



**CITY OF ELK GROVE
CITY COUNCIL STAFF REPORT**

AGENDA TITLE: Receive information and consider 1) a resolution authorizing the City Manager to execute a construction contract with Western Engineering Contractors, Inc. for the Railroad Street Improvements (WTR049) and the Old Town Plaza Phases 2 and 3 (WCE022) Projects in the amount of \$8,412,855; authorizing the City Engineer to approve change orders not-to-exceed \$841,285.50; amending the Fiscal Year 2019-20 Budget and 2019-2024 Capital improvement Program by \$4,305,923; and 2) a resolution declaring the City Council's intent to reimburse expenditures for the Old Town Plaza Phases 2 and 3 (WCE022) Projects from the proceeds of future debt issuances, and directing certain actions or take alternative action as deemed appropriate (No further CEQA review required)

MEETING DATE: May 13, 2020

PREPARED BY: Stephany Carlson, Project Manager
Kristin Parsons, Senior Civil Engineer
Kevin Bewsey, Capital Program Manager

DEPARTMENT HEAD: Robert Murdoch, P.E., Public Works Director/
City Engineer

RECOMMENDED ACTION:

Staff recommends that the City Council receive information from staff and consider the following actions:

- 1) Adopt a resolution for the Railroad Street Improvements (WTR049) and the Old Town Plaza Phases 2 and 3 (WCE022) Projects as follows:

- a. Authorizing the City Manager to execute a construction contract with Western Engineering Contractors, Inc. in the amount of \$8,412,855;
 - b. Authorizing the City Engineer to approve change orders not-to-exceed \$841,285.50;
 - c. Authorizing an amendment to the FY 2019-24 Capital Improvement Program and Fiscal Year 2019-20 Budget for the Railroad Street Improvements Project (WTR049) adding \$1,755,308 in SB1 LSR Funds (Fund 227), returning \$113,365 in Drainage Fee (Fund 503) funds, and returning \$855,586 in General Fund Capital Reserve (Fund 106) funds;
 - d. Authorizing an amendment to the FY 2019-24 Capital Improvement Program and Fiscal Year 2019-20 Budget for the Old Town Plaza Phases 2 and 3 Project (WCE022) adding \$651,873 in Drainage Fee (Fund 503) funds, adding \$111,081 in SB1 LSR Funds (Fund 227), adding \$856,612 in General Fund Capital Reserve (Fund 106) funds and adding \$1,900,000 in Debt Proceeds (Fund 345); and
- 2) Adopt a resolution declaring the City's intent to reimburse expenditures for the Old Town Plaza Phases 2 and 3 (WCE022) Project from the proceeds of future debt issuances and directing certain actions.

BACKGROUND INFORMATION:

On January 15, 2020, the City Engineer advertised the Railroad Street Improvements (WTR049) Project and the Old Town Plaza Phases 2 and 3 (WCE022) Project (together, the "Projects") to receive bids. The City received and opened four bids. Shortly after the bid opening, the City received a bid protest. In response to the bid protest, staff made the recommendation to Council to reject all bids and re-bid the Projects and on March 11, 2020, Council directed the City Engineer to reject all bids and re-bid the Projects pursuant to Resolution Number No. 2020-043.

Prior to re-bidding the Projects, staff reviewed the bid documents for ways to reduce costs and simplify the concrete flatwork at the Plaza entrance, to provide more clarity to the bidders, and to incorporate additional measures related to COVID-19. Staff made revisions including the following:

- incorporated all addenda issued with the previous advertisement
- revised and reduced the Site Concrete Qualification requirements
- clarified the certified arborist requirement

- incorporated the commitment plans from utility agencies
- updated the bid schedules for both Projects
- added COVID-19 worker safety requirements.

The purpose of these revisions was to improve the quality of the bid documents which staff believed would result in more responsive and competitive bids.

