



## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Wolf Creek Trail Project (Segment 2A) - Budget Amendment

**CEQA:** Categorically Exempt - Section 15301, 15303 & 15322

**Recommendation:** That Council 1) authorize a budget amendment of \$138,000 from the Wolf Creek Community and Connectivity Project to the Wolf Creek Trail Project and 2) authorize the City Engineer to execute a repayment of \$285,856.26 to Caltrans for previously reimbursed grant expenses for work on the Wolf Creek Trail Project.

**Prepared by:** Bjorn P. Jones, PE, City Engineer

**Council Meeting Date:** August 25, 2026

**Date Prepared:** August 19, 2026

**Agenda:** Consent

**Background Information:** Between early 2020 and June 2023, Engineering Staff and a consultant team led by Surf to Snow Environmental Resource Management (ERM), Inc completed design work and environmental clearance on the Wolf Creek Trail Project, a proposed trail system adjacent to Wolf Creek, beginning at the southernmost edge of the City and traversing through town to the eastern City limit. This work was funded primarily by a Congestion Mitigation and Air Quality (CMAQ) grant with \$285,856.26 in expenses being reimbursed by Caltrans over the span of the work.

In June 2025, the City was allocated \$12,999,000 in Active Transportation Program (ATP) grant funds for the design and construction of the majority of the trail system beginning at the City public parking lot at 309 Mill St and continuing through town to its eastern terminus at the corner of Centreville Rd and Idaho Maryland Rd (Segments 2B-6). The grant submitted project omitted a section of the trail between the existing Wolf Creek Trail “Segment 1” to the City owned public parking lot at 309 Mill St (Segment 2A), due to concerns over Caltrans support for construction of the trail proposed within State right of way and instead proposed the start of the trail at the City parking lot.

In recent discussions with Caltrans, it was determined that because prior design phases utilized federal CMAQ funds, the entire project moving forward would become “federalized” even though the full Wolf Creek Community and Connectivity Project budget is currently funded with State Only and Local funds. Attaching Federal requirements to a project brings with it a number of added costs and constraints, including the need to complete additional environmental review through NEPA, added labor compliance provisions, and Buy America requirements.

According to Caltrans Division of Local Assistance, the safest way to avoid federal requirements on the continuing project work would be to pay back the reimbursed \$285,856.26 of CMAQ funds and withdraw that project from the system. A new project would be created for the then State-only funded Wolf Creek Community and Connectivity Project and a separate project could be created for the Wolf Creek Trail Project (Segment 2A) if a funding source was identified. The repaid CMAQ funds would go back into an available allocation fund managed by Nevada County Transportation Commission (NCTC) and, with their concurrence, could theoretically be reallocated to the stand-alone Wolf Creek Trail Project (Segment 2A) or any other qualifying CMAQ project.

Staff recommends that Council authorize a budget amendment of \$138,000 from the Wolf Creek Community and Connectivity Project to the Wolf Creek Trail Project (Segment 2A) and authorize the City Engineer to execute a repayment of \$285,856.26 to Caltrans for previously reimbursed grant expenses.

**Council Goals/Objectives:** The Wolf Creek Trail projects execute portions of work tasks towards achieving/maintaining Strategic Goal #1 - Community and Sense of Place and Strategic Goal #3 - Recreation and Parks

**Fiscal Impact:** The Wolf Creek Community and Connectivity Project was budgeted at \$1,000,000 in the current fiscal year 26/27 CIP with a combination of ATP, Special Project and Measure E funds (\$400,000). The Wolf Creek Trail Project (Segment 2A) was budgeted at \$200,000 utilizing Measure E (\$150,000) and CMAQ funds. A budget amendment of \$138,000 in Measure E funds from the Wolf Creek Community and Connectivity Project to the Wolf Creek Trail Project (Segment 2A) would facilitate the grant repayment plan discussed above and still allow funding of all design activities anticipated on the Wolf Creek Community and Connectivity Project this fiscal year. Work could not continue on the Wolf Creek Trail Project (Segment 2A) until CMAQ funds were reallocated to the project by NCTC or another funding source was identified.

**Funds Available:** Yes

**Account #:** 200-406-64140,  
300-406-63330

**Reviewed by:** Interim City Manager

**Attachments:** None