

REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
August 1, 2006

Honorable Mayor and
Members of the City Council

Title: Agreement: Amendment to the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement dated April 3, 1985 with Regional Transit for the Richards Boulevard at 12th and 16th Streets Intersection Project (PN: TU22) to Change the Source of Funding

Location/Council District: Richards Boulevard at 12th and 16th Streets. Location Map – Exhibit A of Resolution. (District 1)

Recommendation: Adopt a **Resolution:** 1) authorizing and directing the City Manager to execute an Amendment to the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (1984-0165-1) with Sacramento Regional Transit District (RT), 2) authorizing and directing the City Manager to execute a Program Supplement with Caltrans for the increase in federal funds on the project, and 3) appropriating funds.

Contact: Theresa Arnold, Special Projects Engineer, (916) 808-5514; Tim Mar, Supervising Engineer, (916) 808-7531

Presenters: None

Department: Transportation

Division: Engineering Services

Organization No: 3435

Description/Analysis

Issue: The existing Supplemental Agreement with RT needs to be modified in order to clarify the responsibility for project costs and to allow for the replacement of local funds with federal funds.

Policy Considerations: Construction of the Richards Boulevard at 12th and 16th Streets project will support the City's goal of promoting and supporting economic development.

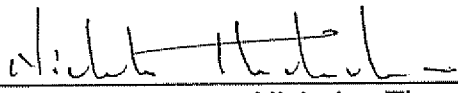
Environmental Considerations: The current request to modify an existing agreement and fund appropriations is not subject to the provisions of CEQA under the general rule (Section 15061(B)(3)) that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

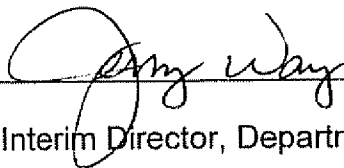
Environmental documents have been prepared in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) for the Richards Boulevard and 12th and 16th Streets Intersection Project (PN: TU22)

Rationale for Recommendation: Amending the Supplemental Agreement with RT will clarify the responsibility for project costs. RT is currently responsible for \$1,558,931 in local funds and \$896,859 in federal funds on the project. SACOG has requested that RT and the City swap \$1.1 million of the local funds that RT owes the City with federal funds. This will help SACOG obligate federal funds this summer and will help the City receive reimbursement of expenditures faster.

Financial Considerations: The total estimated project cost is \$5,100,000. The current project budget is \$4,657,000. There is an additional \$443,000 in federal funds that has been appropriated to the project but is awaiting completion of the federal paperwork prior to loading the budget. Appropriating \$1.1 million from Federal Capital Grants (Fund 511) and defunding \$765,165 from Major Street Construction Tax (Fund 209) and \$334,835 from the RT agreement (Fund 248) will keep the project budget the same.

Emerging Small Business Development (ESBD): Not applicable as no goods or services are being purchased as a part of this action.

Respectfully Submitted by: 
Nicholas Theocharides
Engineering Services Manager

Approved by: 
Jerry Way
Interim Director, Department of Transportation

Recommendation Approved:

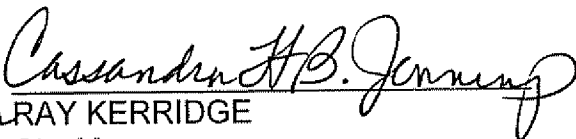

for RAY KERRIDGE
City Manager

Table of Contents:

	Pg	1	Report
Attachments			
1	Pg	4	Background
2	Pg	5	Resolution
	Pg	7	Exhibit A-Location Map

Attachment 1**Background**

On August 16, 2005 the City and RT entered into a Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (1987-0165-1). In the Agreement RT agreed to contribute \$1,192,000 (\$896,859 in federal funds and \$295,141 in Fund 248) or the actual cost of their share of the project. On February 28, 2006 staff informed council that the RT share of the project had increased to \$2,455,790 and that RT had agreed to contribute an additional \$498,625 in FY07/08. Staff and RT were to negotiate terms for the remainder of the funds owed by RT. In order to award the construction contract, Council authorized via Resolution 2006-136 the transfer of Major Street Construction Tax funds to the project to cover the remaining RT share of the project until negotiations with RT were complete. Once negotiations were complete staff was directed to return the funds to Major Street Construction Tax.

On April 6, 2006 staff received a letter from RT stating that they would contribute the entire \$2,455,790 (\$896,859 in federal funds and \$1,558,931 in local RT funds) to the project. The local RT funds would be paid over a period of six years beginning in FY07. At that time staff did not process the budget adjustments because SACOG staff was investigating whether to initiate a funding swap of RT local funds with federal funds for this project.

SACOG would like the City and RT to swap a portion of the RT local funds on the project with federal funds. This is because once again local project delivery statewide is extremely low and it is very likely that local agencies will not use all of their budget authority. Any budget authority remaining at the end of the federal fiscal year will be lost by the local agencies to the state for its use. SACOG is trying to minimize the amount of funds that could be taken by the state. The proposed plan would have SACOG "buyout" a portion of RT's payback to the City using \$1.1 million in federal funds. RT would then enter into an agreement with SACOG to repay the \$1.1 million using their local funds.

The benefit of this arrangement for the City is that expenses on the project will be reimbursed faster and the interest free loan to RT is eliminated. The benefit to SACOG and the region is that federal funds are not lost to the state and fewer projects will need to be federalized.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

Amendment to the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement dated April 3, 1985 with Regional Transit for the Richards Boulevard and 12th and 16th Streets Intersection Project (PN: TU22) to Change the Source of Funding

BACKGROUND

- A. On August 16, 2005 the City and RT entered into a Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (1987-0165-1). In the Agreement RT agreed to contribute \$1,192,000 (\$896,859 in federal funds and \$295,141 in Fund 248) or the actual cost of their share of the project. On February 28, 2006 staff informed council that the RT share of the project had increased to \$2,455,790 and that RT had agreed to contribute an additional \$498,625 in FY07/08. Staff and RT were to negotiate terms for the remainder of the funds owed by RT. In order to award the construction contract, Council authorized via Resolution 2006-136, Section 3 the transfer of Major Street Construction Tax funds to the project to cover the remaining RT share of the project until negotiations with RT were complete. Once negotiations were complete staff was directed to return the funds to Major Street Construction Tax.

On April 6, 2006 staff received a letter from RT stating that they would contribute the entire \$2,455,790 (\$896,859 in federal funds and \$1,558,931 in local RT funds) to the project. The local RT funds would be paid over a period of six years beginning in FY07. At that time staff did not process the budget adjustments because SACOG staff was investigating whether to initiate a funding swap of RT local funds with federal funds for this project.

SACOG would like the City and RT to swap a portion of the RT local funds on the project with federal funds. This is because once again local project delivery statewide is extremely low and it is very likely that local agencies will not use all of their budget authority. Any budget authority remaining at the end of the federal fiscal year will be lost by the local agencies to the state for its use. SACOG is trying to minimize the amount of funds that could be taken by the state. The proposed plan would have SACOG "buyout" a portion of RT's payback to the City using \$1.1 million in federal funds. RT would then enter into an agreement with SACOG to repay the \$1.1 million using their local funds.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