The Railroad Street Improvements Project (WTR049) will result in road reconstruction; utility construction (wet and dry/joint trench); construction of new curbs, gutters, accessible sidewalks and ramps; construction of two parking lots (with landscape, lighting and irrigation improvements) along an approximately 2,000-foot segment of Railroad Street and an approximately 180-foot segment of Grove Street. The Old Town Plaza Phases 2 and 3 Project (WCE022) will result in a complete park plaza with a formal entrance to the plaza, trellis structures, concrete seat wall seating, a large open space pavilion, public art, a performance lawn, site lighting, bike parking, park signage, and hardscape and landscape areas. These Projects will result in existing overhead utilities being undergrounded in a joint utility trench, where feasible.

In order to provide for construction of all improvements at the Old Town Plaza site, staff accelerated design of the Old Town Plaza Phase 3 Project, which allowed the Projects to be combined in one bid package. This will allow for all improvements on Railroad and Grove Streets and on the Old Town Plaza site to be completed at the same time, which will minimize the duration and impacts to the Old Town community and visitors to this area. Staff recognizes that there is a reduction in the overall project costs for both projects due to the economies of scale in constructing and managing these Projects together, and therefore recommends proceeding with construction of all phases at this time.

The Project Location Maps are provided as Attachment 2.

BID ANALYSIS:

The call for bids was advertised on March 18, 2020, and March 25, 2020. The City Clerk received the following bids on Wednesday, April 8, 2020:

Table 1 – Bids Received

Contractor Name	Address	Base Bid	Additive Alternate # 1 Bid	Total Bid Price
Engineer's Estimate	N/A	\$7,034,000.00	\$1,011,000.00	\$8,045,000.00
Western Engineering Contractors, Inc.	3171 Rippey Road Loomis, CA 95650	\$7,474,855.00	\$938,000.00	\$8,412,855.00
Martin Brothers Construction	8801 Folsom Blvd., Suite 260 Sacramento, CA 95826	\$7,771,634.25	\$947,000.00	\$8,718,634.25
George Reed	140 Empire Avenue Modesto, CA 95354	\$8,007,835.00	\$950,000.00	\$8,957,835.00
Sierra National Construction, Inc.	5433 El Camino Ave., Suite 4 Carmichael, CA 95608	\$8,047,569.00	\$998,500.00	\$9,046,069.00
Diede Construction, Inc.	P.O. 1007 Woodbridge, CA 95258	\$9,510,525.59	\$1,068,380.00	\$10,578,905.59*

*This bid contained a math error that changed the total bid price.

After review of the bids received, staff has determined that Western Engineering Contractors, Inc. is the lowest responsive and responsible bidder with a total bid price of \$8,412,855.

On April 15, 2020, staff received one bid protest from the third apparent low bidder, George Reed, Inc. Upon review, staff has determined that the items presented in the bid protest are minor waivable irregularities and recommends awarding the construction contract to Western Engineering Contractors, Inc.

The base bid price includes the Railroad Street Improvements (WTR049) project and the Old Town Plaza Phases 2 and 3 (WCE022) project without the large open space pavilion. The Additive Alternate 1 is the large open space pavilion in the Old Town Plaza.

Based on this total bid price (base bid plus Additive Alternate 1), staff recommends awarding the base bid and Additive Alternate 1 for full buildout of the Old Town Plaza.

The total bid price for these bid results is \$700,074 less than the total bid price from the original bids. In addition, the new total bid price for these projects is within 5% of the Engineer's Estimate, and the Additive Alternate 1 price for the pavilion is approximately \$73,000 less than the Engineer's Estimate.

As specified in the bid documents, the contractor must execute and return the contract, along with other specified requirements, following receipt of the Notice of Award.

Construction is anticipated to begin summer of 2020 assuming no complications with the contract execution process. The contract allows 220 working days to complete the required work and the work is anticipated to be complete in April 2021.

