TO: HONORABLE CITY COUNCIL  
FROM: CITY MANAGER  DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT  
DATE: FEBRUARY 6, 2006 CMR: 131:06

SUBJECT: RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR FEDERAL SURFACE TRANSPORTATION PROGRAM FUNDING FOR STREET REHABILITATION PROJECTS ON NEWELL ROAD AND CALIFORNIA AVENUE

RECOMMENDATION
Staff recommends that Council adopt the attached resolution (Attachment A) authorizing the City Manager or his designee to submit an application to the Santa Clara Valley Transportation Authority (VTA) for a grant of $557,949 from the third cycle of federal Surface Transportation Program (STP) funding for local streets and roads rehabilitation projects on segments of Newell Road and California Avenue through the City’s Street Maintenance Capital Improvement Program project.

BACKGROUND
The Metropolitan Transportation Commission’s (MTC) 2003 survey of local streets and roads maintenance needs showed that region-wide, over the next 25 years, the cost of maintaining and replacing the street system that exists today exceeds the revenues expected to be available for that purpose. In Santa Clara County, the total local maintenance shortfall is projected to be $1.7 billion. Approximately $500 million of that is on federal aid-eligible roads.

The MTC 2005 Regional Transportation Plan (T-2030) directed $990 million in future federal transportation revenues over 25 years to address the shortfall on the Metropolitan Transportation System (MTS) roads region-wide. The goal of this program is to assure that federal aid-eligible arterial and collector streets and roads in the MTC region are in good repair. MTC delegated the responsibility to select the projects in each county to the local Congestion Management Program. MTC previously programmed some of the funds in two cycles in 2005/06. Palo Alto received a total of $787,000 in these first two funding cycles for the resurfacing of segments of University Avenue, upper Page Mill Road, and Embarcadero Road.
The VTA Congestion Management Program issued a new call for projects on December 5, 2005 for a third cycle of STP funding for roads rehabilitation projects in 2006/07, 2007/08, or 2008/09. The funding in this third has been split between projected shortfall of funding for local streets (85 percent) and for county expressways (15 percent). A total of $16 million in STP funds is available for programming in Santa Clara County. Palo Alto’s pro rata share is $557,949 (Attachment B). The funds can only be used for rehabilitation of federal aid-eligible streets with a classification of minor collector or higher. The street must have a Pavement Condition Index (PCI) of between 0 and 70 on the Pavement Management System list in order to qualify for funding.

**DISCUSSION**

Public Works engineering staff has reviewed the list of eligible streets and their pavement conditions, and recommends that the funding be requested for two streets that meet the required PCI threshold: Newell Road from Hamilton Avenue to Embarcadero and California Avenue from El Camino Real to the Caltrain right-of-way. Both streets are designated on the City’s adopted School Commute Corridor Network. These streets are scheduled for resurfacing in FY 2006/07.

Staff submitted a written request for grant funds to VTA by the submittal deadline on January 5, 2006. The resolution of the City Council, opinion of counsel, and letter of assurances must be submitted to VTA by March 10, 2006. If the City Council decides not to pursue the grant, staff will advise VTA staff to withdraw the City’s application from consideration.

**RESOURCE IMPACT**

The total cost of resurfacing the two streets is estimated to be $705,000. The grant will cover up to $557,949 of the project cost. A minimum local match of 11.47 percent is required by the VTA. Palo Alto’s local match of $148,000 is a 21 percent match, and will be provided from the annual Street Maintenance Program budget of approximately $1.9 million/year.

Since the STP grant funds are disbursed on a reimbursement basis, City funds will be reimbursed by the grant funds. Staff will notify Council when the grant is formally approved.

**POLICY IMPLICATIONS**

STP funds are federal funds, which will require that the City comply with the Caltrans Local Assistance project delivery policies and procedures. The Public Works Department has implemented several projects in recent years using federal grant funds and staff is familiar with the procedures, schedule, timing, and reporting requirements.
ENVIRONMENTAL ASSESSMENT
These proposed street resurfacing projects are minor alterations and repairs to existing facilities with no expansion of use and are categorically exempt under the California Environmental Quality Act section 15301(c) of the CEQA guidelines.

ATTACHMENTS
A. Resolution authorizing the submittal of STP grant program funding
B. VTA Call for Projects letter dated December 5, 2005
C. Palo Alto’s STP Third Cycle grant application

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