



CITY OF POMONA COUNCIL REPORT

March 20, 2017

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Meg McWade, Public Works Director

Subject: **Adopt a Resolution Amending the FY 2016-17 Capital Improvement Program (CIP) Budget by Closing Completed/Cancelled Projects and Unappropriating Unexpended Funds**

OVERVIEW

Recommendation – That the City Council adopt a Resolution amending the FY 2016-17 Capital Improvement Program (CIP) budget by:

1. Closing completed/cancelled projects and unappropriating unexpended funds as itemized in EXHIBIT “A”, Section 1;
2. Unappropriating \$15,000 of Development Fees (Traffic and Signal) from “Traffic Signal Systems Improvements – Citywide,” Project No. 418-2590-xxxxx-76025; and
3. Unappropriating \$50,000 of Gas Tax Funds from “Storm Drain Facility Reconstruction – Palomares Street and First Street,” Project No. 428-2590-xxxxx-67915.

Fiscal Impact – The closing out of CIP Projects will release \$244,040 from various funding sources as listed in EXHIBIT “A”, Section 1 for future appropriations. The unappropriation of Development Fees (Traffic and Signal) from “Traffic Signal System Improvements - Citywide Project,” Project No. 418-2590-xxxxx-76025 is requested due to a deficit in the Development Fees (Traffic and Signal) account balance. The unappropriation of Gas Tax funds from “Storm Drain Facility Reconstruction – Palomares Street and First Street,” Project No. 428-2590-xxxxx-67915, will free-up unexpended appropriations in the Gas Tax Fund balance and provide an additional \$50,000 in available funds.

Previous Related Action – On June 6, 2016, the City Council adopted a Resolution to approve the FY 2016-17 CIP Budget.

EXECUTIVE SUMMARY

Public expectation, Council direction, and standard engineering practices require timely completion of projects. The completion of various CIP Projects enables the release of unexpended funds that may be used to: fund a new project; provide additional funding for a project which is currently partially

funded; or replenish a fund that is experiencing shortfalls. The proposed action will result in the closing of six completed projects. Additionally, there are two projects that are proposed for unappropriation in order to reduce expenditures and ensure there is a fund balance in Development Fees and Gas Tax Funds.

DISCUSSION

Closing Completed Projects

The following table itemizes the projects to be closed, the funding sources, and unexpended amounts to be released from these completed projects:

Unexpended Funds			
Project Name	Funding Source	Type	Amount Released
Highway Improvements – SR-71 Expressway to Freeway Conversion (Caltrans), Project No. 418-72057	Proposition C	Streets	\$32,728
Median Closure – SR-71, Project No. 428-68552	Proposition C	Streets	\$100,000
Playground Rehabilitation – Memorial Park and Hamilton Park, Project No. 428-71025	Park Dwelling Tax	Parks and Facilities	\$417
Roof and HVAC Upgrades – Various Parks, Project No. 418-71020	Park Dwelling Tax	Parks and Facilities	\$45,322
Street Improvements – District 3 (CDBG) (FY14-15 to FY16-17), Project No. 428-64776	Measure R	Streets	\$1,950
Street Rehabilitation – District 1 and 6, Project No. 428-67912	Measure R	Streets	\$63,623
Total			\$244,040

The availability of these funds is a result of the projects being completed at a cost lower than originally projected. EXHIBIT “A”, Section 1 itemizes the projects, including Funded Budget, Unexpended Funds, Funding Sources, Funding Type, Project Status and Funding Status.

Partially Funded Projects – Development Fees and Gas Tax

Currently, the City has experienced a reduction in the fund balance in Development Fees and Gas Tax Funds. In order ensure the fiscal health of these funds, two CIP projects are proposed for unappropriation as detailed in the following paragraphs.

Development Fees (Traffic and Signal) Unappropriation

Development fees are collected from developers to offset the effect of development on parks, roads,

traffic and public safety. Fees are based on the cost of the project at the time of building permit application. “Traffic Signal System Improvements – Citywide,” Project No. 418-2590-xxxxx-76025, will provide for citywide improvements to the City’s traffic signals on Mission Boulevard, from west city limits to east city limits, Valley Boulevard/Holt Avenue from west city limits to east city limits, and Garey Avenue from north city limits to south city limits. This project currently has limited funding. Of the \$4,000,000 needed to complete the project, there is currently \$78,099 appropriated. The current \$78,099 appropriation is funded with Development Fees (Traffic and Signal) in the amount of \$15,000 and the SCAQMD Subvention Fund (AB 2766) in the amount of \$63,099. Due to the deficit in the account balance of Development Fees (Traffic and Signal) and the limited funding available for the project, it is recommended to unappropriate the \$15,000 in Development Fees. Staff will continue to seek other funding sources for this project.

Gas Tax Unappropriation

Gas Tax revenue is based on a flat amount assessed per gallon on all gasoline purchases within California. As such, revenue only increases or decreases by changes to the rate or by changes to the number of gallons sold. It is not tied to cost of fuel. On February 23, 2016, the California State Board of Equalization (BOE) adjusted the variable fuel tax rate, reducing it by 2.2 cents per gallon from the FY 2015-16 rate of .30 cents per gallon. This decrease took effect on July 1, 2016. Additionally, there have been decreases in the amount of fuel sold over the past two years. Due to decreases in fuel sales and the recent BOE adjustment, cities have seen a reduction in revenue. To adjust for decreases in revenues being received in Fund 208, Public Works Staff reduced operational costs significantly.

In order to further reduce Gas Tax expenditures, Staff reviewed CIP Projects funded with Gas Tax Funds. With City Council approval, Staff requests to unappropriate \$50,000 of Gas Tax Funds from “Storm Drain Facility Reconstruction – Palomares Street and First Street,” Project No. 428-2590-XXXX-67915. This project was intended to provide funding to analyze an existing drainage facility that runs under the railroad tracks at Palomares Street and First Street that appeared to have been damaged and was in need of rehabilitation. Staff worked with Union Pacific Railroad (UPRR), which is the lead agency responsible for the railroad right-of-way, on the issue. UPRR completed some improvements to their portion of this drainage facility, which serves as an interim solution. The City is currently working with Alameda Corridor – East Construction Authority (ACE) to further analyze and determine if any future improvements are needed. If any are needed, Staff will continue to partner with UPRR and ACE to encourage funding of necessary improvements through related projects such as ACE’s pedestrian safety improvement project. The City’s project will remain listed on the CIP Program Unfunded Project List as a placeholder should the City be required to complete any necessary improvements.

Attachment: Resolution with EXHIBIT “A”

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