

2. Revised Green Means Go Program Budget and Awards () (Est. Time:)



Land Use & Natural Resources Committee

Meeting Date: August 1, 2024

Agenda Item No. 2

Revised Green Means Go Program Budget and Awards

Action

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Attachments: Yes

Referring Committee: Not Applicable

Issue:

SACOG's Green Means Go program received nearly \$34 million from the state's REAP 2 program to help plan and build infrastructure to support infill housing in local Green Zones. Recent state budget cuts have resulted in a 6% reduction in these funds creating a gap of approximately \$2 million for regional projects funded through the program.

Request:

Approve

Recommendation for Committee:

That the Land Use and Natural Resources Committee recommend the SACOG board adopt the revised Green Means Go program budget to implement an across-the-board 6.2% reduction in all remaining REAP 2 expenditure categories.

Further, that the Land Use and Natural Resources Committee recommend the SACOG board authorize the SACOG executive director to execute any needed amendments to scopes, contracts or memoranda of understanding with Green Means Go project sponsors and partners, and delegate authority to the executive director to program any residual REAP 2 balance.

Background:

A collective effort by the six-county region in support of Green Means Go resulted in SACOG receiving nearly \$34 million in one-time state funding through the REAP 2 program. The SACOG board directed this one-time revenue to the new Green Means Go funding program, and SACOG executed a contract with the California Department of Housing and Community Development (HCD) approving Green Means Go as the use for SACOG's REAP 2 allocation.

The SACOG board awarded Green Means Go funding in March 2023 for capital infrastructure and planning activities that catalyze infill residential development and improve housing affordability in locally-adopted Green Zones. These awards fully committed SACOG's approved REAP 2 allocation, and SACOG has executed agreements with each of the awardees.

In early 2024 Governor Newsom proposed cutting the statewide REAP 2 program by 50%. REAP 2 is a

reimbursement-based program, so the region had only received a small portion of its total allocation. In response to the Governor’s proposal, HCD put a cap on REAP 2 reimbursements until adoption of a new budget.

The SACOG external affairs team worked closely with member agencies, the housing and development community, and fellow regional agencies to demonstrate the value of REAP 2 and make the case to protect this committed funding. The recently adopted state budget preserves \$560 million of the original \$600 million statewide REAP 2 program. HCD has provided SACOG with a revised REAP 2 total, which reduces SACOG’s REAP 2 allocation by roughly 6% (or nearly \$2 million). As Green Means Go fully awarded up to the original REAP 2 allocation, this reduction must be addressed through a new program budget, though the ultimate cut is a far cry from the 50% reduction originally proposed.

Discussion/Analysis:

Green Means Go Budget Detail

Table 1 below provides the REAP 2 portion of the Green Means Go budget. As discussed, the recent state budget action reduces SACOG’s REAP 2 allocation from the original roughly \$33.7 million to \$31.7 million, which leaves a gap of **\$1,983,944** on existing commitments.

Table 1. REAP 2 revenues and commitments in Green Means Go program

Area	Description	Notes
Revenue		
\$33,727,893	REAP 2 original allocation	Amount of SACOG's original signed contract with the state
\$31,743,900	New REAP 2 program allocation	Revised program budget from state given July 2024
\$1,900,000	REAP 2 billed to date	Program development, advanced application, technical assistance, project billing so far
\$29,843,900	Remaining revenue in program (on new allocation)	Revenue remaining in revised REAP 2 program after reflecting billing to date
Commitments		
\$26,435,000	GMG Capital Awards	Board adopted awards
\$4,865,000	GMG Planning Awards	Board adopted awards
\$527,893	Technical Assistance and Monitoring	Includes infrastructure RFP (not yet advertised) and planned FY24/25 and FY25/26 program costs
\$31,827,893	Total remaining in program commitments	
Gap		
\$1,983,994	Gap resulting from revised state budget	Program was 100% committed on original state contract amount

There are three categories of commitments in the remaining REAP 2 Green Means Go budget (Table 2 summarizes these in more detail):

- **Capital awards:** 8 awards totaling \$26.435 million for non-transportation infrastructure (sewer, stormwater, water) improvements in local Green Zones. The SACOG board approved these awards in March of 2023.
- **Planning awards:** 13 awards totaling \$4.865 million. The planning awards are meant to address a key policy or other barriers limiting reinvestment (such as technical infrastructure studies) that prepare the next set of Green Zone corridors for later capital investment. The SACOG board approved these awards in March of 2023.
- **Technical assistance, program monitoring and implementation:** These tasks total \$527,893. This category covers Green Means Go program staff time over the grant's remaining two fiscal years, as well as a potential contractual scope to survey region-wide existing infrastructure, available capacity and costs of improvements. SACOG Green Means Go staff has prepared a Request for Proposals for the contractual scope of work but held off advertising given the uncertainty around the REAP 2 budget. The SACOG board approved this category of work as part of the REAP 2 application.

