

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT  
MEMORANDUM  
02/27/2017

TO: FRAQMD BOARD OF DIRECTORS  
FROM: Christopher D. Brown, AICP, APCO  
SUBJECT: Consider City of Yuba City request to re-allocate \$13,355 from VF15-04 to VF13-04

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**RECOMMENDATION:**

Deny City of Yuba City request to re-allocate \$13,355 from VF15-04 to VF13-04.

**ALTERNATIVE:**

Direct the APCO to work with Policy Finance Committee to develop alternative that meets fiscal and legal requirements.

**BASIS FOR STAFF RECOMMENDATION OF DENIAL:**

Staff's recommendation is based on several policy factors which include, but are not limited to the following:

- 1.) Contract Restrictions
- 2.) Budget/Audit Restrictions
- 3.) Policy/Transparency Implications

In 2013 Yuba City was awarded a grant and entered into an agreement (VF13-04) with the District. This agreement required the City to complete a project by 12/31/14, submit a report and request reimbursement from the District. The City requested payment, initially without submitting a report nearly 18 months later (fall 2016). Like all Blue Sky Grants the funding was reallocated by the District and returned to the fund balance by the time. Initially City staff stated they understood they had missed the deadlines and were not going to seek reimbursement. However the City then reversed its position again and is now seeking reimbursement for this project.

The City's request is based on a project from 2015 (VF15-04) coming in "under budget" (the District funds projects up to the award amount) and therefore the City is requesting these funds be reassigned to the project from 2013. This creates a number of issues going forward for the program as detailed below –

### 1.) Contract Restrictions.

Both the 2013 and 2015 agreements are fully-executed and closed; therefore there are no funds to redistribute. The 2013 agreement was closed when the City failed to complete its assigned tasks in the time allotted, per the agreed upon terms. The 2015 agreement was closed when the original project was paid, per the agreed upon terms by the District. In addition the 2015 agreement has a clause which prohibits any request for amendments after November 1, 2016.

If the City is allowed to re-open and amend these two closed agreements this creates a bad precedent for managing the program going forward.

### 2.) Budget/Audit Restrictions.

The funding level for the District's Blue Sky Grant Program is approved by the Board as part of the annual budget. The Budget is developed based on the fund balance which, in part, comes from the return of unused funds from projects that are underbudget or unfinished (both projects fit into this category). Each funding cycle of the Blue Sky Program stands on its own with an approved funding amount, Board approved projects and signed agreements.

Funds cannot simply be moved from FY 2015 'back in time' to FY 2013 and allocated to a contract that was deemed closed. This would create a number of potential audit liabilities for the District. To reopen the 2013 contract would require changes to at least three years of closed and audited financial records.

### 3.) Policy/Transparency Implications

Each year the Blue Sky Program is highly competitive and receives several proposals. The District Staff, Policy Finance Committee and District Board expend significant time and energy reviewing and ranking projects, ensuring geographic equity and evaluating alternatives before approving a final project list. This final project list is available to the public, vetted and subject to the give and take of the political process at two or more public meetings. This request from the City of Yuba City is coming off cycle, will reduce funding in future years and cannot be compared with any competing projects.

In addition, the Blue Sky Grant Program is an *incentive* program. The City is requesting to be paid for work that was completed in 2014 – paying for existing completed work is not an "incentive." There is no additional air pollution that would be reduced by paying the City for this already completed project.

By denying this project the District Board will be sending the proper message that grant recipients are expected to abide by the language in their grant agreements, that agreements are closed when paid and cannot be reopened and that projects and reports should be completed when required.

The City of Yuba City should be encouraged to apply for the District's next competitive grant cycle which will open in late summer 2017.

**BACKGROUND:**

The District's Blue Sky Program is composed of Motor Vehicle Registration Fees authorized by Assembly Bill 2766 and Assembly Bill 923. The AB 2766 portion provides grant funding for air quality projects designed to reduce motor vehicle air pollution, as authorized in Health and Safety Code (HSC) sections 44220 through 44247. The California Air Resources Board (ARB) issues guidelines for evaluating AB 2766 projects, which the District implements through the Blue Sky Program. The District Board awards Blue Sky Grants annually as part of a competitive process, typically at its December meeting.