ALTERNATIVE ACTIONS:

An alternative to the recommended action is to award only the base bid and not award the additive alternate for the pavilion structure. Staff does not recommend this action since the price for the pavilion is approximately \$73,000 less than the Engineer's Estimate, and it is unlikely that the costs will decrease in a later bidding timeframe. It is more likely that bidding the additive alternate work as a separate project at a later date would result in higher construction costs, additional construction management costs, and additional engineering costs to prepare the bid documents in addition to throwaway construction costs for improvements that would be removed during the later pavilion construction. Not awarding this additive alternative would reduce the overall budget need by \$1,031,800 for the Old Town Plaza Phases 2 and 3 Project (WCE022).

As a second alternative, Council could decide to reject all bids and re-bid the project. Staff does not recommend this action as the project has been re-bid once and re-bidding the project would likely result in decreased bidder participation, increased bid prices and would delay the Projects.

A third alternative would be to reject all bids, redesign the projects to separate them and re-bid a portion of the work. This could include only the Railroad Street Improvements Project (WTR049) with modifications at Old Town Plaza to conform the work with existing improvements, or the Railroad Street Improvements Project (WTR049) could be reduced further, such as to eliminate the smaller parking lot. Staff does not recommend this alternative as the Projects have been re-bid once and re-bidding the project would likely result in decreased bidder participation. Additionally, this could result in increased bid prices and would likely delay the Projects to the next construction season. Redesign of the WTR049 Project would also result in additional engineering costs to the Project and potentially higher costs to

make the storm drain improvements work without the parking lot. This would also result in additional disruptions to Old Town since the work would be spread out over multiple years.

A fourth alternative would be to not use future debt proceeds to pay for a portion of the improvements. While there are sufficient funds in the Capital Reserve (Fund 106) to not require the use of debt proceeds for this project, staff recommends retaining these funds in Fund 106 for future flexibility and use since the interest on the debt is extremely low and the debt service payments are minimal.

Finally, Council could choose to reject all bids and delay the project to a future year. Staff does not recommend this option for several reasons. First, the bid results for the project are favorable. Delaying the project would likely result in higher future project costs. Second, the City is obligated to complete improvements to Railroad Street, including adjacent parking lots as part of a Purchase and Sale Agreement with D&S Development. D&S Development has invested well in excess of \$1 million in property acquisition, design and structural improvements to the existing historic brick buildings on Railroad Street to date. Not fulfilling the City's obligations, would expose the City to financial risk. Third, despite the current budget impacts of the COVID-19 stay at home order, the City's Capital Reserve fund and other funding sources identified in this staff report have adequate funding to move forward with the project without putting other projects or priorities at risk and will provide a stimulus to the local economy in the form of construction jobs and related economic benefits to the area.

ENVIRONMENTAL REVIEW:

The California Environmental Quality Act (Section 21000, et. seq. of the California Public Resources Code, hereafter CEQA) requires analysis of agency approvals of discretionary "projects." A "project," under CEQA, is defined as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment." The Project is defined as a project under CEQA.

The City of Elk Grove previously analyzed the Railroad Street Improvements (WTR049) and the Old Town Plaza Phases 2 and 3 (WCE022) Projects' potential environmental impacts in an Initial Study (SCH No. 2016112036) and a Supplemental Initial Study (SCH No. 2019049135). These studies

resulted in approval of a Mitigated Negative Declaration (MND) and adoption of a Mitigation, Monitoring, and Reporting Program (MMRP) on January 11, 2017, and approval of a Supplemental MND and MMRP on July 24, 2019. The 2017 and 2019 MMRPs will apply to the construction of both Projects.

The Projects will be utilizing Community Development Block Grant funding, administered through the Department of Housing and Urban Development (HUD). As such, the Projects also require review under the National Environmental Policy Act (42 U.S.C. 4321 et seq, hereinafter NEPA). The HUD Act of 1974 and 24 CFR 58 (Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities) authorizes local governments, defined as a “Responsible Entity” (RE), to assume federal responsibility for environmental compliance. Therefore, the City, functioning as the RE for the proposed project, is the NEPA lead agency. An Environmental Assessment (EA) leading to a Finding of No Significant Impact (FONSI) was prepared for the Project. Mitigation measures have been developed and incorporated into the Project to reduce all identified potential impacts to levels that are less than significant as defined by NEPA. Following public circulation of the FONSI, the City Manager approved the EA/FONSI on October 23, 2019, and HUD approved the City’s Request for Release of Funds on December 13, 2019. No additional review under NEPA is required. All mitigation measures detailed in the EA will apply to the construction of both Projects.