Table 2. Three Categories of REAP 2 Green Means Go Budget

	Green Means Go REAP 2 Budget Components		
	Capital	Planning	Technical Assistance & Monitoring
Amount (rounded)	\$26.4 m	\$4.8m	\$528,000
Number of awards/projects	8	13	2 (RFP, program support)
Average award size	\$3.3m	\$375,000	N/A
Status	Varies, but held off awarding bids	Most have started work, slowed activity given budget uncertainty	-RFP not advertised -FY24/25 staff budgeted
Timeline	Held off on bid cycle, risk for 2026 deadline	Still on pace for 2026 deadline	Still on pace for 2026 deadline
Outcomes	Strong alignment with REAP transformative goal	Meant to set up next wave of Green Zone investment	RFP desired regional piece and monitoring needed through 2026

Revised Program Budget

The SACOG board needs to adopt a new Green Means Go REAP 2 budget that reflects the smaller state allocation. Staff recommends a 6.2 percent reduction across all REAP 2 funded Green Means Go commitments. **Attachment B** provides the revised totals in all REAP 2 funded categories resulting from this recommended across-the-board reduction. Awards are rounded to the nearest \$1000, so the percentage reduction varies slightly based on this rounding.

SACOG Green Means Go staff stayed in ongoing contact with all grant awardees during the budget process to understand the effect on project status and timeline. These conversations have led staff to believe that all awardees will be able to deliver their project with a six percent budget reduction. Notably, the Green Means Go program did not require a local match; many sponsors have expressed a six percent reduction is manageable (especially compared to the potential 50% cut) and that they would be able to cover the gap using other revenues. For those sponsors that are unable to bring additional revenue to their project, a board action on this staff recommendation would enable Green Means Go staff to work with project sponsors in amending their project contract to reflect any needed scope changes. Based on conversations with sponsors, staff believe that any scope changes would be minor and still preserve the performance outcomes and objectives of Green Means Go. And while not expected, the board action would enable the executive director to program any residual REAP 2 funds should a project sponsor feel there is no viable scope on a 94% allocation.

The awarded planning projects in particular could more easily make minor adjustments to scopes, as many currently have 'do not exceed' thresholds built in given the state budget uncertainty. Given their size and complexity, the awarded capital projects face relatively more risk and less flexibility. Further, REAP 2 funds must be expended by June 2026 and these capital projects have lost at least six months of work given the state budget uncertainty. SACOG has requested additional project-specific meetings with each of the capital infrastructure projects to discuss both scope and timeline. These conversations are ongoing but have led staff to believe each capital project can deliver in the grant timeframe through a combination of additional local revenue, and, potentially, scope changes.

Fiscal Impact/Grant Information:

Board action on the Green Means Go budget would address the approximately \$2 million shortfall created by the smaller funding allocation in the state REAP 2 program.

List of Attachments:

Attachment A: Recommended across-the-board 6% program reduction budget detail

Revised Green Means Go REAP 2 program budget recommendation: Across-the-board 6% cut			
Project	Lead	Original GMG Award	Revised total (rounds to nearest \$1000)
Capital			
Bidwell Street Storm Drain Replacement	City of Folsom	\$325,000	\$305,000
Mills Crossing – Capital Development	City of Rancho Cordova	\$5,000,000	\$4,688,000
Del Paso Blvd Area Sewer Improvements	City of Sacramento	\$3,916,000	\$3,672,000
Lavender Heights Water Infrastructure Expansion	City of Sacramento	\$1,083,000	\$1,015,000
River District – Sump 111 Improvements	City of Sacramento	\$7,000,000	\$6,564,000
Washington District Underground Utility Infrastructure Infill and Upgrade Project	City of West Sacramento	\$4,000,000	\$3,751,000
Harter Parkway Corridor Improvement Project	City of Yuba City	\$1,351,000	\$1,267,000
Highway 49 Wastewater Capacity Improvement Project	Placer County	\$3,760,000	\$3,526,000
Capital TOTAL		\$26,435,000	\$24,788,000
Planning			
Domes Infill Area	City of Auburn	\$650,000	\$609,000
Sunrise Tomorrow Infrastructure Support	City of Citrus Heights	\$190,000	\$178,000
Hydraulic Analysis	City of Folsom	\$40,000	\$38,000
Objective Design & Development Standards for Mixed-Use & Multi-Family Housing	City of Folsom	\$243,000	\$228,000
Residential Infill Development Facilitation Program	City of Isleton	\$100,000	\$94,000
Downtown Lincoln Green Zone	City of Lincoln	\$400,000	\$375,000
Marysville Infrastructure Capacity	City of Marysville	\$293,000	\$275,000
Basin 111 Drainage Study	City of Sacramento	\$200,000	\$188,000
Basin 151, 153, 158 Storm Drain Master Plans	City of Sacramento	\$650,000	\$609,000
Meadowview Station Transit Oriented Neighborhood	Sac RT	\$300,000	\$281,000
Sacramento Avenue Corridor Infill & Infrastructure Capacity, Needs, and Financing Plan	City of West Sacramento	\$650,000	\$609,000
Auburn Bowman Community Plan Update	Placer County	\$499,000	\$468,000
North Watt Avenue Corridor Plan SPA Update	Sacramento County	\$650,000	\$609,000
Planning TOTAL		\$4,865,000	\$4,561,000
Technical Assistance			
Infrastructure Costing RFI/RFP*	Consultant	\$527,893	\$494,900
Program FY24/25, 25/26 costs	SACOG		
TA TOTAL		\$527,893	\$494,900

*RFP not yet advertised.