



# **Agenda Report**

## **Fullerton City Council**

**MEETING DATE:** NOVEMBER 19, 2024

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** STEPHEN BISE, P.E., PUBLIC WORKS DIRECTOR

**PREPARED BY:** ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES  
DAVID GRANTHAM, P.E., CITY ENGINEER / ASSISTANT PUBLIC WORKS DIRECTOR

**SUBJECT:** LAS PALMAS AREA STREET REHABILITATION PROJECT FUNDING ADJUSTMENT

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### **SUMMARY**

Replace Measure M2 Local Fair Share Funds with American Rescue Plan Act (ARPA) Funds in the Las Palmas Area Street Rehabilitation Project.

### **PROPOSED MOTION**

1. Approve the following budget transfers and appropriations to obligate \$1,117,905 ARPA funding in CIP Project 44069 Las Palmas Area Street Rehabilitation Project and shift Measure M2 Local Fair Share Funds to CIP Project 44589 Annual Residential Street Programs for future street rehabilitation projects:
  - transfer and appropriate \$486,144 ARPA Funds (Fund 74) from CIP Project 44589 Annual Residential Street Program to CIP Project 44069 Las Palmas Area Street Rehabilitation Project (Fund 74)
  - transfer and appropriate \$439,279 ARPA Funds (Fund 74) from CIP Project 44070 Costa Court Area Rehabilitation Project to CIP Project 44069 Las Palmas Area Street Rehabilitation Project (Fund 74)
  - transfer and appropriate \$192,482 ARPA Funds (Fund 74) from CIP Project 44055 Valencia Mesa Drive Rehabilitation Project to CIP Project 44069 Las Palmas Area Street Rehabilitation Project (Fund 74)
  - transfer and appropriate \$1,117,905 Measure M2 Funds (Fund 74) from CIP Project 44069 Las Palmas Area Street Rehabilitation Project (Fund 74) to CIP Project 44589 Annual Residential Street Program.

2. Authorize Administrative Services Director, or designee, to revise purchase orders and/or perform purchase order changes for contracts awarded to Las Palmas Area Street Rehabilitation Project.

#### ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Reject budget adjustment
- Other options brought by City Council.

#### STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

#### CITY MANAGER REMARKS

The City Manager recommends approval.

#### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

#### FISCAL IMPACT

This item has no net impact to the Capital Improvement Program (CIP) Budget funding for street projects.

Staff recommends transferring ARPA Funds savings under the Revenue Replacement category from previous street rehabilitation projects to CIP Project 44069 Las Palmas Area Street Rehabilitation Project and replace previously approved Measure M2 project funding to meet obligation and funding deadline requirements.

Staff requests the following budget transfers and appropriations to fully obligate \$13.1 million ARPA funds for street projects:

- \$486,144 ARPA Funds from Project 44589 Annual Residential Street Program to Project 44069 Las Palmas Area Street Rehabilitation Project within the Capital Projects Fund (Fund 74)
- \$439,279 ARPA Funds from Project 44070 Costa Court Area Rehabilitation Project to Project 44069 Las Palmas Area Street Rehabilitation Project within the Capital Projects Fund (Fund 74)
- \$192,482 ARPA Funds from Project 44055 Valencia Mesa Drive Rehabilitation Project to Project 44069 Las Palmas Area Street Rehabilitation Project within the Capital Projects Fund (Fund 74)
- \$1,117,905 Measure M2 Funds from Project 44069 Las Palmas Area Street Rehabilitation Project to Project 44589 Annual Residential Street Program within the Capital Projects Fund (Fund 74).

Staff would return the Measure M2 funding to the Residential Streets Home Project, making the funding available for future street rehabilitation projects.

#### BACKGROUND AND DISCUSSION

City Council appropriated \$13.1 million to street rehabilitation projects as part of the ARPA Funds distribution. The City used these funds over the past several years on multiple street rehabilitation projects with the final funds appropriated in Spring 2024.

All CIP project budgets include estimated costs for contingencies and staff construction administration, testing and inspection which often results in budget savings upon completion. Staff transfers budget savings for street improvement projects back to the street program for use on future street rehabilitation projects.

Staff completed the Fiscal Year 2023-24 closeout for multiple CIP projects and the City recently completed two street rehabilitation projects this fiscal year – Costa Court Area and Valencia Mesa Drive. The combined savings from these projects equals approximately \$1.1 million in ARPA project savings.

Federal funding regulations require obligating (under contract) ARPA funds by December 31, 2024. The City should re-appropriate the ARPA savings to avoid potentially losing the funds. Staff recommends transferring and appropriating savings to the current Las Palmas Area Rehabilitation project. The City funded this project with over \$2 million Measure M2 Local Fair Share funds. The City can replace a portion of these Measure M2 funds with ARPA funds which would allow the City to re-appropriate the ARPA funds and expend the funds in a timely manner.

Replacing the Measure M2 funds would not impact overall street program funding as the funds would remain available for future street rehabilitation projects.

cc: City Manager Eric J. Levitt