No further environmental review is required for the Projects.

FISCAL IMPACT:

The approved total budget for the Railroad Street Improvements (WTR049) Project is \$6,819,933 as shown in Table 2. As described in the Bid Analysis, the proposed award requires an additional \$786,357 to fully fund the Project as shown in Table 2 below.

**Table 2 – Budget
 Railroad Street Improvements (WTR049) Project**

Funding Source	Current Funding	Funding Changes	Total Funding
CDBG (Fund 241)	\$556,050	\$0	\$556,050
Drainage Fee (Fud 503)	\$1,758,883	(\$113,365)	\$1,645,518
Measure A (Fund 294)	\$443,000	\$0	\$443,000
SB1 LSR Funds (Fund 227)	\$0	\$1,755,308	\$1,755,308
General Fund Capital Reserve (Fund 106)	\$4,062,000	(\$855,586)	\$3,206,414
Total	\$6,819,933	\$786,357	\$7,606,290

The approved total budget for the Old Town Plaza Phases 2 and 3 (WCE022) Project is \$1,153,700 as shown in Table 3. Phase 3 of Old Town Plaza was not previously funded. It was shown as a future phase beyond the five-year time horizon of the CIP. Staff decided to proceed with accelerating design and construction of Phase 3 improvements in July 2019 in order to complete all improvements at the same time, with anticipation that overall costs for these projects would be less due to economy of scales, lack of throwaway costs and the ability to have one CM team oversee construction. A portion of Phase 3 was bid as an additive alternate to provide City Council flexibility in awarding the work. As described in the Bid Analysis, the proposed award requires an additional \$3,519,566 to fully fund the Projects as shown in Table 3 and to move the Phase 3 project into the current fiscal year. The City had anticipated a total cost of approximately \$6.3 million; this represents approximately \$1.6 million in savings on Old Town Plaza.

**Table 3 –Budget
 Old Town Plaza Phases 2 and 3 (WCE022) Project**

Funding Source	Current Funding	Funding Changes	Total Funding
Drainage Fee (Fund 503)	\$0	\$651,873	\$651,873
SB1 LSR Funds (Fund 227)	\$0	\$111,081	\$111,081
General Fund Capital Reserve (Fund 106)	\$1,153,700	\$856,612	\$2,010,312
Debt Proceeds (Fund 345)	\$0	\$1,900,000	\$1,900,000
Total	\$1,153,700	\$3,519,566	\$4,673,266

Staff analyzed the line item prices for fund eligibility in the bid schedules for both the Railroad Street Improvements (WTR049) Project and the Old Town Plaza Phases 2 and 3 (WCE022) Project. Staff has provided a short summary of the funding changes from this review.

Staff determined that there were only \$1,645,518 in qualifying drainage improvements on the Railroad Street Improvements (WTR049) Project related to replacement of the existing drainage system, which is \$113,365 less than previously anticipated and budgeted for the project. Therefore, staff is recommending reducing the amount of Drainage Fee (Fund 503) funds on WTR049 by \$113,365.

Staff also reviewed the Old Town Plaza Phases 2 and 3 (WCE022) Project and determined that there were \$651,873 in qualifying drainage improvements related to replacement of the existing drainage system. Since

no Drainage Fee (Fund 503) funds are currently budgeted, staff is recommending adding these funds to WCE022.

Additionally, staff reviewed the Railroad Street Improvements (WTR049) Project and Old Town Plaza Phases 2 and 3 (WCE022) Project for qualifying pavement rehabilitation and complete streets improvements and determined there were \$2,198,308 for WTR049 and \$111,081 for WCE022 eligible for either Measure A or SB1 Local Streets and Roads Programs. Therefore, staff is recommending increasing the amount of SB1 Local Streets and Roads Programs (Fund 227) funds for WTR049 by \$1,755,308 and for WCE022 by \$111,081.

