



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 13, 2021
FROM: PUBLIC WORKS DEPARTMENT WARD: ALL
SUBJECT: VAN BUREN BOULEVARD SEWER INSTALLATION PROJECT FUNDING UPDATE; GRANT APPLICATION TO THE U.S. ECONOMIC DEVELOPMENT ADMINISTRATION IN THE AMOUNT OF \$3,000,000 – SUPPLEMENTAL APPROPRIATION

ISSUE:

Receive an update on project funding for the Van Buren Boulevard Sewer Project Installation Project located between Wood Road and King Avenue; and approve the submission of a grant application to the U.S. Economic Development Administration in the amount of \$3,000,000 to support construction costs associated with the Van Buren Sewer Installation Project.

RECOMMENDATIONS:

That the City Council:

1. Receive and file an update on project funding for the Van Buren Boulevard Sewer Installation Project;
2. Authorize the submission of a grant application to the U.S. Economic Development Administration in the amount of \$3,000,000 to construct the sewer improvements along Van Buren Boulevard from Wood Road to King Avenue;
3. With at least five affirmative votes, upon receipt of the grant award, authorize the Chief Financial Officer, or his designee, to record an increase in revenue and expenditures in an amount equal to the grant award, to the Sewer Fund, Van Buren Sewer (Woodcrest) project accounts; and
4. Authorize the City Manager, or his designee, to accept the amount awarded, including amounts lesser or greater than the amount applied for, and to execute all grant documents, including making minor and non-substantive changes.

BACKGROUND:

The Van Buren Boulevard corridor between Wood Road and King Avenue is in the City of Riverside's (City) sewer service area, although 46% of the project is located within the County of

Riverside. The lack of sewer service is impeding property and business development, increasing the operational and maintenance costs of private septic systems, affecting the environment and public health, and impacting Woodcrest Elementary and Woodcrest Christian High School. Efforts have been made to establish sewer service in the Woodcrest area, but have fallen short due to legal challenges preventing bonds from being sold and the dissolution of an assessment district, as not enough businesses and property owners participated to finance the project.

Due to the funding challenges, on March 21, 2017, the City Council approved a conceptual plan for the City to provide new sewer facilities on Van Buren Boulevard between Wood Road and King Avenue and authorized the Public Works Department to begin engineering design, environmental clearance, and right-of-way acquisition for the construction of the new sewer facilities.

On February 5, 2019, the City Council approved a Memorandum of Understanding between the City, Western Municipal Water District, and the County of Riverside to support the construction of the Van Buren Boulevard Sewer project, including acquisition of the vacant lot at 16476 Washington Street.

On January 19, 2021 the City Council approved a potholing contract to locate utilities within the project limits as well as a Purchase and Sale Agreement with Western Municipal Water District for the acquisition of a lot located at 16476 Washington Street in order to construct the sewer pump station. Since a large portion of the project is in the County, the City Council directed staff to work with the County to assess available grants and/or pursue an interagency funding agreement to reduce project costs outside the City limits.

DISCUSSION:

On February 1, 2021, staff from the Public Works Department met with the Riverside County Economic Development Agency to consider grants and County participation towards the \$14 million Van Buren Sewer Installation Project. City and County staff identified a grant opportunity from the U.S. Economic Development Administration (USEDA) that may contribute up to \$3 million towards the construction cost. After identifying this opportunity, the team conducted a conference call with a representative from USED A and confirmed the project's eligibility and determined it may be a strong candidate based on the number of full-time jobs it would create. The USED A grant requires the City to possess the Right-of-Way and properties associated with the project at the time of the application submittal. It is anticipated that transfer of ownership of the lot located at 16476 Washington Street will take place in early April 2021, which is before grant submittal. Some of the pertinent grant details include:

1. Maximum grant award is \$3 million (46% towards construction costs in the County and remainder toward City construction costs). The grant requires a 50% match, which will come from the current project fund.
2. Once the City and County enter into agreement with USED A, project would need to be completed within 5 years
3. Projects that create at least 300 full time jobs before a 9-year period are considered strong candidates. This project is anticipated to meet this desired goal.
4. Businesses within the project limits may complete Form 900B to document the number of new jobs the project would create. City and County staff are coordinating this effort.
5. USED A takes at least 90-days to review and score the application from the date it is submitted prior to making a funding recommendation, if any.

6. If awarded, the City and County may need to enter into a Memorandum of Understanding (MOU) Agreement to define the roles and responsibilities of each agency.
7. USEDA will not reimburse project costs for items already spent (design engineering, environmental documentation, etc.)
8. City will provide the California Environmental Quality Act (CEQA) documents as part of the grant submittal so USEDA can process the National Environmental Policy Act (NEPA) requirements while they concurrently review and score the application.

In addition to pursuing the USEDA grant, the City and County are collaborating on an Interagency Funding Agreement to fully recover project costs within the County. Staff from both agencies meet regularly to identify and discuss the terms in order to have the agreement approved as to form by the respective counsel. The USEDA grant may reduce the financial obligation of each agency and, if successful, will be reflected in the Interagency Funding Agreement.

The City anticipates submitting the USEDA grant application in April 2021 and expects feedback on the status of the grant by late July or early August 2021. Concurrently, the City will bring the Interagency Funding Agreement to City Council for approval, anticipated in late Spring/early Summer, upon review and approval by the Riverside County Board of Supervisors. There will also be a slight delay (couple of months) in bidding the work so the report can reflect if the project is a recipient of a USEDA grant award.

FISCAL IMPACT:

The fiscal impact is expected to be approximately \$3,000,000. City Charter Article XI Section 1103 requires that affirmative vote of at least five members of City Council to authorize a supplemental appropriation. Upon grant award, revenue equaling the actual amount awarded will be increased in the Sewer Fund, Van Buren Sewer (Woodcrest) project account 9896900-331300 and expenditures in the same amount appropriated in the Sewer Fund, Van Buren Sewer (Woodcrest) project account 9896900-440120. The total project cost to complete the Van Buren Sewer Project is estimated to be \$13,864,169. The City is currently working on an Interagency Funding Agreement with the County to fully recover project costs within the County, which are estimated at \$6,377,518.

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney