

# Lompoc City Council Agenda Item



**City Council Meeting Date:** June 7, 2016

**TO:** Patrick Wiemiller, City Manager

**FROM:** Teresa Gallavan, Economic & Community Development Director/  
Assistant City Manager  
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**SUBJECT:** Reconsideration of Council Action Regarding the Motorsports Park Project

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## **Recommendation:**

Council discuss the item and advise staff on how it would like to proceed.

## **Background:**

In the 2012/13 grant cycle of the California State Parks Department's Off-Highway Motor Vehicle Recreation Division's Grants and Cooperative Agreements Program, the City of Lompoc (City) was awarded a State grant of \$998,107 (State Grant) for work required for the proposed off-highway sports portion of the proposed Motorsports Park Project (Project). The State Grant was executed by the City on December 26, 2013, and by California State Parks on December 30, 2013. Since December 30, 2013, the City has been working with the Lompoc Valley Parks, Recreation and Pool Foundation (LVPRPF) to proceed with environmental analysis of the Project. At the City Council meeting of May 17, 2016, Council voted 3 – 2 to reconsider its May 12, 2016, decision to discontinue funding work for the environmental review of the Project. The Council made that decision because of the uncertainty of the ability of the LVPRPF to provide the funding it is required to for that work, pursuant to the current Memorandum of Understanding (MOU) between the City and LVPRPF. Based on that, Council directed staff (i) to inform the environmental consultant to discontinue work on the environmental impact report (EIR) and (ii) not to commence the work to amend the Airport Layout Plan (ALP).

The City was advised by the Federal Aviation Administration (FAA) additional environmental work needs to be done in Phase I of the Project at an additional cost to the Project. Because of the time sensitive nature of the protocol studies required by National Environmental Policy Act (NEPA), the City Council held a Special Meeting on May 12, 2016, to discuss funding of the Project. A staff report was prepared with the most up-to-date information staff had at the time of publication of the final agenda (Attachment A).

Hours prior to the Special Meeting, City staff had a conference call with its State Grant representative providing important new information regarding the use of State Grant funds and the performance period of the State Grant. That information was given to Council at the Special Meeting during the staff presentation.

As indicated in the staff presentation, the State followed up the conference call with answers to staff's questions in writing (Attachment B).

**Discussion:**

The State Grant performance period can be amended to provide a few more months of time to complete work and the grant funds can be used to cover the costs of California Environmental Quality Act (CEQA), NEPA and staff time to complete the environmental review process for the Project. It will not cover (i) the amendment to the ALP, required by the FAA and which mandates the NEPA process, (ii) portions of the Project attributed to the drag strip, or (iii) the 26% match of total Project costs.

There has been extensive discussion about the possibility of a grant charge back by State Parks placing the City at financial risk. Item 4 of Attachment 2 from State Parks addresses this issue as follows:

“As long as the City is acting in good faith towards the completion of the project and if the environmental review finds that the project cannot proceed due to the cost of one or mitigation measures, a decision not to adopt a statement of overriding considerations or some other circumstance(s) not within the City's control, the City will not be responsible for repaying any grant funds expended in Phase I. The reason for a two phase project such as this one, where the environmental analysis is completed prior to receiving approval from the OHMVR Division to proceed to Phase II is to ensure that this project is viable.”

The current MOU, which Council did not terminate, indicates LVPRPF is responsible for 50% of CEQA costs after the drag strip portion is removed and all other costs not covered by the State Grant. It also indicates, if the City is not reimbursed by the State Grant or has incurred expenses, including staff time, not covered by the State Grant, then LVPRPF will cover those costs.

Following Council's decision to cease work on the project, City staff received several inquiries from various subcommittees of LVPRPF requesting Council reconsider its decision because they thought the money they had raised under LVPRPF's umbrella was at risk.

Council's action did not direct staff to present a demand for the funds LVPRPF owes the City. There has been no direction from the City to take funds from other LVPRPF

projects. If LVPRPF cannot pay its debts for the Project and if that leads to insolvency proceedings, then the City, as a creditor, could choose to request the funds raised by committees under the umbrella of LVPRPF, such as the Fallen Warriors Project or the Bike Skills Park, are not collected in the debt collection process.

**Fiscal Impact:**

Phase I of the State Grant activities relate to preconstruction aspects of the Project. The City has received quotes for estimated costs related to the revised scope of work for CEQA, NEPA and the ALP. The State has indicated the City may request to reallocate grant funds from Phase II to Phase I of the State Grant to cover the costs of CEQA and NEPA not attributed to the drag strip, staff time spent on the revised scope of environmental work and indirect costs related to the new Phase I project costs (limited to 15% of the revised grant portion of the project costs for Phase I).

