



CITY COUNCIL AGENDA REPORT

MEETING DATE: APRIL 21, 2009

ITEM NUMBER:

SUBJECT: COUNTY OF ORANGE CITY AID PROGRAM FUNDING AGREEMENT FOR FY 09/10

DATE: APRIL 9, 2009

FROM: PUBLIC SERVICES DEPARTMENT/ADMINISTRATION

PRESENTATION PETER NAGHAVI, DIRECTOR, PUBLIC SERVICES DEPARTMENT

BY:

FOR FURTHER INFORMATION CONTACT: ERNESTO MUÑOZ, CITY ENGINEER - 714-754-5335

RECOMMENDATION:

Approve agreement with the County of Orange (Attachment 1) for participation in the Proposition 42 - City Aid Program (Call-for-Projects) funding for Fiscal Year 2009/2010, and authorize the Mayor and the City Clerk to sign the agreement

BACKGROUND:

On July 31, 2007, the Orange County Board of Supervisors adopted Resolution No. 07-109, allowing for the sharing of the County's Proposition 42 (Prop. 42) funds with Orange County cities, and approved an allocation of \$10M for the City Aid Program (CAP) initiated in Fiscal Year (FY) 08/09. Due to the recent economic downturn, the County's Prop. 42 allocation from the State was lower than anticipated for FY08/09, and may be lower for FY09/10 as well. The County has tentatively identified \$7 million for the CAP, should the State fund Prop. 42 as anticipated. The CAP has been formulated to provide Orange County cities with additional funds for City roadway maintenance projects. Of this grant funding, Costa Mesa is to receive \$265,964 in FY 09/10 as our population based percentage of the County's CAP program. There is no City match requirement to receive this funding. Further, the County's CAP grant funds are in addition to the Prop. 42 programmed funds that the City expects to receive in FY 09/10, directly from the State.

In March 25, 2009, the County issued a "call-for-projects" to Orange County cities requesting submittal of a list of Prop. 42 eligible projects to participate in the CAP program. Costa Mesa submitted a project list (Exhibit A to Attachment 1), and was notified by the County that the project list has met the criteria for participation in the CAP program.

ANALYSIS:

The attached Prop. 42 CAP agreement requires the City to commit to the following:

1. Maintain its existing "Maintenance of Effort" use of local funds for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair;
2. Expend its CAP allocation by June 30, 2011 on Prop. 42 eligible projects or return CAP allocations to the County; and

3. Provide the County with FY 09/10 CAP expenditure certification by August 31, 2011.

County staff will distribute CAP allocations to the City once the County receives its Prop. 42 funding from the State, and receives the attached CAP agreement executed by the Orange County Board of Supervisors. Distribution of CAP allocations will be made to the City, on a first come first serve basis, with the submittal of proof of project award documentation and a City invoice. It must also be noted that successful implementation of the CAP is dependent on the County receiving its programmed Prop. 42 funding from the State for FY 09/10. Any delay or change to the State's Prop. 42 grant program may directly impact the CAP implementation. The County's tentative schedule to approve the CAP agreements is June 2009.

The streets listed on Exhibit A of Attachment 1 are the top priority streets as listed on the City's Pavement Management System, and are in need of major repair.

ALTERNATIVES CONSIDERED:

The City Council could choose to not approve the CAP agreement, in which case the City would not be eligible to receive the \$265,964 Prop. 42 funding.

FISCAL REVIEW:

There is no General Fund fiscal impact associated with this action. The City will utilize the CAP funding, in addition to Gas Tax and Measure M revenues, to fund the total cost to rehabilitate the streets on the Project List (Exhibit A to Attachment 1).

LEGAL REVIEW:

The City Attorney's Office has reviewed the agreement and approved it as to content and form.

CONCLUSION:

It is recommended that the City Council approve the agreement (Attachment 1) as required for participation in the County's Proposition 42 City Aid Program (Call-for-Projects) funding for Fiscal Year 2009/2010.

ERNESTO MUÑOZ
City Engineer

PETER NAGHAVI, DIRECTOR
Public Services Department

DISTRIBUTION: City Manager

City Attorney
Finance Director
City Clerk
Staff

ATTACHMENT: 1 [Proposition 42 City Aid Program Agreement with Exhibit "A"](#)