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REPORT TO COUNCIL

SUBJECT

Approve Grant Agreement with MidPen Housing Corp. for the Persian Drive Sidewalk Project and Approve Budget Modification No. 30 to Appropriate an Additional \$324,500 to the Project, for a Total of \$973,000

BACKGROUND

The sidewalk along the south side of Persian Drive between Morse and Borregas Avenues will provide the connection between two discontinuous segments of sidewalk, and connectivity between the Morse Park neighborhood and the Borregas Avenue bike/pedestrian bridge into Moffett Park. For residents who live closer to Borregas Avenue, this sidewalk extension would improve pedestrian access to the retail center and light rail station at Fair Oaks and Tasman Drive. The sidewalk installation was proposed as part of a joint application for an Affordable Housing Sustainable Communities (AHSC) grant by MidPen Housing Corp., with the City as a joint applicant (RTC No. 15-1009). To qualify for an AHSC grant, applications must include an affordable housing project and a transportation infrastructure component, which could be an active transportation project such as sidewalks or bike lanes. City and MidPen staff considered possible transportation projects within the constraints of the AHSC guidelines and existing infrastructure in the neighborhood, and came up with the Persian Drive sidewalk extension as the most feasible project to fit the AHSC proposal.

Staff estimated the cost of the sidewalk extension project at nearly \$1 million, including green street features (bioswales) recommended by the Environmental Services Department (ESD). Council approved the joint application for AHSC funds in early 2016 (RTC 15-1009) with support for the sidewalk project. Council allocated a local match of \$200,000 in Community Development Block Grant (CDBG) funds to the sidewalk project as part of the 2016 HUD Action Plan (RTC No.16-0041), in the hopes of improving the odds of getting the AHSC grant. Unfortunately, the AHSC grant was not awarded to the Sunnyvale proposal, but the housing component (Edwina Benner Plaza) obtained Low-Income Housing Tax Credits and other funds and is now under construction.

Since 2016, staff has looked for other grant opportunities to fully fund this sidewalk extension, but has not yet identified any realistic possibilities. With no other outside sources available, Council allocated an additional \$448,500 in CDBG funds to this project as part of the 2017 HUD Action Plan (RTC No. 17-0487), bringing the total allocation to \$648,500 as of May 9, 2017. That allocation was based on estimated availability of CDBG funds for 2017. At that time, in May 2017, Environmental Services Department (ESD) staff also agreed to contribute \$80,000 for the bioswale portion of the project, from Project 831510, Green Streets for Storm Water. That information was shared with Council during the Action Plan hearing. The 2017/18 Projects Budget currently includes \$648,500 in CDBG funds appropriated to the sidewalk project, and the project description notes that \$80,000 in storm water funds has been earmarked for the project from funds currently available in the Green Streets for Storm Water Project. That amounted to a total of \$728,500 in available funds for the

project at that time.

At the May 9, 2017 hearing on the 2017 HUD Action Plan, Council authorized staff to increase the allocation to the Persian Drive sidewalk project if the actual CDBG grant was higher than estimated. By summer, staff learned that there were slightly more CDBG funds available than had been estimated in May; therefore, staff increased the allocation to this project in the final 2017 Action Plan submitted to HUD. Those additional funds, as well as the storm water funds, have not yet been appropriated to the sidewalk project. More detail on the various increments of funding available to this project is provided below. This report requests City Council approval of the budget modifications explained below to add the remaining available CDBG and storm water funds to the Persian Drive sidewalk project.

EXISTING POLICY

General Plan, Housing Element, Goal F

Policy F.3: Continue a high quality of maintenance for public streets, rights of-way, and recreational areas, and provide safe and accessible pedestrian, bike, and transit linkages (accessibility) between jobs, residences, transportation hubs, and goods and services

General Plan, Land Use and Transportation Element, Goal C

An Effective Multimodal Transportation System: Offer the community a variety of transportation modes for local travel that are also integrated with the regional transportation system and land use pattern. Favor accommodation of alternative modes to the automobile as a means to enhance efficient transit use, bicycling, and walking and corresponding benefits to the environment, person throughput, and qualitative improvements to the transportation system environment.

ENVIRONMENTAL REVIEW

The City issued a Finding of No Significant Impact pursuant to 24 CFR 58.40(g)(1) filed on April 25, 2016 and adopted a Mitigated Negative Declaration filed on January 26, 2016 as part of the environmental review of the Edwina Benner housing project under the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) respectively. In addition, the sidewalk project is exempt under CEQA pursuant to CEQA Guidelines Section 15304 as it is a minor public alteration in the condition of land, which does not involve removal of healthy, mature, scenic trees.

DISCUSSION

The recommended budget modification and grant agreement will benefit the area by adding approximately 1,800 linear feet of new sidewalk and associated infrastructure on the south side of Persian Drive, between Morse and Borregas Avenues, where no safe pedestrian access currently exists. The sidewalk would provide adjacent neighborhoods with safe pedestrian access into Moffett Park via the bike/pedestrian bridge over Highway 237. Staff has drafted a Grant Agreement (Attachment 1) to provide MidPen Housing Corp. with the funds needed to complete this project for the City. MidPen agreed to perform these voluntary improvements when the schedule of both the housing project and sidewalk project aligned, in order to realize efficiencies in utilizing MidPen's contractor for both projects. Since then, MidPen has agreed to continue with the Persian Drive sidewalk improvements, including the bioswale.

As noted above, the Projects Budget currently includes a total of \$648,500 in CDBG funds for the sidewalk project (Project 832040). Since the 2017/18 budget was adopted, additional CDBG funds

have become available for this project. The table below provides the funding history of the different points in time at which CDBG and/or Green Streets funds have been allocated to or become available for this project.

As noted, the sidewalk project will also include storm water filtration “bioswales”. ESD had earmarked \$80,000 from the Wastewater Treatment (WT) Fund’s Project 831510: Green Streets for Storm Water, as noted in the description of Project 832040, the sidewalk project. The Green Streets funds will cover the costs of the bioswale. Cost estimates developed by ESD and Public Works Engineering staff indicated that the total project cost was higher than the total funding planned for the project as of last May (\$728,500). ESD recently indicated that an additional \$10,000 of Green Streets funding is available, for a total of \$90,000 for the bioswale.

Persian Drive Sidewalk Project Funding History	CDBG Funds	Green Streets (ESD) Funds	Total: Project 832040
2016 Action Plan	\$ 200,000	\$ -	n/a
2017 Draft HUD Action Plan	\$ 648,500	\$ 80,000	n/a
2017/18 Projects Budget	\$ 648,500	\$ -	\$ 648,500
<i>Additional Funds Now Available Proposed to be Added</i>	<i>\$ 234,500</i>	<i>\$ 10,000</i>	<i>\$ 244,500</i>
Proposed New Total	\$ 883,000	\$ 90,000	\$ 973,000

In total, \$973,000 is now available for this project, including the CDBG and ESD funds, however only \$648,500 is currently included in the Adopted Budget for Project 832040. Staff recommends the budget modification provided below to transfer the additional \$234,500 in available CDBG funds and \$90,000 in Green Streets funds for the bioswale into Project 832040.

The draft Grant Agreement (Attachment 1) includes all the required prevailing wage compliance and other federal and City conditions needed for a project of this type. This Agreement is structured as a grant and not a loan because the new sidewalk will be City property and will not generate any income from which to pay back a loan, and the grant will function essentially as a pass-through grant for MidPen, as the funds will be used to pay for labor, professional services, and materials needed to complete the project.

FISCAL IMPACT

The recommended action will not impact the City's General Fund. Budget Modification No. 30 recommends appropriation of \$234,500 in CDBG funds to Project 832040, Persian Drive Sidewalk Extension (CDBG). This amount consists of 2017/18 CDBG entitlement grant income (over \$33,000 more than the May 2017 estimate), and nearly \$201,000 in recently received CDBG program income. Additionally, staff recommends appropriating \$90,000 to Project 832040 from Project 831510, Green Streets for Storm water funds. Current FY 2017/18 amounts include available project carryovers from prior fiscal year.

**Budget Modification No. 30
FY 2017/18**

	<u>Current</u>	<u>Increase/ (Decrease)</u>	<u>Revised</u>
Community Development Block Grant Fund			
<u>Expenditures</u>			
Project 832040 - Persian Drive Sidewalk Extension (CDBG)	\$648,500	\$324,500	\$973,000
<u>Revenues</u>			
CDBG Grant and Program Income	\$1,150,000	\$234,500	\$1,384,500
<u>Transfer In</u> Transfer from Wastewater Management Fund to Project 832040 - Persian Drive Sidewalk Extension (CDBG)	\$0	\$90,000	\$90,000
Wastewater Management Fund			
<u>Transfer Out</u> Transfer to Community Development Block Grant Fund to Project 832040 - Persian Drive Sidewalk Extension (CDBG)	\$0	\$90,000	\$90,000
<u>Expenditures</u> Project 831510 - Green Streets for Stormwater	\$911,582	(\$90,000)	\$821,582

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Approve Budget Modification No. 30 in the amount of \$324,500 to increase the budget for Project 832040 for a new total of \$973,000; Approve the Grant Agreement with MidPen Housing Corp for the Persian Drive Sidewalk Extension, and Authorize the City Manager to execute the Grant Agreement in a final form as approved by the City Attorney.

The recommended actions will provide sufficient funding to construct a new sidewalk along Persian Drive with a bioswale to filter storm water runoff from Persian Drive. These projects will complete the pedestrian network in this area and contribute toward improving connectivity and providing safe and accessible pedestrian linkages in north Sunnyvale. It will also contribute toward the City's sustainability goals related to green streets and implementation of the City's climate action plan. The recommendation is also consistent with the City's 2017 HUD Action Plan.

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Reviewed by: Kenn Lee, Assistant Director of Finance
Reviewed by: Trudi Ryan, Community Development Director
Approved by: Kent Steffens, Interim City Manager

ATTACHMENTS

1. Draft Grant Agreement