The following chart outlines the revised costs by grant and local components.

	<b>Revised Phase I Cost Estimates</b>	<b>OHV Grant Reimbursement</b>	<b>Local Requirement</b>
<u>Cost components</u>			
CEQA (net of Drag Strip component)	\$ 225,585.00	\$ 166,932.90	\$ 58,652.10
NEPA (net of Drag Strip component)	63,310.00	46,849.40	16,460.60
Contract Time - Engineering to 12-31-2016	4,936.92	3,653.32	1,283.60
Staff Time - Planning to 12-31-2016	28,516.04	21,101.87	7,414.17
Staff Time - Environmental to 12-31-2016	1,403.66	1,038.71	364.95
Total Direct Project Costs	<u>\$ 323,751.62</u>	<u>\$ 239,576.20</u>	<u>\$ 84,175.42</u>
Indirect Project Costs @ 15% of Grant <sup>1</sup>	44,074.79	32,615.34	11,459.44
Total Project Costs	<u>\$ 367,826.41</u>	<u>\$ 272,191.54</u>	<u>\$ 95,634.87</u>
Percent of Phase I Total Estimated Costs		74.0%	26.0%
<u>Foundation cost responsibilities (match and outside grant project scope)</u>			
Grant match			\$ 95,634.87
CEQA - Drag Strip component			6,000.00
NEPA - Drag Strip component			1,690.00
Airport Layout Plan (ALP) (addressed separately)			
Total Foundation cost responsibility - Phase I and ALP			<u>\$ 103,324.87</u>

Payments received by the City for Phase I project costs per MOU from the Foundation

2/18/2015	\$ 932.14
4/17/2015	680.54
8/21/2015	865.36
8/31/2015	30,000.00
11/18/2015	10,000.00
2/29/2016	1,083.41
3/24/2016	2,164.47
5/18/2016	9,970.00
Total payments received by the City from the Foundation	<u>\$ 55,695.92</u>
<u>Anticipated payments by Foundation</u>	
Within 2 business days after Foundation receipt of State reimb filed 10-19-15	\$ 23,698.00
Within 2 business days of Foundation signing MOU amendment #3	23,930.95
Total payments and anticipated payments from Foundation	<u>\$ 103,324.87</u>
Total Remaining Due by Foundation (excluding ALP)	<u>\$ (0.00)</u>

<sup>1</sup> Limited to 15% of estimated reimbursement by OHV grant or 15% of actual whichever is less

Airport Layout Plan

The MOU signed by the City and the LVPRPF on March 14, 2014 contains the following section on Page 2 of the MOU:

“II. LVPRPF Responsibilities

A. Airport Master Plan

LVPRPF shall be solely responsible for the cost of preparation and processing of any necessary changes to the City of Lompoc Airport Master Plan required by the FAA or City, solely as a result of the Motorsports Project, provided that City and LVPRPF will work together, in good faith, to seek funding, other than from City and LVPRPF funding, to assist with those costs.”

The requirement of a change to the ALP had been first discussed by the LVPRPF and City staff on May 3, 2016. The payment by LVPRPF for the Airport Layout Plan was first discussed by the City Council at the meeting of May 12, 2016.

The estimated cost provided by the Airport Master Plan consultant to prepare a change to the ALP is \$73,310.

The LVPRPF has requested that LVPRPF and the City, per the MOU, work jointly to find funding other than from the City and LVPRPF funding. LVPRPF is committed to

fundraising with the assumption that no other funds will be found and LVPRPF shall pay the entire estimated \$73,310 for the ALP and have those funds on deposit with the City prior to the City's consideration of the Certification of the EIR.

In addition, costs outside the scope of the State Grant along with existing payments by LVPRPF to the City are itemized above. To use the funds in this manner, the MOU with LVPRPF would need to be amended.

The \$9,970 deposit received on May 18, 2016, is net of fees charged.

It is important to note the final actual dollar amount of the local match will be determined by the final actual Project cost of activities related to the scope of Phase I. The above estimates anticipate known contract costs and estimates of costs through December 31, 2016, of non-contract activities.

If Grant funds are distributed to the City and Phase I is not completed, then, as between the State and City, the City will be responsible for all costs not paid by LVPRPF; LVPRPF will still be required to reimburse the City for that repayment.

**Conclusion:**

Council may reconsider its decision of May 12, 2016, and provide direction.

Respectfully submitted,

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Teresa Gallavan, Economic Development Director/Assistant City Manager

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Patrick Wiemiller, City Manager

Attachments: 1) [Staff Report of May 12, 2016](#)  
2) [Email from the State re: Grant](#)