Those changes in funding reduce the overall need for General Fund Capital Reserve (Fund 106) funds on the projects. Staff recommends removing \$855,586 in Capital Reserve (Fund 106) funds from the Railroad Street Improvements (WTR049) Project and adding \$856,612 to the Old Town Plaza Phases 2 and 3 (WCE022) Project.

Staff is also preparing for a debt issuance that will provide funding for both the District56 Nature Area Project (WCE028) and \$1.9 million dollars of debt proceeds (Fund 345) in funding for the Old Town Plaza Phases 2 and 3 Project (WCE022), which would partially address the Capital Reserve (Fund 106) needs for the WCE022 project. A recommendation for debt issuance is scheduled to come to Council on May 13, 2020. Debt service payments for WCE022 are estimated to be approximately \$160,000 annually and will be funded from the General Fund.

A summary of estimated total Project costs based on the lowest responsive and responsible total bid which includes the Additive Alternate 1 (the large open space pavilion in the Old Town Plaza Phases 2 and 3 (WCE022) Project) is shown in Table 4:

**Table 4 – Total Estimated Project Costs for the
 Railroad Street Improvements (WTR049) and Old Town Plaza Phases 2 and 3
 (WCE022) Projects
 (First Lowest Responsive and Responsible Bid)**

Capital Costs	WTR049 Estimated Costs	WCE022 Estimated Costs	Total Estimated Costs
Design	\$577,907.00	\$405,800.00	\$983,707.00
Environmental	\$115,472.00	\$0.00	\$115,472.00
Right of Way (Services & Land Purchase)	\$95,853.00	\$5,084.00	\$100,937.00
Construction Engineering	\$592,453.00	\$845,300.00	\$1,437,753.00
Construction Contract inc. contingency	\$5,928,458.50	\$3,325,682.00	\$9,254,140.50
Other Misc. Costs	\$296,146.00	\$15,600.00	\$311,746.00
Public Art	\$0.00	\$75,800.00	\$75,800.00
Total Costs	\$7,606,289.50	\$4,673,266.00	\$12,279,555.50

Should the City Council decide not to award Additive Alternate 1 (the large open space pavilion in the Old Town Plaza Phases 2 and 3 (WCE022) Project), a summary of estimated Project costs without the additive alternate based on the lowest responsive and responsible base bid only is shown in Table 5:

**Table 5 – Total Estimated Project Costs for the
 Railroad Street Improvements (WTR049) and Old Town Plaza Phases 2 and 3
 (WCE022) Projects without Additive Alternative 1
 (First Lowest Responsive and Responsible Bid)**

Capital Costs	WTR049 Estimated Costs	WCE022 Estimated Costs	Total Estimated Costs
Design	\$577,907.00	\$405,800.00	\$983,707.00
Environmental	\$115,472.00	\$0.00	\$115,472.00
Right of Way (Services & Land Purchase)	\$95,853.00	\$5,084.00	\$100,937.00
Construction Engineering	\$592,453.00	\$845,300.00	\$1,437,753.00
Construction Contract inc. contingency	\$5,928,458.50	\$2,293,882.00	\$8,222,340.50
Other Misc. Costs	\$296,146.00	\$15,600.00	\$311,746.00
Public Art	\$0.00	\$75,800.00	\$75,800.00
Total Costs	\$7,606,289.50	\$3,641,466.00	\$11,247,755.50

Staff has also included a reduced budget for the Old Town Plaza Phases 2 and 3 (WCE022) Project should City Council decide not to award the Additive Alternative in Table 6:

**Table 6 –Reduced Budget
 Old Town Plaza Phases 2 and 3 (WCE022) Project without Additive Alternative**

Funding Source	Current Funding	Funding Changes	Total Funding
Drainage Fee (Fund 503)	\$0	\$651,873.00	\$651,873.00
SB1 LSR Funds (Fund 227)	\$0	\$111,081.00	\$111,081.00
General Fund Capital Reserve (Fund 106)	\$1,153,700.00	\$856,612.00	\$2,010,312.00
Debt Proceeds (Fund 345)	\$0	\$868,200.00	\$868,200.00
Total	\$1,153,700.00	\$2,487,766.00	\$3,641,466.00

Project savings after final close-out will be returned to the appropriate funds.

