

City of Hesperia

STAFF REPORT



DATE: June 3, 2025

TO: Mayor and Council Members

FROM: Rachel Molina, City Manager

BY: Cassandra Sanchez, Director of Public Works/City Engineer
Kevin Sin, Deputy City Engineer
Tina Souza, Senior Project Manager

SUBJECT: Amend Project Funding Agreement with San Bernardino County Transportation Authority for the Rancho Road Widening Project

RECOMMENDED ACTION

It is recommended that the City Council approve Amendment No. 3 to the Project Funding Agreement (PFA) No. 17-1001692 between San Bernardino County Transportation Authority (SBCTA) and the City, extending the contract for construction of the Rancho Road Widening Project, and authorize the Mayor to execute the Amendment.

BACKGROUND

The Rancho Corridor Project consists of several improvements in three phases, I) the undercrossing at the BNSF Railway Company (BNSF) railroad tracks (at the eastern terminus of the corridor project boundary) which was completed in June 2013, II) the interchange at Interstate 15 (I-15) (at the western terminus of the corridor project boundary) which was completed in March 2015, and III) improvements to widen the five-mile roadway segment of Rancho Road from two lanes to five lanes between these two structures. The Rancho Road Corridor project is identified in the City's Capital Improvement Program (CIP) under C.O. Nos. 7094, 7131, 7139, 7146, and 7154. Construction of improvements for a portion of the project are complete.

On June 20, 2017, the City Council approved PFA No. 17-1001692 between SBCTA and the City for contribution of the public's (SBCTA's) share of the project utilizing Measure I, and/or other Major Local Highway Projects (MLHP) Program funds available for use by SBCTA for right-of-way acquisition and utility relocations. The PFA required amending to include the construction element of the Project.

On June 4, 2020, the City Council approved Amendment No. 1 to the subject agreement, incorporating Senate Bill 1 Local Partnership Program formulaic funds for SBCTA's share, allocating additional MLHP funds to the project, and extending the termination date to June 30, 2023.

City Council approved Amendment No. 2 extending the subject agreement to June 30, 2025, on May 2, 2023.

ISSUES/ANALYSIS

The City partnered with San Bernardino County (County) on this Project with the City being the lead agency. The understanding between the City and the County is under a separate agreement.

The Project is on the SBCTA's Measure I 2010-2040 Victor Valley Subarea Major Local Highway Program (MLHP) list and associated Capital Project Needs Assessment making the Project eligible for partial funding from SBCTA. In order to receive expenditure reimbursement of SBCTA's share, a PFA must be in place until project close-out. The PFA is SBCTA's standard contract for funding shares. The PFA and subsequently approved Amendments No. 1 and 2 previously approved by the City Council expires on June 30, 2025.

Once construction is complete in its entirety, the project must go through a reconciliation and close-out process with SBCTA and Caltrans. Amendment No. 3 provides a contract extension to June 30, 2028, to allow for construction and the close-out process.

Some of the key elements for consideration related to executing the PFA amendment are as follows:

- The PFA and subsequent amendments are entered into in accordance with SBCTA's rules and regulations.
- SBCTA has allocated \$12,678,000 is Local Partnership Program (LPP) Formulaic funds and \$11,507,821 in MLHP funds for a total of \$24,185,821.
- If cost overruns are anticipated to occur, the PFA may be amended prior to reaching the cost limit. Although, amendments to an PFA are generally not denied by SBCTA, there is no guarantee an amendment will be approved due to funding source limitations and obligations to other projects. If said circumstance arises, the City and County will be responsible for cost overruns within their own jurisdiction.
- An active PFA is required to obtain reimbursements of LPP competitive and formulaic grant funds from Caltrans, as well as reimbursements from SBCTA. These are current funding sources for the project.

CITY GOAL SUPPORTED BY THIS ITEM

Capital Improvement – Continually evaluate capital improvement priorities.

FISCAL IMPACT

There are no additional fiscal impacts associated with this action. Funding for the Project is budgeted in the FY 2024-2025 Capital Improvement Program (CIP) budget. The Project will be budgeted in subsequent fiscal years until project completion.

ALTERNATIVE(S)

1. Do not approve the amendment to the agreement and attempt to secure other funding sources for existing and future expenditures.
2. Provide alternative direction to staff.

ATTACHMENT(S)

1. Attachment 1 - Amendment No. 3 for Project Funding Agreement No. 17-1001692