TO:  HONORABLE CITY COUNCIL

FROM:  CITY MANAGER  DEPARTMENT: PUBLIC WORKS AND PLANNING AND COMMUNITY ENVIRONMENT

DATE:  APRIL 16, 2007  CMR:200:07

SUBJECT: ADOPTION OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE STATE AND FEDERAL AGREEMENTS FOR TRANSPORTATION GRANTS AND APPROVAL OF MASTER AGREEMENTS BETWEEN THE STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION (CALTRANS) AND THE CITY OF PALO ALTO ADMINISTERING AGENCY-STATE AGREEMENT FOR FEDERAL-AID PROJECTS AND STATE-FUNDED PROJECTS

RECOMMENDATIONS

Staff recommends that the Council:

1. Authorize the City Manager to execute the Master agreements entitled “Master Agreement Administering Agency-State Agreement No. 04-5100R for Federal-Aid Projects” (Attachment A) and “Master Agreement Administering Agency-State Agreement No. 00021S for State-Funded Projects” (Attachment B) between Caltrans and the City of Palo Alto.

2. Adopt a resolution authorizing the City Manager or his or her designee to execute State and Federal agreements for transportation related grants (Attachment C).

BACKGROUND

The State of California, Department of Transportation (Caltrans), administers master agreements establishing terms and conditions applicable to the City to receive federal and state grant funds for transportation related projects. In 1997, Council adopted a resolution to approve a master agreement between Caltrans and the City of Palo Alto for federal-aid transportation projects (CMR:262:97), setting forth the general terms and conditions under which all federal-aid projects shall be administered. The City enters into project specific master agreements with Caltrans for state-funded projects. All master agreements require a Council-adopted resolution to authorize the City Council or their designee to administer each transportation related project via a program supplement agreement. These supplement agreements detail the applicable project conditions, federal and/or state funding sources, local matching funds and other special terms and conditions.
DISCUSSION
Master Agreements
The updated Caltrans’ master agreements (Attachments A and B) for all federal and state funded transportation projects are revised to include standards and provisions of the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA) as well as applicability with the Transportation Equity Act for the 21st Century, subsequent Transportation Authorization Bills and the current Caltrans’ Local Assistance Program Guidelines.

Key provisions of the master agreements are as follows:

1. The financial commitment of State-administered federal and state funded projects will occur only upon execution of the master agreement and program supplement agreements.
2. City shall conform to state and federal statutes, regulations, and procedures, established in the terms and conditions of the agreements.
3. City assures that the contractors and subcontractors shall comply with federal and state administrative procedures.
4. City shall maintain and operate the project for its intended purpose until such time as the parties might amend the agreements.
5. City shall submit a final report of expenditures to Caltrans for each completed program supplement project.
6. City shall award a construction contract over $10,000 by competitive bidding only unless approved otherwise in writing from Caltrans.

The master agreements secure the state and federal funded programs, including the State Transportation Improvement Programs (STIP), Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement Program (CMAQ), or other programs as defined in the Caltrans Local Assistance Program Guidelines, for use on local transportation facilities. Upcoming projects this year using state and federal funds include the annual street resurfacing program, a new pathway along Maybell Avenue using state safe routes to school grant funds, resurfacing of Newell Road using federal STP funds and the El Camino Real/Stanford Avenue Streetscape and Intersection Improvements project.

Streamlining Resolution
Caltrans requires an authorizing resolution adopted by the City Council in order to obligate funds for grant funding. Due to more stringent requirements imposed by Caltrans, the resolutions and signed agreements have an approximate six week turnaround period. If these resolutions/agreements are not returned timely, the obligations can be liquidated and the City could lose the grant funding. Currently, staff must return to Council for approval of a resolution on a project by project basis even though Council had previously approved the grant fund applications and authorized receiving and spending the funding during the budget adoption process or by a separate action requiring a Budget Amendment Ordinance. Adoption of a resolution to execute agreements would expedite this process.

The proposed resolution (Attachment C) delegates the authority to the City Manager or his or her designee to execute master agreements, program supplement agreements and amendments to administer the grant funds. This resolution is the most significant revision from the City’s current practice as it eliminates the current need for the City Council to adopt a separate resolution to
execute administrative agreements between Caltrans and the City for each grant-funded project. Although the resolution is delegating authorizing to the City Manager for execution of the agreements, the Council will still be required to approve grant applications and funding allocations for all future projects on a case-by-case basis. The grant process typically follows the process outlined below:

- The transportation related project budget is adopted
- Council approves an application to request grant funding on a project phase
- Agencies award the grant program and notify City by letter
- Project is awarded to begin environmental, design or construction phase
- Necessary authorizations are obtained from Caltrans and/or Federal/Highway Administration (FHWA); approvals can range from environmental and right-of-way clearances to approval of plans, specifications and estimates (PS&E) as required by the grant conditions
- Federal and state funds are secured by these agencies via the master agreement and program supplements
- A project receives an authorization to proceed document (E-76) from Caltrans or the FHWA, to secure the funds before expenditures can occur
- Council approves a resolution to delegate authority to administer the program supplement agreement

The last step noted would be removed, if Council decides to adopt the resolution (Attachment C).

**RESOURCE IMPACT**
Approval of the master, program supplement agreements and amendments will allow the City to continue to be eligible for securing federal and state funds. The Council approved capital budget identifies individual projects, the scope and funding sources including potential reimbursements of federal-aid and state funds the City could receive. If the resolution is approved (Attachment C), staff would administer the master and program supplement agreements and submit for funding reimbursements.

**POLICY IMPLICATIONS**
This report is consistent with Council policy to seek state and federal funds for transportation related projects.

**ENVIRONMENTAL REVIEW**
Approval of the Administering Agency-State Master agreements does not constitute a project for purposes of the National Environmental Protection Act (NEPA) or the California Environmental Quality Act (CEQA); therefore, no environmental analysis is required.
**ATTACHMENTS:**
Attachment A: Administering Agency-State Master Agreement No. 04-5100R for federal-aid projects

Attachment B: Administering Agency-State Master Agreement No. 00021S for the state-funded projects

Attachment C: Resolution authorizing execution of the master agreements, program supplement agreements and any amendments for federal and state funded projects

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