



Staff Report

TO: City Council
FROM: Doug Story, Community Services Director
DATE May 6, 2025
SUBJECT: Stewart Park – Phase II and ORLP Grant Pre-Award Process Update

Description Strategic Plan Goal 5.2

Background and Analysis:

On June 18, 2024, the City Council approved an amendment to the City's five-year Capital Improvement Plan (CIP) to allocate \$3.1 million in funding for the construction of Phase II Improvements at Stewart Park with the intent that the funding could be utilized as a local match for the Outdoor Recreation Legacy Partnership (ORLP) program. Additionally, the City awarded a Public Works Agreement to Act 1 Construction Inc. for the construction of Phase I improvements and work commenced promptly on July 8, 2024.

In October of 2024, the City was notified that Phase II of the Stewart Park Improvement Project was one of the fifteen projects selected in the State of California to proceed with the post-selection award process which encompasses compliance with the National Environmental Policy Act (NEPA) and Section 106 of the National Historic Preservation Act. Consequently, on November 5, 2024, the City Council approved an amendment to PlaceWorks professional services agreement to begin preparing the environmental documents to comply with the NEPA and Section 106 requirements.

Most recently, on April 29, 2025, City staff met with representatives from the ORLP program to address concerns related to the construction phasing of the Stewart Park improvement project. The discussion focused on federal grant conditions, particularly those related to the NEPA and Section 106 of the National Historic Preservation Act.

Discussion

Since application submission in April of 2024, City Staff have remained clear and transparent regarding the phasing of the project and the construction of Phase I improvements. However, ORLP representatives have stated that, under the federal guidelines, no grading, demolition, or construction activity is permitted within the Stewart Park boundary until all required environmental reviews are completed and formally

approved. Although City staff and our environmental consultant, PlaceWorks, proposed isolating Phase I construction areas from Phase II boundaries to allow initial work to proceed, ORLP staff have now made it clear that the entire park is considered a single project site. Therefore, phased work cannot be treated as separate in terms of environmental compliance.

ORLP Staff have now officially requested that the City stop construction of Phase I improvements until the environmental reviews are completed and formally approved. City staff inquired about the expected duration of the proposed pause and ORLP indicated that, depending on the pace of federal agency review, the Section 106 process may require up to an additional 180 days from submittal. Staff anticipates submitting final environmental documents by May 14, 2025, which would officially start this 180-day review period.

Implications:

While ORLP staff conveyed a willingness to collaborate and help preserve the \$3.1 million grant award, the continuation of Phase 1 construction could jeopardize the grant funding. This poses a substantial risk to project timelines, community expectations, and the overall redevelopment of Stewart Park.

Project Options for Consideration:

In light of federal compliance constraints tied to the ORLP grant for Stewart Park, staff is requesting City Council direction on one of the following project options. Under all circumstances, the City will need to publish a Request for Bids for Phase II improvements.

- **Option 1 – Pause All Construction Activity:**
Direct staff to halt all work within the Stewart Park boundary for up to 180 days or until the Section 106 and NEPA environmental review process is completed and formally accepted by ORLP. This option maintains full grant compliance but significantly delays the project timeline and will result in increased costs to complete the construction of Phase 1.
- **Option 2 – Proceed at Risk of Grant Forfeiture:**
Direct staff to continue construction of Phase I improvements despite pending federal environmental approvals. Staff would proceed with the understanding that this action may lead to revocation of the \$3.1 million ORLP grant. Should funding be revoked staff would need to proceed with Option 3 or 4.
- **Option 3 – Revise Phase II Scope to Fit Existing Budget:**
Direct staff to withdraw from the grant process and continue with Phase I construction. Staff would then proceed with deferring some amenities from Phase II to a future Phase III. This will allow the City to award an agreement within the existing budget of \$3.1 million. Additionally, the City will utilize any remaining

funding from the construction of Phase 1 to maximize the amenities for the community.

- **Option 4 – Advance Full Phase II Scope and Secure Additional Funding:**
Direct staff to withdraw from the grant process and continue Phase I construction. Staff would then proceed with bidding the full Phase II scope as originally envisioned. Upon receiving bids, Staff will seek to secure additional funding sources to supplement the shortfall from the loss of the ORLP grant. This option delivers the complete project as planned but requires financial commitment from the City or alternative funding strategies.

Fiscal Impact:

If Council recommends proceeding with Option 4 - Advance Full Phase II Scope and Secure Additional Funding, there will be a need to allocate additional funds to complete Phase II. At this time staff only has cost estimates from contractors for Phase II as there has not been a formal bid process for Phase II at this time.

During the formal bid process for Stewart Park Improvements Phase I, staff requested an alternative bid for Phase II work and the range of bids received ranged from \$4,372,000 to \$7,225,000.

Currently there is \$3,100,000 available in CIP P24-01 Stewart Park Phase II.

Recommended Action:

Staff recommends City Council authorize staff to proceed forward with Option 2 - Proceed at Risk of Grant Forfeiture.

Attachments:

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