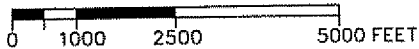
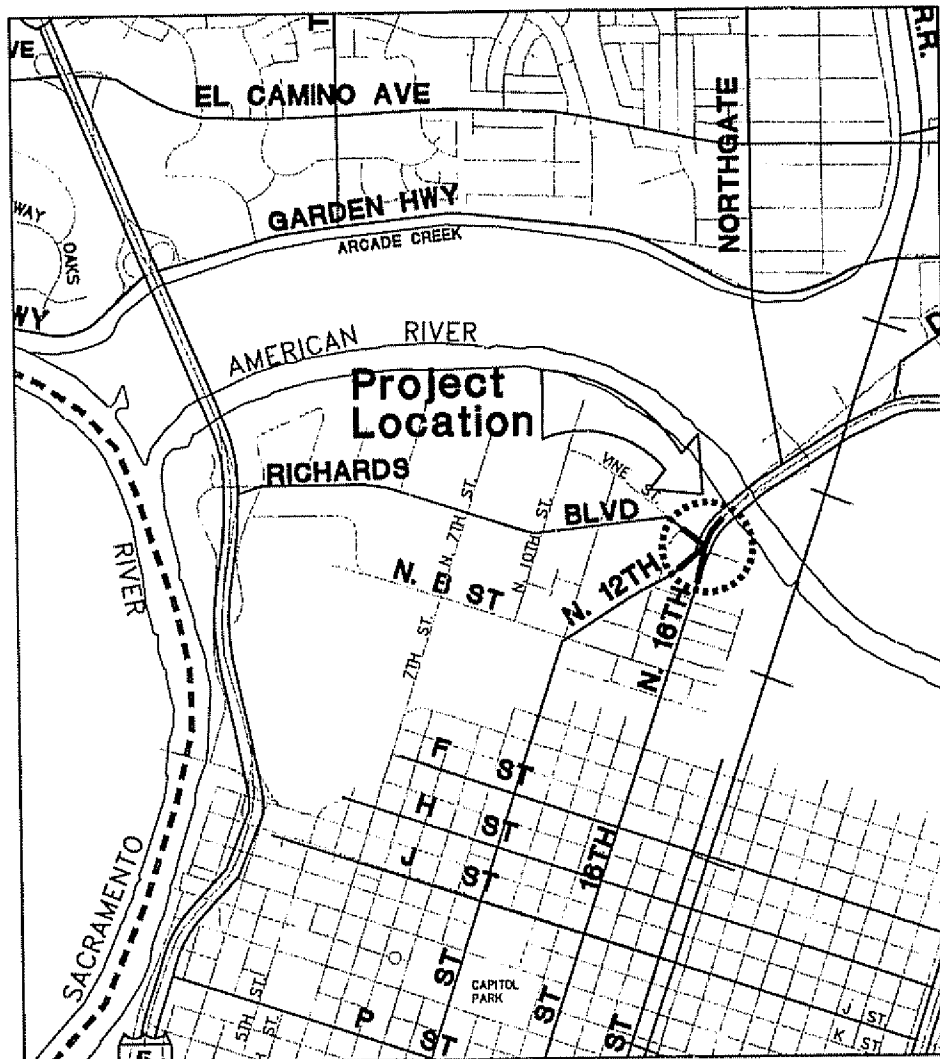
- Section 1. The City Manager is authorized and directed to execute an Amendment to the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (City Agreement No 1984-0165-1) dated August 16, 2005
- Section 2. The City Manager is authorized to execute a Program Supplement for the Richards Boulevard at 12th and 16th Streets Intersection Project (PN: TU22) when staff receives it.
- Section 3. Section 3 of Resolution 2006-136 is rescinded.
- Section 4. When the federal paperwork is approved, staff is directed to amend the Capital Improvement Program revenue and expenditure budgets by appropriating \$1,100,000 (Fund 511) to the Richards Boulevard at 12th and 16th Streets Intersection Project (PN: TU22) and defunding \$765,165 from the project to Major Street Construction Tax Contingency (Fund 209) and defunding \$334,835 from the RT agreement (Fund 248).

Table of Contents:

- Exhibit A – Map of Richards Boulevard at 12th and 16th Streets Intersection Improvements Project (PN: TU22)

EXHIBIT A

RICHARDS BOULEVARD AT 12TH AND 16TH STREETS INTERSECTION IMPROVEMENT PROJECT



PN: TU22 LOCATION MAP

MAP CONTACT: B CAMERON
DATE: 10/21/05