



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: JUNE 6, 2006

ITEM NUMBER:

**SUBJECT: REVISED REIMBURSEMENT AGREEMENT FOR THE THEATRE AND ARTS DISTRICT STREET IMPROVEMENTS**

**DATE: MAY 25, 2006**

**FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION**

**PRESENTATION BY: WILLIAM J. MORRIS, DIRECTOR OF PUBLIC SERVICES**

**FOR FURTHER INFORMATION CONTACT: ERNESTO MUNOZ, CITY ENGINEER AT (714) 754-5173**

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## **RECOMMENDED ACTION:**

Approve the revised Reimbursement Agreement (Attachment 1) between the Orange County Transportation Authority (OCTA) and the City for street improvements on: 1) Sunflower Avenue, 2) Anton Boulevard, 3) Bristol Street, 4) Park Center Drive, and 5) Avenue of the Arts, within the Theatre and Arts District (TAD).

## **BACKGROUND:**

On March 7, 2006, the City Council approved a Reimbursement Agreement between the Orange County Transportation Authority (OCTA) to provide funding in the amount of \$2 million for the improvement of street pavement and related sidewalks, and medians, within the public right-of-way surrounding the Theatre and Arts District. The Reimbursement Agreement provides for financial participation by OCTA, with administration of the project(s) by the City, as follows:

- OCTA will provide up to \$2 million for the improvement of the public right-of-way within the TAD, with no reimbursement requirement for \$1 million of the funds, and repayment by the City for the remaining \$1 million, with interest, by year 2011 using future Measure "M" Turnback allocations.

This Reimbursement Agreement had been reviewed and tentatively approved by both City and OCTA staff prior to presentation to City Council in March. Subsequent to City Council approving the Reimbursement Agreement, a member of OCTA's Regional Planning and Highway Committee requested a minor change in the City-approved Reimbursement Agreement. The Reimbursement Agreement, along with the recommended change, was ultimately approved by the OCTA Board on March 22, 2006.

## **ANALYSIS:**

OCTA has requested the addition of a new item in the Reimbursement Agreement that further clarifies OCTA's \$1 million contribution and \$1 million loan. Staff feels that the recommended revisions to the original agreement are significant enough to merit City Council's reconsideration and subsequent approval. Attachment 2 shows the proposed additions as "underscored," and deletions as "strikeouts."

Approval of the revised Reimbursement Agreement by the City will allow OCTA to participate financially in the previously approved public/private partnership between the City of Costa Mesa and the developers, South Coast Plaza, and Maguire Properties for improvement of the TAD public streets.

South Coast Plaza has retained an engineering firm to prepare the construction documents for the rehabilitation of these streets. The design work was completed and the project advertised for construction. Construction will be completed by September 2006.

## **ALTERNATIVES CONSIDERED:**

The City Council may elect to not approve the revised Reimbursement Agreement. This would result in jeopardizing the acquisition of potential funding for the street work. It is expected that this will potentially result in a higher cost of implementation and a longer time frame to complete the above-mentioned work.

## **FISCAL REVIEW:**

OCTA is providing \$2 million to partially fund the street rehabilitation portion of the TAD project. \$1 million will be paid by OCTA. The other \$1 million is a loan from OCTA to the City of future Measure M "Turnback" revenues. The City currently has no street maintenance funds available at this time, as all sources have been earmarked through fiscal year 2007-08 to pay the local share of previously approved Measure "M" street rehabilitation grant projects in other areas of the City. Therefore, the Reimbursement Agreement with OCTA provides for the City to reimburse OCTA for the \$1 million "loan" through future anticipated Measure M "Turnback" allocations. The \$1 million, plus interest, must be repaid by 2011, when the current "Turnback" program ends. The City receives approximately \$2 million annually from the Measure M "Turnback" program.

There are no additional fiscal impacts with the revised Reimbursement Agreement.

## **LEGAL REVIEW:**

The City Attorney's Office has reviewed the proposed changes and has approved the revised Reimbursement Agreement as to form. The Engineering Division staff has approved the revisions as to content.

**CONCLUSION:**

The attached revised Reimbursement Agreement, proposed by OCTA, and accepted by the City Attorney, will result in the implementation of the City project by the developer in a timely manner. Staff recommends that the City Council approve the revised Agreement.

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**ERNESTO MUNOZ**  
City Engineer

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**WILLIAM J. MORRIS**  
Director of Public Services

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**MARC R. PUCKETT**  
Director of Finance

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Attachments:      1- [Revised Reimbursement Agreement](#)  
                             2- [Proposed Revisions to the Original Reimbursement Agreement](#)

Distribution:      David Wilson, C. J. Segerstrom & Sons  
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                             Staff

TADRevisedOCTAAgreementReport

5/26/06

10:00 a.m.