TO: Honorable Mayor and City Councilmembers
FROM: David Ott, City Manager
MEETING DATE: January 26, 2011
ORIGINATING DEPT: Engineering Department
SUBJECT: Reappropriate Funding for Interchange Project and Authorize Developer Interchange Contribution Transfer

BACKGROUND:
Staff is requesting Council approval for two items related to the Lomas Santa Fe at I-5 Interchange project:

1. Reauthorize a $9,600 payment to an escrow account with American Assets for work at Lomas Santa Fe Plaza.
2. Transfer an Interchange Project developer contribution in the amount of $11,236, which the City received in 2001 as a condition of a development approval.

Escrow Account Reauthorization
American Assets constructed the street and parking lot improvements at Lomas Santa Fe Plaza to mitigate closure of Marine View Drive between San Andres and Lomas Santa Fe Drives. This was in accordance with the Memorandum of Agreement, executed on May 24, 2006, between American Assets and the City as part of the Interchange Modification Project.

On September 26, 2007 City Council authorized the City Finance Director to fund a construction escrow account, in accordance with the agreement, in an amount of $2,158,777. Subsequently, City Council authorized additional escrow funding of $171,478 for a total of $2,330,255.

On March 12, 2008, City Council accepted the work by American Assets as complete and authorized a final supplementary escrow funding of $9,600 based on final construction costs. The final draw request was submitted by American Assets on November 15, 2010, nearly three years after the project was accepted.

BOARD OF DIRECTORS ACTION:

AGENDA ITEM A.5.
The final supplementary escrow funding of $9,600 was not paid to the escrow account and the escrow account does not have enough money to fund the final draw request. The $9,600 funding was not re-appropriated to the current fiscal year budget. Therefore, Staff is requesting City Council to re-appropriate the $9,600 and reauthorize payment to the escrow account.

**Developer Contribution Transfer**
Beginning in 1997, the City required developments that added a significant amount of interchange traffic to contribute a fair share to the interchange project. In 2007 Council authorized transferring $117,647 of previously collected developer contributions to the interchange project account. This transfer did not include a developer contribution of $11,236 that was also collected in 2001. Staff is now requesting that City Council authorize this transfer. This amount would be used to fund the $9,600 escrow payment and any remaining funds would be used for the construction of the median on Lomas Santa Fe Drive, awarded at the January 12, 2011 Council meeting.

**DISCUSSION:**
After the final draw is made from the escrow account, the escrow account will be terminated and any remaining funds will be returned to the City.

Of the $11,236 deposit, $9,600 would fund the escrow account and a balance of $1,636 would be used towards the Lomas Santa Fe at I-5 Interchange Median construction contract.

**CEQA COMPLIANCE STATEMENT:**
This project received both Federal NEPA and State CEQA environmental approvals.

**FISCAL IMPACT:**
The $9,600 re-appropriation will be funded with the developer contribution of $11,236. A balance of $1,636 will be used for the Lomas Santa Fe and I-5 Interchange Median construction contract. Unused TransNet funds for the Lomas Santa Fe and I-5 Median Project would be transferred to another Regional Transportation Improvement Program (RTIP) project.

**WORKPLAN:**
The Interchange Modification was included in the Workplans from previous fiscal years.

**OPTIONS:**
- Approve Staff recommendations.
- Provide alternative direction.
DEPARTMENT RECOMMENDATION:
Staff recommends that the City Council:

1. Adopt Resolution 2011-015:
   a. Appropriating $11,236 from Deposit Account 001-2270 to the Lomas Santa Fe at I-5 Interchange Project, Budget Unit 459-9356-6510-6530, Project No. 9356.01-6661.
   b. Authorizing the City Finance Director to fund the escrow account an additional amount of $9,600 per the agreement with American Assets executed on May 24, 2006.
   c. Authorizing the use of $1,636 towards the Palm Engineering construction contract for the Lomas Santa Fe and I-5 Interchange Median Project.
   d. Authorizing the City Treasurer to amend the Fiscal Year 2010/2011 Budget accordingly.

EXECUTIVE DIRECTOR'S RECOMMENDATION:
Approve Department Recommendation

[Signature]
David Ott, City Manager

Attachments:
1. Adopt Resolution No. 2011-015
RESOLUTION NO. 2011 - 015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, TO APPROPRIATE $11,236 FROM DEPOSIT ACCOUNT 001-2270 TO THE LOMAS SANTA FE AT I-5 INTERCHANGE PROJECT, AUTHORIZE TO FUND THE ESCROW ACCOUNT BY $9,600, AND AMEND THE FISCAL YEAR 2010/2011 BUDGET

WHEREAS, on May 24, 2006 City Council authorized the City Manager to execute a Memorandum of Agreement between American Assets and the City as part of the Lomas Santa Fe Drive/Interstate 5 Interchange Modification Project, to reimburse American Assets for constructing the street improvements fronting Lomas Santa Fe Plaza; and

WHEREAS, On March 12, 2008, City Council accepted the work by American Assets as complete and authorized a final supplementary escrow funding of $9,600 based on final construction costs; and

WHEREAS, the City Council required developments that added a significant amount of interchange traffic to contribute a fair share to the interchange project.

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the foregoing recitations are true and correct.

2. That the City Council appropriates $11,236 from Deposit Account 001-2270 to the Lomas Santa Fe at I-5 Interchange Project, Budget Unit 459-9356-6510-6530, Project No. 9356.01-6661.

3. That the City Council authorizes the City Finance Director to fund the escrow account an additional amount of $9,600 per the agreement with American Assets executed on May 24, 2006.

4. That the City Council authorizes the use of $1,636 towards the Palm Engineering construction contract for the Lomas Santa Fe and I-5 Interchange Median Project.

ATTACHMENT 1