ATTACHMENTS:

1. Resolution for construction contract award and budget amendments for the Railroad Street Improvements (WTR049) and the Old Town Plaza Phases 2 and 3 (WCE022) Projects
2. Resolution approving reimbursement of the Old Town Plaza Phases 2 and 3 (WCE022) Project expenditures from Debt proceeds
3. Project Location Maps

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION
CONTRACT WITH WESTERN ENGINEERING CONTRACTORS, INC. FOR THE
RAILROAD STREET IMPROVEMENTS (WTR049) AND OLD TOWN PLAZA
PHASES 2 AND 3 (WCE022) PROJECTS IN THE AMOUNT OF \$8,412,855;
AUTHORIZING THE CITY ENGINEER TO APPROVE CHANGE ORDERS NOT-TO-
EXCEED \$841,285.50; AND AMENDING THE FISCAL YEAR 2019-20 BUDGET AND
2019-2024 CAPITAL IMPROVEMENT PROGRAM BY \$4,305,923**

WHEREAS, the Railroad Street Improvements (WTR049) Project will result in road reconstruction; utility construction (wet and dry/joint trench); construction of new curbs, gutters, accessible sidewalks and ramps; construction of two parking lots (with landscape and irrigation improvements) along an approximately 2,000-foot segment of Railroad Street and an approximately 180-foot segment of Grove Street; and the undergrounding of existing overhead utilities in a joint utility trench when feasible; and

WHEREAS, the Old Town Plaza Phases 2 and 3 (WCE022) Project will result in a complete park plaza with a formal entrance to the plaza, trellis structures, concrete seat wall seating, a large open space pavilion, public art, a performance lawn, site lighting, bike parking, park signage and hardscape and landscape areas; and

WHEREAS, an invitation to bid was duly advertised on January 15, 2020, and January 22, 2020, and bids were opened on February 27, 2020; and

WHEREAS, On March 11, 2020 Council directed the City Engineer to reject all bids and re-bid the Projects pursuant to Resolution Number 2020-043; and

WHEREAS, an invitation to bid was duly advertised on March 18, 2020, and March 25, 2020, and bids were opened on April 8, 2020; and

WHEREAS, the City received five bids and Western Engineering Contractors, Inc. was determined to be the responsible bidder submitting the lowest responsive bid; and

WHEREAS, the Projects are a project under California Environmental Quality Act (Section 21000 et seq. of the Public Resources Code, hereinafter referred to as CEQA); which requires that cities consider the environmental consequences of their actions before approving a project; and

WHEREAS, the City previously analyzed the Railroad Street Improvements (WTR049) and the Old Town Plaza Phase 2 and 3 (WCE022) Projects' potential environmental impacts and adopted the original Mitigated Negative Declaration (SCH No. 2016112036) and Mitigation Monitoring and Reporting Program prepared for the Projects on January 11, 2017, and later adopted a Supplemental Mitigated Negative Declaration (SCH No. 2019049135) and Mitigation Monitoring and Report Program on July 24, 2019; and

WHEREAS, based on staff's review of the Projects, no special circumstances exist that would create a reasonable possibility that this Project will have a significant impact on the environment beyond what was analyzed and disclosed in the Supplemental Initial Study/Mitigated Negative Declaration prepared for the Projects; no further environmental review under CEQA is required; and

WHEREAS, the Projects will utilize federal funds administered through the Department of Housing and Urban Development (HUD) and thus also require review under the National Environmental Policy Act (42 U.S.C. 4321 et seq., herein after NEPA); and

