

## STAFF REPORT

**SUBJECT:** Tepusquet Bridge Project

**MEETING DATE:** January 15, 2009

**AGENDA ITEM:** 13

**STAFF CONTACT:** Brittany Odermann

### RECOMMENDATION:

Authorize the Executive Director to sign an agreement with the County of Santa Barbara to loan up to \$500,000 in Regional Surface Transportation Program funds currently programmed to a future-year County project for use on the Tepusquet Bridge project to avoid construction delays.

### SUMMARY:

Santa Barbara County is replacing an existing low-water crossing on Tepusquet Road across the Sisquoc River with a new multi-span bridge. The project's construction cost estimate is \$9.9 million. The project went out to bid at the end of December. The County is eager to put this long-awaited construction project into the field, especially at a time when contractors are looking for work and the bidding climate should be very much in the County's favor. The County intends to construct the entire 700 foot bridge during the 2009 construction season so the new bridge is operational when winter rains begin.

The project financing plan includes funding from the Federal Highway Bridge Program, the County General Fund and a grant for \$500,000 from the State Wildlife Conservation Board (WCB). The WCB recently contacted the County advising them that the \$500,000 grant will not be available until the State's fiscal crisis is resolved. In order to avoid project delays the County of Santa Barbara is requesting a short-term loan of up to \$500,000 from Regional Surface Transportation Program (RSTP) funds currently programmed to a future-year County project for use on the Tepusquet Bridge project. This loan will ensure that full funding for construction of the project is available at the time the County awards a construction contract in approximately mid-February 2009. There is a possibility that the State will resolve its fiscal issues in the next 1-2 months, the WCB grant funds will be made available to the project, and the County won't need to use the loan. But if the County actually draws down the RSTP funds, the County would repay SBCAG and the RSTP program as it receives the WCB grant funds. The repaid funds would be made available for use by the County on the non-urbanized, unincorporated area street repair project that the RSTP funds are currently programmed to. The County does not anticipate needing the funds for the street repair project until FY 10/11, by which time SBCAG and the RSTP program should be fully reimbursed.

Staff recommends that the Board authorize the Executive Director to sign an agreement with the County of Santa Barbara to loan of up to \$500,000 in Regional Surface Transportation Program funds currently programmed to a future-year County project for use on the Tepusquet Bridge project to avoid construction delays.

#### Member Agencies

Buellton ■ Carpinteria ■ Goleta ■ Guadalupe ■ Lompoc ■ Santa Barbara ■ Santa Maria ■ Solvang ■ Santa Barbara County

## **DISCUSSION:**

In May 2008 the County Board of Supervisors submitted a letter to the SBCAG Board requesting Regional Measure D funds from SBCAG in the amount of \$500,000 to close a budget gap for construction of the Tepusquet Bridge project. The County's other funding sources for the Tepusquet Bridge project include \$800,000 from the County General Fund and \$8.4 million from the federal Highway Bridge Program. At that time the County had applied for a \$500,000 grant from the Wildlife Conservation Board (WCB) and sought the Regional Measure D funding as a backstop to fill the budget shortfall and keep the project on schedule. The County's letter stated that if the County was successful in obtaining the WCB funding, it would return the regional funding to SBCAG. SBCAG staff responded with a letter noting that deferring their request for Measure D funding until August 2008 when the County would learn if the grant was successful would not jeopardize the County's ability to start construction in the spring of 2009. In August, the County received confirmation that the WCB grant was awarded in the amount of \$500,000. No regional Measure D funds were needed for the project.

Last month County Public Works staff contacted SBCAG after receiving a letter from the WCB notifying them that the State Department of Finance issued a directive to state agencies on December 17, 2008 that restricts the ability of the Wildlife Conservation Board to disburse any of the \$500,000 grant until the State's fiscal issues are resolved. The County has again requested assistance from SBCAG, this time to overcome a potential cash flow problem that would occur on the project if the WCB grant funds are delayed beyond the end of the current fiscal year.

