



## Staff Report

**TO:** City Council  
**FROM:** Elizabeth Gibbs, City Manager  
**DATE:** June 3, 2025  
**SUBJECT:** Stewart Park Improvement Project Phase II – Outdoor Recreation Legacy Partnership Grant Update

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**Description** Strategic Plan Target 5 Goal – Quality of Life & Community Well Being – Goal 5.2, Complete the Construction of Stewart Park.

### **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, intended to be used as a local match for the Outdoor Recreation Legacy Partnership (ORLP) program. On July 8, 2024, Phase I construction commenced under a Public Works Agreement with Act 1 Construction Inc., following a public bid process.

In October 2024, the City was notified that it had been selected as one of fifteen California projects to move forward in the post-selection process for an ORLP award. This step involves completing Post Selection Federal Requirements, including NEPA (National Environmental Policy Act) and Section 106 (National Historic Preservation Act) reviews. The grant funding agreement will not be executed—and no federal funds will be disbursed—until these compliance items are completed and approved by the National Park Service (NPS).

While the City structured the project in two phases for internal budgeting and scheduling purposes, City staff recently learned that NPS and OGALS consider the entire Stewart Park project area a single undertaking subject to federal compliance requirements. Therefore, under federal guidelines, no ground-disturbing activity (including grading, demolition, and trenching) was permitted anywhere within the park boundary until NEPA and Section 106 reviews were complete. Unfortunately, Phase I construction included substantial ground-disturbing activities such as demolition of park amenities, rough grading, trenching for utilities, and underground conduit installation. This activity began prior to federal clearance, and thus potentially placed the grant award at risk.

City staff met with OGALS and ORLP representatives on April 29, 2025, to discuss the Stewart Park project. At that meeting, OGALS formally requested that the City pause all construction activity within Stewart Park until NEPA and Section 106 compliance reviews are complete. The City remains committed to working collaboratively with OGALS and NPS to preserve the \$3.1 million ORLP grant. OGALS staff have also committed to working with the City to ensure the grant requirements are fulfilled.

As of May 23, 2025, City staff, in collaboration with environmental consultant PlaceWorks, submitted the required NEPA and Section 106 documentation to OGALS. This included the Cultural Assessment Report, Environmental Evaluation, and the Notice of Exemption (NOE). Once OGALS completes their review, they will forward these materials to the appropriate federal agencies. The current estimated processing timeline for review and clearance is 60–90 days, depending on federal staffing and agency workload. However, it should be noted that OGALS may take up to 90 days to forward the materials to the appropriate federal agencies.

City staff has also met with our federal lobbyist, David Turch & Associates, who in turn reached out to NPS staff for assistance and guidance in ensuring that the NEPA and Section 106 documents are highly prioritized since this now has become an emergent issue. An email was sent to NPS on May 30<sup>th</sup> requesting an immediate meeting and staff is awaiting a response. Other contact with state and congressional representatives is pending at the time of this writing.

OGALS staff has confirmed in writing that NPS could award projects as soon as September OR may award projects later than November. Once OGALS receives the Notices of Award, they will create a state contract to be sent promptly to the City for execution. OGALS has confirmed that once the City executes the agreement, construction can begin. The turnaround time for the contract can be as quickly as two weeks.

### Timeline Summary

- November 2023: City Council approves splitting the Stewart Park project into two phases to accommodate budgetary limitations.
- December 2023: The ORLP funding opportunity is announced, and City staff begin pursuing the grant in alignment with the phased project approach.
- April 2024: Application submitted for ORLP Round 7.
- June 2024: City Council allocates funding for Phase II.
- July 2024: Phase I construction begins.
- October 2024: City selected by NPS and begins post-award process.
- November 2024: Environmental contract approved with PlaceWorks.

- April 29, 2025: OGALS requests construction pause.
- May 22, 2025: City Manager met with OGALS team to discuss options.
- May 23, 2025: NEPA and Section 106 documents submitted to OGALS.

### Implications

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

Additionally, it is important to note that the current federal administration has signaled a willingness to withhold or limit federal funding to California and other states due to policy and regulatory disagreements. While no specific actions have yet been taken that would impact the ORLP grant, this evolving federal landscape introduces additional risk to the City's funding strategy for Stewart Park. Staff will continue to monitor federal developments and work closely with OGALS and NPS to safeguard the grant award and protect the City's interests.

### Project Options for Consideration

In light of federal compliance requirements associated with the ORLP grant, staff has outlined various options for City Council consideration. Each option reflects a different approach to balancing grant eligibility, project timelines, and available funding.

Regardless of the option selected, the City will need to proceed with a formal bidding process for Phase II improvements.

- Option 1 – Pause All Construction Activity:

Direct staff to temporarily pause construction activities within the Stewart Park boundary effective June 4<sup>th</sup> until an agreement is signed by the City. This approach maximizes the City's ability to retain the \$3.1 million ORLP grant but will result in project delays and an estimated cost increase of \$280,000 related to Phase I contractor demobilization and scheduling impacts.

- Option 2 – Continue Construction with Full Understanding of Grant Risk

Direct staff to continue Phase I construction activities as scheduled while NEPA and Section 106 reviews are underway. However, based on guidance received from OGALS and in consideration of federal grant compliance standards, this approach presents a high risk of grant forfeiture. In the meeting on May 23<sup>rd</sup>, staff inquired about possible negative impact to the City's standing in future federal grant programs and OGALS responded that no impact exists. Should funding be forfeited, the City would need to proceed with either Option 3 or 4.

- Option 3 – Revise Phase II Scope to Fit Existing Budget:  
Direct staff to formally withdraw from the ORLP grant process and proceed with completing Phase I construction. Staff would bid a revised Phase II project that fits within the existing \$3.1 million budget and possibly create Phase III for Council consideration. Any remaining Phase I funds would be maximized to include as many community amenities as possible, and unfunded items would be deferred to a future project phase.
- Option 4 – Advance Full Phase II Scope and Secure Additional Funding:  
Direct staff to formally withdraw from the ORLP grant process and continue with Phase I construction. Staff would then proceed with bidding the full Phase II scope as originally envisioned. Upon receiving bids, staff would explore potential funding solutions to address any shortfall resulting from the loss of the ORLP grant. While this option allows the complete project to move forward as planned, it would likely require financial commitment from the City. Pursuing new grant funding may not be conducive to the project timeline or structure, as most funding programs require similar pre-construction compliance and are generally not intended to support projects already underway.

### Summary

Stewart Park is a highly visible and valued community project. It has been a public park since 1939 and is centrally located in an underserved area. Construction of new amenities is a key expectation among residents. Staff continues to engage in good-faith efforts to preserve the ORLP funding while honoring federal compliance requirements. If funding is forfeited, the City would need to reassess project phasing and seek alternative resources.

City leadership has remained in regular contact with OGALS, and the City Manager's meeting on May 23rd confirmed that, while the situation is serious, a continued commitment to compliance may still preserve the award. Staff remains optimistic that NPS will allow the project to proceed following review of the City's submission and that the community will ultimately benefit from both the completed improvements and the retention of federal funding.

### **Fiscal Impact:**

Depending on Council's direction there may be a need to allocate additional funds to complete the Stewart Park Improvement Project.

During the formal bid process for Stewart Park Improvements Phase I, staff requested an alternative bid for Phase II work and the 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 opt for Option 1 – Pause All Construction Activity effective June 4<sup>th</sup> until such time as the City has executed the agreement, per OGALS staff.

**Attachments:**

- A. Stewart Park Grant Application
- B. Letter of Commitment – April 16, 2024
- C. ORPL Budget Phase II