WHEREAS, an Environmental Assessment to analyze proposed environmental impacts under NEPA was prepared and determined that with incorporation of mitigation measures identified in the Environmental Assessment, the Projects would have a Finding of No Significant Impact; and

WHEREAS, the Finding of No Significant Impact was publically circulated, approved by the City Manager on October 23, 2019, and the Request for Release of Funds was approved by HUD on December 13, 2019; no further environmental review under NEPA is required; and

WHEREAS, the Projects are included in the approved Fiscal Year 2019-24 Capital Improvement Program and are budgeted with funds in the approved Fiscal Year 2019-20 Budget.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby:

- 1) Authorizes the City Manager to execute a construction contract with Western Engineering Contractors, Inc. for the Railroad Street Improvements (WTR049) and Old Town Plaza Phases 2 and 3 (WCE022) Projects in the amount of \$8,412,855 upon receipt of all required bonds and insurance and the approval of such bonds and insurance by the City Attorney; and,
- 2) Authorizes the City Engineer to approve change orders not-to-exceed \$841,285.50; and,
- 3) Amends the FY 2019-2024 Capital Improvement Program and Fiscal Year 2019-20 Budget for the Railroad Street Improvements Project (WTR049) by adding \$1,755,308 in SB1 LSR Funds (Fund 227), returning \$113,365 in Drainage Fee (Fund 503) funds, and returning \$855,586 in General Fund Capital Reserve (Fund 106) funds; and
- 4) Amends the FY 2019-2024 Capital Improvement Program and Fiscal Year 2019-20 Budget for the Old Town Plaza Phases 2 and 3 Project (WCE022) by adding \$651,873 in Drainage Fee (Fund 503) funds, adding \$111,081 in SB1 LSR Funds (Fund 227), adding \$856,612 in General Fund Capital Reserve (Fund 106) funds and adding \$1,900,000 in Debt Proceeds (Fund 345).

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 13th day of May 2020

STEVE LY, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, CITY CLERK

JONATHAN P. HOBBS,
CITY ATTORNEY

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
DECLARING INTENT TO REIMBURSE THE OLD TOWN PLAZA PHASES 2 AND 3
PROJECT (WCE022) FROM THE PROCEEDS OF CERTAIN TAX-EXEMPT
OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Old Town Plaza Phases 2 and 3 (WCE022) Project (Project) will result in a complete park plaza with a formal entrance to the plaza, trellis structures, concrete seat wall seating, a large open space pavilion, public art, a performance lawn, site lighting, bike parking, park signage and hardscape and landscape areas; and

WHEREAS, the City of Elk Grove (the “City”) proposes to undertake the project, to issue, or cause the issuance of, debt for such project and to use a portion of the proceeds of such debt to reimburse expenditures made for the project prior to the issuance of the debt; and

WHEREAS, some portion of the Debt proceeds will be allocated and fund a portion of the Old Town Plaza Phases 2 and 3 (WCE022) Project; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the City declares its official intent to reimburse the expenditures referenced herein.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby:

- 1) Declares that it reasonably expects to issue or cause the issuance of the Debt for the purpose of financing the costs of construction of the Old Town Plaza Phases 2 and 3 (WCE022) Project improvements, and incidental expenses related thereto and to use a portion of the proceeds thereof to reimburse expenditures made by the City for the Project before the date of issuance of the Debt, and not more than 60 days before the date of adoption of this Resolution; and
- 2) The maximum principal amount of the Debt obligations is estimated to be \$10,500,000, of which a portion will be allocated to fund the Old Town Plaza Phases 2 and 3 (WCE022) and the balance for other City projects; and
- 3) Declares this Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 13th day of May 2020.

