



Staff Report

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**File #:** 21-1023

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 11/03/2021

**TO:** Honorable Mayor and City Council Members

**FROM:** Public Works Department

**SUBJECT:**

Appropriation of funding from various revenue sources to the McKinley Street Grade Separation Project.

**EXECUTIVE SUMMARY:**

City staff is currently reviewing bids for the McKinley Grade Separation Project. The apparent lowest and second low bid is approximately 10% greater than the engineer's estimate. Budgeted funds are insufficient to cover the cost increase in right of way, contingencies, and construction bid. The City has reached out to the Riverside County Transportation Commission (RCTC) to request additional funding to help with the project costs. RCTC will consider the request to the Commissioners to cover the cost difference but is requiring the City to come up with a local match. City staff has identified \$5,000,000 in various unallocated fund balances that can be allocated to the project and included in the funding request.

**RECOMMENDED ACTION:**

**That the City Council** authorize an appropriation totaling \$5,000,000 from various fund balances as outlined in this report to the McKinley Grade Separation Project.

**BACKGROUND & HISTORY:**

In 2006, the City of Corona and the Riverside County Transportation Commission (RCTC) worked collaboratively to successfully place the McKinley Street / BNSF Railroad Grade Separation Project in the top priority tier of at-grade railroad crossings in Riverside County. Projects placed in the top priority tier typically involve railroad crossings characterized by high train and vehicular traffic volumes, extensive vehicle delay and emissions, and have seen one or more traffic incidents in recent years.

In March 2017, Senate Bill 132 (SB 132) funded the construction of the Riverside County Transportation Efficiency Corridor. The bill provided funding for the McKinley Grade Separation as one out of five critical projects in Riverside County. With SB 132 funding comes a key schedule driver, the deadline to spend (encumber and liquidate) the allocated funding by June 30, 2023.

In continuing progress on this project, construction bids were solicited and were subsequently opened on October 14, 2021. The apparent low bidder came in about 10% over the engineer's estimate with high costs primarily in the bid items that contained steel. The market for steel has been significantly increasing over the past several months. Given the current construction environment, with labor shortages, the high price of materials, and the overall effects of the pandemic adding to the complexities of a steel bridge structure and a fast-approaching funding deadline, the cost increase, while not desirable, was a potential outcome. Staff and Council have been working to value engineer the project. Unfortunately, the conditions in the current economy weighed heavily on the final cost, requiring additional funding to be allocated. Staff has reached out to RCTC to request additional funding to support the project.

**ANALYSIS:**

City staff is currently working with RCTC to present a request for additional funding assistance at RCTC's Commission meeting on November 10, 2021. RCTC staff has indicated that a funding match from the City should be allocated to assist with the overall project cost. The City is requesting RCTC provide approximately \$10 million for the project in addition to the City's funding match if the lowest responsible bidder is awarded the contract. Staff has identified \$5,000,000 that would be available from a combination of the Street and Signals Fund, Drainage Fee Fund, RMRA Fund, Gas Tax Fund, and Measure A Fund. Staff anticipates awarding the contract and providing further details at the November 17, 2021, City Council meeting contingent upon the additional funding being approved by RCTC.

**FINANCIAL IMPACT:**

Approval of the recommended action will appropriate \$5,000,000 to the project from various funding sources as follows:

<b>Fund</b>	<b>07/01/21 Est. Fund Balance</b>	<b>Budgeted Revenues/ Sources</b>	<b>Budgeted Expenditures/ Uses</b>	<b>Fund Balance Impacts</b>	<b>06/30/22 Est. Fund Balance</b>
Streets and Traffic Signals Fund 211	\$4,177,822	\$474,185	(\$1,213,291)	Appropriation (\$1,000,000)	\$2,438,716
Drainage Fee Fund 212	\$2,597,717	\$812,180	(\$686,536)	Appropriation (\$1,000,000)	\$1,723,361
RMRA Fund 221	\$781,510	\$3,316,865	(\$3,355,630)	Appropriation (\$500,000)	\$242,745
Gas Tax Fund 222 [Note 1]	\$1,911,114	\$4,176,947	(\$3,713,226)	Appropriation (\$500,000)	\$1,874,835
Measure A Fund 227	\$4,942,394	\$4,670,250	(\$7,206,075)	Appropriation (\$2,000,000)	\$406,569
<b>Total Appropriation</b>				<b>\$5,000,000</b>	

*Note 1: Includes other Gas Tax items on the November 3, 2021 agenda.*

**PREPARED BY: SAVAT KHAMPHOU, PUBLIC WORKS DIRECTOR**