy improves. In addition, staff has learned that the Santa Clara Valley Water District Board will consider about \$850,000 in grant funds for Phase II as a part of its annual capital project allocations in June. In the initial scoring, the project was rated highest in both of the participating categories. If these funds materialize, the City could reimburse the General Fund.

Schedule

The project design effort is still underway and will continue through the end of June. With Council's approval to move the project forward, the City will execute the agreement for the \$1.215M grant funds from the State for California River Parkways.

Conclusion

The issues before Council if it decides to move forward with the project are to decide on the appropriate combination of the following:

- take the savings from completed General Fund projects,
- take savings from the deferral of currently budgeted General Fund projects
- take savings from the deferral of currently budgeted Recreation Funded projects,
- continue with project and rely on Water District grants and/or Park Impact Fees

Sustainability Impact

SCCP, Phase II, fully supports the City's sustainability goals.

Fiscal Impact

It is assumed that the City will need to front the money for the project and reimburse the General Fund when grant money is received. The project currently has \$1.4M in approved funds for the FY 10/11 CIP. It is expected that about \$1.5M of the total \$3.5M project budget would be sufficient throughout all of 2011 and most of 2012, for design and permitting. The balance of \$2.0M would be necessary, possibly in late 2012 but certainly in 2013, for construction and construction phase services.

Prepared by: Terry W. Greene, City Architect

Reviewed by: Timm Borden, Director of Public Works

Approved for Submission by: David W. Knapp, City Manager

Attachments: Alternative 4A (Attachment 1)