**VF15-04**

The Agreement VF15-04 was for the 2016 Bicycle Signal Detection Project administered by the City of Yuba City. The project was awarded \$48,000 at the December 7, 2015, FRAQMD Board meeting. The 2016 Bicycle Signal Detection Project installed bicycle detection loops at the intersections of Queens Avenue/Stabler Lane and Queens Avenue/Gray Avenue. The project also installed thermoplastic bicycle signal detection marking in each bike lane to depict exact bicycle loop detection location. The project was required to complete work by December 31, 2016. The City of Yuba City submitted the final report and invoice to the District on December 22, 2016. The invoice was for \$34,645, leaving a balance of \$13,355.

**VF 13-04**

The Agreement VF13-04 was for the Yuba City Class II Bike Lanes Project 2014 also administered by the City of Yuba City. The project was awarded \$38,000 at the December 2, 2013, FRAQMD Board meeting. The project installed Class II bicycle lanes on Percy Avenue. The project was required to complete work by December 31, 2014. The City of Yuba City submitted the final report and invoice to the FRAQMD on October 21, 2016. The District was not able to process the payment on this Agreement because the funds had reverted back to the Blue Sky Grant account after the next fiscal year following the deadline to complete work on the project. A letter stating such was sent to the City of Yuba City on November 9, 2016, and is included as Attachment A.

The Deputy Public Works Director of the City of Yuba City requested that the District re-allocate the remaining balance of VF15-04 to VF13-04. The request was received on December 22, 2016, and is included as Attachment B.

**FISCAL IMPACT:**

There are no funds allocated to pay VF13-04 at this time. If the contract is reactivated a budget amendment may be required.

**ATTACHMENTS:**

- A – Letter from FRAQMD to Diana Langley, Public Works Director, City of Yuba City, Nov 9, 2016
- B – Letter from Benjamin Moody, Deputy Public Works Director, Yuba City, Dec 22, 2016

Attachment A – Letter from FRAQMD to Diana Langley, Public Works Director, Yuba City



*Serving Sutter and Yuba Counties*

541 Washington Avenue  
Yuba City, CA 95991  
(530) 634-7659  
FAX (530) 634-7660  
www.fraqmd.org

Christopher D. Brown, AICP  
Air Pollution Control Officer

November 9, 2016

Diana Langley, Public Works Director  
City of Yuba City  
1201 Civic Center Blvd.  
Yuba City, CA 95993

Re: Agreement VF13-04, invoice MSC0008970

Dear Diana Langley,

The Feather River Air Quality Management District received invoice MSC0008970 on October 6, 2016. The invoice was requesting payment for work completed under the Blue Sky Grant Agreement VF13-04. The FRAQMD cannot pay the invoice because the funding that was allocated towards Agreement VF13-04 was remitted back to the Blue Sky Grant Program at the end of fiscal year 2015/2016 when no final invoice or project report was received.

The City is welcome to apply for Blue Sky projects in the future.

Please contact me at 634-7659 ext 203 with any concerns.

Thank you,

Christopher D. Brown, AICP  
Air Pollution Control Officer

Attachment B – Letter from Benjamin Moody, Deputy Public Works Director, Yuba City



PUBLIC WORKS DEPARTMENT  
1201 Civic Center Boulevard  
Yuba City, California 95993

RECEIVED

DEC 22 2016

FEATHER RIVER  
AQMD

December 19, 2016

Christopher Brown, Air Pollution Control Officer  
Feather River Air Quality Management District  
541 Washington Avenue  
Yuba City, CA 95991

Re: Agreement VF 13-04, Invoice MSC0008970

Dear Mr. Brown:

In response to the letter sent by the Feather River Air Quality Management District on November 9, 2016, the City of Yuba City would like to request the use of any available remaining Blue Sky Grant funding from City-FRAQMD Agreement VF 15-04. Per the attached invoice and final report concerning VF 15-04, final reimbursement is \$34,645 of the originally allocated \$48,000. The City is requesting the opportunity to use these remaining funds as a partial payment in regards to City-FRAQMD Agreement VF 13-04. The City is willing to coordinate as necessary to help facilitate the potential use of any available funding to reimburse Agreement VF 13-04.

If you have any additional questions or concerns regarding the request, please do not hesitate to call me at (530) 822-4783.

Sincerely,

A handwritten signature in black ink, appearing to be "Benjamin Moody". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Benjamin Moody  
Deputy Public Works Director – Engineering