



Legislation Text

File #: 18-1605, Version: 1

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 3/21/2018

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

SUBJECT:

City Council consideration to authorize payment of \$381,860 to buyout from the Federal Transit Administration the federal interest in 730 Public Safety Way; Authorize a budgetary transfer of \$381,860 from the General Fund; Authorize transfers between the Transit Fund and General Fund to account for the net book value of the facility.

RECOMMENDED ACTION:

That the City Council:

1. Authorize payment of \$381,860 to compensate the Federal Transit Administration (FTA) for the federal interest in the facility located at 730 Public Safety Way (the "Facility").
2. Authorize a budgetary transfer of \$381,860 in the General Fund, from the General Government operating budget to the Public Works operating budget for the payment to the FTA.
3. Authorize the General Fund to purchase the federal portion of the Facility from the Transit Fund in the amount of \$138,273 (net book value).
4. Authorize a transfer of \$138,273 to the General Fund from the Transit Fund to assist with the payment to the FTA.
5. Authorize the Assistant City Manager/Administrative Services Director to make accounting or budgetary adjustments needed to account for the buyout of the federal portion of the facility at 730 Public Safety Way.

ANALYSIS:

In March 2017, City of Corona Transit Service had a FTA Triennial Review which resulted in a finding under the category of Satisfactory Continual Control for real estate disposition for the 730 Public Safety Way facility.

The facility in question was constructed in 2002 and was partially funded with Federal Transit Administration (FTA) funds (\$200,000). These funds were contributed by City of Corona Transit Service to offset construction costs, as the facility housed Transportation Concepts, the vendor

operating the Corona Cruiser and Dial-A-Ride Service. Approximately 1,500 square feet of office space was dedicated to Transit Service. When federal funds are used, federal interest remains with the facility until the federal useful life requirement is met.

In May 2008, Transit Service was relocated to 735 Public Safety Way. FTA equates this to making the Facility excess property because it is not being used for its original purpose. When this occurs, FTA requires a plan and notification to FTA. FTA noted the change in Transit Operations as a finding received from the July 2008 Triennial Review.

During the recent Triennial Review, FTA required the following corrective actions:

- Submit an Excess Real Property Inventory and Utilization Plan for the FTA-funded contribution to the facility that is no longer needed for transit purposes.
- Identify the disposition method the City will pursue in compliance with FTA Circular 5010.1E, Chapter IV: Real Property, Section 2.j, “Real Estate Disposition” and Section 2.j. (2), “Disposition”.

Disposition method of “Retain Title with Buyout” was selected in which the City will compensate FTA for the appraised amount of the FTA interest plus depreciation for the years the Facility was not utilized for its original purpose using straight-line method. In keeping with the above requirements, an appraisal and appraisal review were performed for the City as required by the FTA. The appraised value of the federal interest in the Facility is \$343,860 and the straight-line depreciation from FY 2008/09 to December 2017 totals \$38,000. Therefore, the total amount for buyout is \$381,860. FTA has reviewed the City’s appraisal and appraisal review, and has agreed to accept the \$381,860 to conclude this buyout.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

The entire buyout amount of \$381,860 will be borne by the General Fund. The transaction will take two steps. First, the General Fund will purchase the federal interest in the facility at its net book value of \$138,273. The FTA share of the Facility will then be removed from the Transit Fund. Secondly, the Transit Fund will transfer the net book value amount of \$138,273 to the General Fund to assist with the required payment of \$381,860. The approval of the recommended actions will result in a transfer of \$138,273 from the Transit Fund to the General Fund (net book value of the federal share of the Facility) and a budget transfer of \$381,860 from the General Government Department to the Public Works Department in the General Fund.

GENERAL FUND	
Budget Workshop May 24, 2017 - Estimated Revenue Over Expenditures	(\$2,172,529)
Previously approved budget adjustments (net)	413,542
Mid-Year Revised Revenue Projections	<u>804,199</u>
Current Estimated Revenue Over Expenditures	(954,788)
Budget Transfer from General Government to Public Works - Payment to FTA (net)	-
Transfer Out to Transit Fund - Net Book Value	(138,273)
Transfer In from Transit Fund - Net Book Value	<u>138,273</u>
Estimated Amount from Budget Balancing Measures Reserve	(\$954,788)
Budget Balancing Measures Reserve - Estimated for 07/01/17 (Updated)	\$28,945,252
Use of Budget Balancing Measures Reserve - 12/20/17	(8,300,000)
Estimated Use of Budget Balancing Measures Reserve FY 2017-18	<u>(954,788)</u>
Budget Balancing Measures Reserve - Estimated Balance 06/30/18	\$19,690,464

Fund	07/01/17 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/18 Est. Working Capital
Transit Fund 577	\$699,192	\$3,506,559	(\$3,905,023)	\$138,273 Transfer In (\$138,273) Transfer Out	\$300,728

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

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