SBCAG and County Public Works staff have met and discussed the County's potential cash flow issues and have developed a joint recommendation to the SBCAG board to lend RSTP funds to the project until the WCB can issue payment on the approved grant. RSTP funds are being recommended rather than Regional Measure D because available measure funds may have to be loaned to the Highway 101 Milpas-Cabrillo\Hot Springs project and because the Tepusquet project is not currently included in the Measure D program.

### **RSTP Loan**

SBCAG receives Regional Surface Transportation Program (RSTP) apportionments annually for allocation to transportation projects in accordance with Section 182.6 of the Streets and Highways Code. The apportionments are received by SBCAG in the form of State gas tax funding which is deposited in an account managed by SBCAG and programmed to projects at the discretion of the SBCAG board. In a previous programming cycle, SBCAG programmed \$921,000 to a project nominated by the County entitled "Non-urbanized area of the County – Street repair/various locations". The funds will be used by the County as a non-federal match on \$4.0 million in Federal Demonstration funds the County has received to resurface various roads in the 24<sup>th</sup> Congressional District. The Demonstration Funds, and the RSTP matching funds, will be utilized by the County over a five-year period. This means that a portion of the RSTP funds which would be used on the street repair project in the outer years of the five-year period could be loaned to the Tepusquet Bridge to ensure that full funding for construction is available at the time the County awards a contract, in approximately mid-February 2009. This would allow the bridge project to move forward without delays. The funds for the street repair project are not anticipated to be needed until FY 10/11. Loaning the RSTP funds for the Tepusquet project will not delay the county's road rehab project nor will impact RSTP funds programmed for any other local agency projects.

SBCAG staff drafted the attached agreement that defines the parameters of the RSTP loan. It has been reviewed by County Public Works staff and they have agreed to recommend that the Board of Supervisors approve the agreement. The agreement states that SBCAG shall loan up to \$500,000 in RSTP funding from the County's programmed, non-urbanized area street repair project to assist the County in meeting cash flow needs if the WCB grant reimbursement is delayed beyond the end of the 08/09 fiscal year and the County's General Funds programmed to the project are exhausted. The County would be required to repay any loaned funds to SBCAG within 60 days after the County receives each reimbursement payment from WCB and SBCAG will make repaid funds available to the County for the non-urbanized street repair project as payments are received.

**RECOMMENDATION:**

Authorize the Executive Director to sign an agreement with the County of Santa Barbara to loan up to \$500,000 in Regional Surface Transportation Program funds currently programmed to future-year County projects for use on the Tepusquet Bridge project to avoid construction delays.

**ATTACHMENT:**

Letter from County of Santa Barbara Requesting a Loan  
Letter from Wildlife Conservation Board to County  
Loan Agreement between the Co. of Santa Barbara and SBCAG




anxious to move forward on this project and take advantage of the bidding climate that exists at this time. This is a multi-million dollar project that will produce quality local jobs and will likely receive very competitive bids.

We appreciate any support that the SBCAG Board and your staff can provide to the County to continue to move the Tepusquet Road Bridge Project forward. Please do not hesitate to contact me at 568-3010 with any questions you may have on this request.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott D. McGolpin", with a long, sweeping horizontal stroke extending to the right.

Scott D. McGolpin  
Public Works Department, Director

Cc: Joseph Centeno, Chair, County Board of Supervisors  
Michael Brown, County Executive Officer  
John Baker, Deputy County Executive Officer



WILDLIFE CONSERVATION BOARD

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December 22, 2008

To: Contract and Grant Recipients

As the Wildlife Conservation Board (WCB) has one or more agreements with your organization, this communication is to apprise you of the current situation regarding a directive that we received from the Department of Finance. The severity of this action reflects the enormity of the current budget crisis in the state.

On December 17, 2008, the Pooled Money Investment Board (PMIB) approved an action which affects state bond funded programs, including those funded out of Propositions 12, 40, 50, 84, and 1E. Specifically, the WCB has been directed to do the following: 1) immediately cease entering into any new construction, grants, loans or other agreements that commit the expenditure of bond funds, and 2) immediately instruct all grant or loan recipients of bond funds to cease from entering into any new construction or other agreements or contracts that would be funded from bond funds.