STEVE LY, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

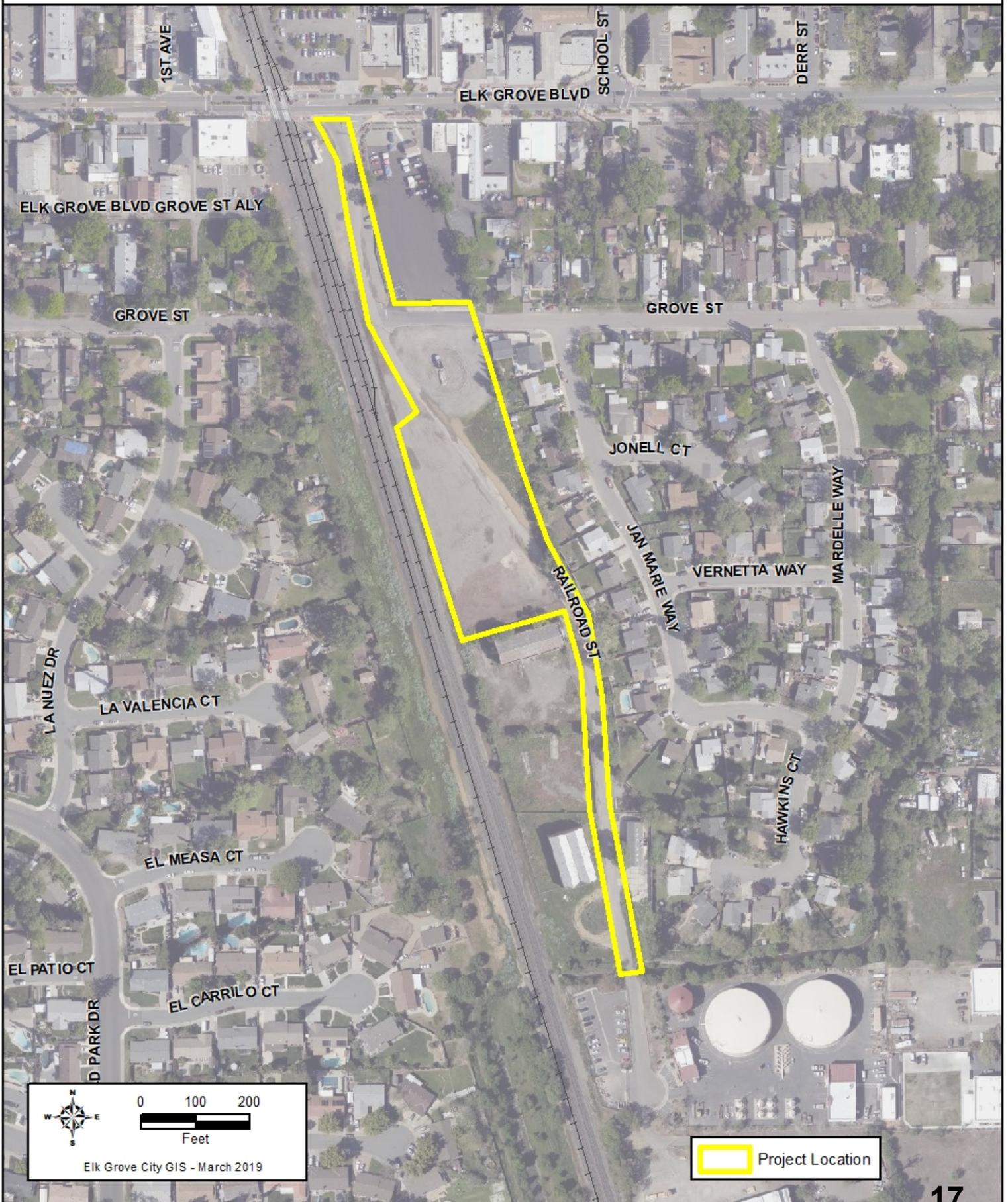
JASON LINDGREN, CITY CLERK

JONATHAN P. HOBBS,
CITY ATTORNEY

Railroad Street Improvements - WTR049

Project Location Map

ATTACHMENT 3



Old Town Plaza Phase 2 and 3 - WCE022

Project Location Map

