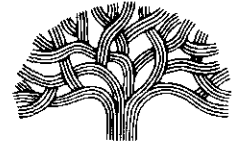


OFFICE OF THE CITY AUDITOR



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OCTOBER 24, 2006

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: A RESOLUTION 1) AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT A GRANT IN THE AMOUNT OF \$1,900,000.00 FROM THE METROPOLITAN TRANSPORTATION COMMISSION-FEDERAL SURFACE TRANSPORTATION PROGRAM (STP) AND/OR CONGESTION MANAGEMENT AND AIR QUALITY IMPROVEMENTS (CMAQ) PROGRAM FOR THE WEST OAKLAND TRANSIT VILLAGE STREETScape PROJECT, 2) APPROPRIATING THE GRANT; 3) STATING THE ASSURANCE OF THE CITY OF OAKLAND TO COMPLETE THE PROJECT IF FUNDED, AND 4) AUTHORIZING A LOCAL MATCH IN THE AMOUNT OF \$380,000

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolution and Agenda Report. In making our analysis, we also asked for additional information and clarification from City staff.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The City Charter established the independence of the Office of the City Auditor.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, we found that the scope of our analysis is impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only two (2) weeks for us to plan, perform and report on our analysis.

SUMMARY

The Proposed Resolution authorizes the City to accept grant funds awarded by the Metropolitan Transportation Commission (MTC) for the West Oakland Transit Village Streetscape Project. This project was one of eleven merited to receive MTC funding out of sixty project applications submitted from various municipalities throughout the Bay Area.

The West Oakland Transit Village Streetscape Project (Project) is intended to complement development of a transit village surrounding the Bay Area Rapid Transit West Oakland rail station. The design will promote the 7th Street area between Union Street and Wood Street as a commercial and residential hub for the neighborhood.

Features of the Project include:

- 1) Corner bulb-outs (rounded extensions of where the sidewalk meets the intersection)
- 2) A Blues Walk of Fame recognizing musical legacies from the previous century
- 3) Lane alterations to mitigate the effects of cargo trucks going through the area
- 4) Increased sidewalk lighting
- 5) A pedestrian mall

FISCAL IMPACT

The MTC grant is intended to fund a subcomponent of the overall Project. The budget for the subcomponent is as follows:

Funds

MTC grant		\$1,900,000
Local match:		
Redevelopment funds	\$205,000	
Measure B funds	125,000	
Municipal Capital Improvement funds	50,000	380,000
Total funds		<u>\$2,280,000</u>

Expenditures

1. Corner bulb-outs, street lights, pedestrian safety elements	\$537,490	
2. Bus stop addition, landscaping, traffic lane re-striping, more corner bulb-outs, planted median	902,692	
3. Blues Walk of Fame plaque installations, historical district development, thematic street lights	154,000	
4. Project implementation	75,000	
5. General and Administrative	609,251	2,278,433
Total Expenditures		<u>\$2,278,433</u>

The MTC grant requires the City to fund a minimum 11.5% matching amount of the total project cost. We were unable to confirm whether the MTC match requirement was met by the City. We have been advised by City staff that 11.5% of the total project cost will meet the match requirement. The total project cost equals the \$2,280,000 for the subcomponent work only. The funding percentage breakdown is as follows:

Source	Amount	Percentage
MTA grant	\$1,900,000	83%
City match	380,000	17
Total funds	\$2,280,000	100%

The Agenda Report states, "MTC requires a minimum local match of 11.5%., however, in granting the award, MTC advised staff that all other funded projects in the region have committed a local match of at least 20% in order to assure project completion." (page 1) Accordingly, City staff recommend a 20% matching amount for this subcomponent of the Project.

If the MTC grant were to represent 80% of the total subcomponent cost, then the City match of \$380,000 would need to be increased by \$95,000 illustrated as follows:


Source	Amount	Percentage
MTA grant	\$1,900,000	80%
City match	475,000	20
Total funds	\$2,375,000	100%

CONCLUSION


An increase of City funding to cover 20% of the project cost would ensure meeting the percentage consistent with other MTC grant recipients. The City has to assure the granting agency that the project will be completed as described to them in order to receive the grant. Increased funding presently could reduce the potential for covering cost overruns later to finish the project, which the City would be obligated to do.

Prepared by:

Issued by:



Philip Lim
Deputy City Auditor



Roland E. Smith, CPA, CFS
City Auditor

Report completion date:
October 19, 2006