Additionally, the State Controllers' Office indicated that effective December 17, 2008 all bond funded disbursements would be frozen until further notice. Another PMIB meeting will convene in early January 2009 to further address the issue.

In the interim, these actions mean that the WCB will not be able to make disbursements pursuant to your agreement. You should suspend any work on active projects and make efforts to minimize expenses under the agreement, as WCB is unable to make payments at this time. Unfortunately, until the issue is resolved, we are unable to indicate when or if disbursements will resume.

We regret the hardship this places on our grantees and contractors and hope for a quick solution to ensure the successful completion of the WCB funded projects.

If you have further questions, please feel free to contact me at (916) 445-8448 or the appropriate Program Manager for your project.

Sincerely,

A handwritten signature in black ink that reads "John P. Donnelly". The signature is fluid and cursive.

John P. Donnelly  
Executive Director

**LOAN AGREEMENT**

**between the  
County of Santa Barbara  
and the  
Santa Barbara County Association of Governments**

This loan agreement between the County of Santa Barbara (COUNTY) and the Santa Barbara County Association of Governments (SBCAG) is entered into with the authorization of the Boards of Directors of the respective agencies.

Whereas, SBCAG receives Regional Surface Transportation Program apportionments made available to Santa Barbara County for allocation to transportation projects in accordance with Section 182.6 of the Streets and Highways Code; and

Whereas, SBCAG programmed \$921,000 in Regional STP to a project in FY 06/07 entitled, Non-urbanized area of the County – Street repair/various locations (CO24); and

Whereas, COUNTY was awarded five hundred thousand dollars (\$500,000) from the State Wildlife Conservation Board (WCB) for construction of the Tepusquet Bridge (PROJECT); and

Whereas, the Department of Finance issued a directive to state agencies on December 17, 2008 that restricts the ability of the Wildlife Conservation Board to make disbursements pursuant to the agreement between WCB and COUNTY; and

Whereas, COUNTY's other funding sources for PROJECT include \$800,000 from the County General Fund and \$8.4 million from the federal Highway Bridge Program; and

Whereas, COUNTY desires to have the ability to borrow a portion of COUNTY's RSTP apportionment to project CO24 to ensure that full funding for construction of the PROJECT is available at the time it awards a construction contract, in approximately February 2009; and

Whereas, the funds in project CO24 are a match for Federal Demonstration funds used for resurfacing various roads in the 24<sup>th</sup> Congressional District. The COUNTY will receive the Demonstration funds over a five year period, and therefore does not anticipate needing these matching funds until FY10/11; and

Whereas, County intends to use funds to address a cash flow deficiency that it projects may emerge on the project if the WCB reimbursements are delayed beyond the last quarter of FY 08/09.

Now therefore, the parties do agree as follows:

1. SBCAG shall loan up to \$500,000 in Regional Surface Transportation Program (STP) funding from the County's programmed, Non-Urbanized area of the County Street Repair Project (CO24) to assist the County in meeting cash flow needs if the WCB grant reimbursement is delayed beyond the last quarter of FY 08/09 and COUNTY's General Funds are exhausted. No interest will be charged to COUNTY on loaned funds.
2. COUNTY shall repay loaned funds to SBCAG within 60 days after COUNTY receives each reimbursement payment from WCB.

3. SBCAG shall make repaid funds from COUNTY available to COUNTY for the Non-urbanized area of the County – Street Repair Project (CO24) as payments are received by SBCAG.
4. Amendments to this loan agreement may be entered into by the Public Works Director for the COUNTY and the Executive Director of SBCAG. Such amendments shall be binding on the parties if signed by the Director of Public Works and the Executive Director of the corresponding agencies and shall be effective as of the date shown in the amendment unless other wise indicated.

Made and entered into on this 15<sup>th</sup> day of January, 2009.

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Mr. Scott McGolpin  
Director, Public Works  
County of Santa Barbara

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Mr. Jim Kemp  
Executive Director  
Santa Barbara County Association of Governments

APPROVED AS TO FORM:  
DANIEL J. WALLACE,  
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING  
ROBERT W. GEIS,  
AUDITOR CONTROLLER

By: \_\_\_\_\_  
Deputy County Counsel

By: \_\_\_\_\_