

City of Hesperia

STAFF REPORT



DATE: March 17, 2020

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Michael Blay, Assistant City Manager
Tina Souza, Senior Management Analyst

SUBJECT: Amend Project Funding Agreement with San Bernardino County Transportation Authority for the Ranchero Road Widening Project, C.O. 7094 & C.O. 7139

RECOMMENDED ACTION

It is recommended that the City Council approve Amendment No. 1 to the Project Funding Agreement (PFA) No. 17-1001692 between San Bernardino County Transportation Authority (SBCTA) and the City for construction of the Ranchero Road Widening Project, C.O. 7094 & C.O. 7139; and authorize the Mayor to execute the Amendment.

BACKGROUND

The Ranchero 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 Ranchero Road from two lanes to five lanes between these two structures for increased vehicular capacity. The widening of the roadway includes replacing and widening the bridge over the California Department of Water Resources (DWR) aqueduct, as well as widening the at-grade crossing of Union Pacific Railroad (UPRR) railroad tracks. The Ranchero Road Corridor project is the City's highest priority for roadway capital construction.

Phase III, widening of the roadway between the grade separation and the interchange (the "Project") is approaching construction readiness. Some of the pending items prior to consummating construction of the widening project include ensuring that all required agreements with agencies participating in funding for the Project are amended to include the construction portion of the Project.

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 funds available for use by SBCTA for right-of-way acquisition and utility relocations. The PFA requires amending to include the construction element of the Project.

ISSUES/ANALYSIS

The City has partnered with San Bernardino County (County) on this Project with the City being the lead agency. The understanding between the City and the County are 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 Measure I Ten Year Delivery Plan 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. The PFA is SBCTA's standard contract for funding shares. The PFA previously approved by the City Council in 2017 did not include the construction phase of the Project because at that time anticipated start of construction was undetermined.

In order to receive partial reimbursement of forthcoming construction costs, the PFA requires an amendment to include the construction component. Further, the agreement is required to meet grant requirements associated with the project.

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.
- The total estimated project cost is \$49,554,852
- SBCTA's share is 41.1% - \$11,346,829
- The City's share is 58.9% - \$16,261,028
- The amendment includes the County's SBCTA share for construction only.
- The County's share is 41.5% - \$9,108,003
- SBCTA's share of the County is 58.5% - \$12,838,992
- SBCTA has already allocated approximately \$14M to the project, of which, \$12,678,000 is Local Partnership Program (LPP) Formula funds. The remaining estimated \$10M allocation will be requested along with approval of this amendment by the SBCTA Board of Directors for a total \$24,185,822 allocated to the Project.
- In compliance with SBCTA's rules and regulations, payment of the City's share must be paid from Development Impact Fee (DIF) funds, in this case DIF Streets.
- If DIF funds are not available, other funds may be utilized for the City's share with the establishment of a loan from that particular fund to DIF containing terms requiring DIF to re-pay its indebtedness to said fund.
- In accordance with SBCTA regulations, all projects utilizing MLHP funds require the agency to pay for all expenditures up front with subsequent reimbursement from SBCTA for eligible expenditures. This simulates the process that occurred with the Ranchero interchange and grade separation projects. It is estimated that the City will incur up to three months of construction costs prior to receiving any reimbursements.

March 17, 2020

- SBCTA's share of the County will be directly reimbursed to the City as the lead agency. The County's share will be collected directly from the County without SBCTA involvement. A portion of staff hours for project management is eligible for reimbursement.
- Construction expenditures prior to execution of the PFA amendment are not eligible for reimbursement by SBCTA.
- 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.
- The executed PFA is required to obtain allocation of the LPP Competitive grant funds for the Project.

FISCAL IMPACT

Funding for the Project is budgeted in Funds 204, 207, 300, and 504 in the FY 2019-2020 Capital Improvement Program (CIP) budget. The Project will be budgeted in subsequent fiscal years until project completion. See the chart below for the estimated project totals for the various components and agency shares. This table is also included in the PFA.

Description	Amount	City	County	SBCTA	
				City	County
Roadway					
Design/CEQA	\$1,813,290	\$948,696	\$864,594		
Environmental Mitigation	\$140,000	\$20,615	\$43,575	\$14,385	\$61,425
Right-of-Way	\$379,842	\$118,296	\$74,285*	\$82,546	\$104,715*
Regulatory Permitting	\$95,000	\$27,978	\$19,713	\$19,523	\$27,788
Construction Management	\$3,785,010	\$817,246	\$994,960	\$570,269	\$1,402,535
Construction	\$30,122,000	\$6,317,025	\$8,049,755	\$4,407,975	\$11,347,245
Subtotals:	\$36,335,142	\$ 8,249,856	\$10,046,882	\$5,094,697	\$12,943,707
City/County Only:		\$(948,696)	\$(864,594)		
DIF/Public Share Funds:		\$7,301,160	\$9,182,288	\$5,094,697	\$12,943,707
Bridge					
Design/CEQA	\$1,150,000	\$1,150,000			
Right-of-Way	\$700,000	\$412,300		\$287,700	
Construction Management	\$1,820,000	\$1,071,980		\$748,020	
Construction	\$12,692,000	\$7,475,588		\$5,216,412	
Subtotals:	\$16,362,000	\$10,109,868		\$ 6,252,132	
City Only Amount:		\$ (1,150,000)			
DIF/Public Share Funds:		\$8,959,868		\$6,252,132	
Combined Project					
Totals:	\$52,697,142	\$18,359,724	\$10,046,882	\$11,346,829	\$12,943,707
Less City/County Only:		\$ (2,098,696)	\$(864,594)		
DIF/Public Share Subtotal:		\$16,261,028	\$9,182,288	\$11,346,829	\$12,943,707
Less County Agreement*:			\$(74,285)		\$(104,715)
DIF/Public Share Funds:	\$49,554,852	\$16,261,028	\$9,108,003	\$11,346,829	\$12,838,992

As indicated in the table above, the City's portion of the cost is \$16.2M, less grant funds of \$2.9 M and developer contributions of \$12M, leaving a balance of roughly \$1.3 M to be funded from City DIF.

ALTERNATIVE(S)

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

ATTACHMENT(S)

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