

City of Piedmont
COUNCIL AGENDA REPORT

DATE: July 1, 2024

TO: Mayor and Council

FROM: Rosanna Bayon Moore, City Administrator

SUBJECT: Consideration of an Amendment to the Authorized Total Project Budget for the Piedmont Community Pool Project to Increase Available Total Project Contingency

RECOMMENDATION

By a single motion, take the following actions:

1. Approve allocations of \$60,000 from Measure BB / Street Fund, \$100,000 from COPS Fund and \$1,113,450 from the Facilities Capital Fund to the approved construction budget of \$25,091,550 with Wickman Development & Construction as available contingency funds for the completion of the Piedmont Community Pool Project for a revised total authorized construction budget in the amount of \$26,724,000; and authorize the City Administrator to spend up to this amount.
2. Approve an allocation of \$500,000 from the Facilities Capital Fund to the Total Project Contingency budget for Soft Costs for a revised total soft cost budget in the amount of \$5,376,000.
3. Approve the revised total project budget in the amount of \$32,100,000.

BACKGROUND

Since the Notice-to-Proceed was issued in December 2022, the Community Pool project has progressed and is now more than 70% complete. However, unforeseen conditions and delays have occurred during the first 18 months of construction that have resulted in impacts to the total project budget. These include utility delays, buried fuel tanks, contaminated soil, ground water intrusion, and the need for a contract extension for the general contractor. The City is also addressing three issues further described below that are outside the scope of work within the immediate vicinity.

The project team has determined that amendments to construction and consultant agreements, in excess of the previously presented all-in total project budget, will be required. Griffin Structures has evaluated the status of the remaining budget and forecasted an increase of \$1,632,450 for construction, and an increase of \$500,000 for soft costs.

Additional Information and Context

1. Recreation Department Building at 358 Hillside

The City programed a standalone project in the FY2023-24 Facilities Capital Fund budget to address periodic flooding in the basement during inclement weather. When pool excavation occurred near the Recreation building, the City directly engaged Wickman Construction to address waterproofing improvements. Construction cost estimates are \$35,000. These otherwise budgeted resources will now be used to complete work performed by Wickman.

2. Full Width Street Paving of Magnolia from Hillside to Bonita

An additional \$60,000 is identified to accomplish full width paving of Magnolia Avenue. Pavement conditions have significantly degraded as a result of City and Piedmont Unified School District projects. The original project plans include repaving 75% of the width of Magnolia Avenue. The additional resources will allow for the address of the remaining 25% roadway and re-striping. Resurfacing of Magnolia Avenue will be funded using Measure BB, roadway funds.

3. Security Enhancements at Pool Site

The sum of \$100,000 in COPS funding is estimated for the City's direct procurement of a security camera system for the pool facility. This system was excluded from the construction project award and will be a site enhancement installed by a third party. The system will have capability for public safety interface and is eligible for COPS funding.

Additional Revenue Sources

Measure UU Interest, PBF & PRFO

The Overall Project Budget has been updated to capture new and updated funding sources. These sources include additional interest earned on Measure UU funds in the amount of \$100,000, Piedmont Beautification Foundation funding in the amount of \$239,000 and \$20,000 in Piedmont Recreation Facilities Organization contributions.

RUST Program

The City will seek to secure approximately \$135,000 in reimbursement from the Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) Program administered by the State of California. Under the RUST Program, costs for removing fuel tanks and remediating contaminated soil are eligible for reimbursement once all work has been completed and certified. Although the revenue table excludes this funding source at this time, success with the request for reimbursement is anticipated.

Inflation Reduction Act

The Inflation Reduction Act, signed into law in August of 2022, recognizes that local agencies like the City of Piedmont play an important role in making investments to build a clean energy economy. The City currently is actively pursuing this opportunity and estimates credits at a minimum of \$180,000 for photovoltaic features. Although the revenue table excludes this funding source at this time, success with the request for reimbursement is anticipated.

Facilities Capital Fund

The additional amount of \$1,613,450 from the Facilities Capital Fund is estimated as necessary to complete the project. At year end closing for FY 2022/23, the Council authorized a transfer of \$1,500,000 to the Facilities Capital Fund for this project should it be needed. In December of 2023, the all-in total budget was then augmented by \$1,000,000. At this time the remaining \$500,000 will be needed, in addition to \$1,113,450 from the Facilities Capital Fund balance.

Soft cost disciplines include design construction support, construction management, geotechnical inspection and testing, and building inspection. Soft cost allocations to various consultants will be presented to Council for separate, not-to-exceed authorizations. At project completion, all unused funds will be returned to the Facilities Capital Fund.

FISCAL IMPACT

The Overall Pool Project Budget since December 2022 is summarized as follows:

	<u>Construction</u>	<u>Contingency</u>	<u>Total</u> <u>Construction</u>	<u>Soft Costs</u>	<u>Contingency</u>	<u>Total</u> <u>Soft Costs</u>	<u>Total</u> <u>Project</u>
Pool Facility	\$ 21,350,000	\$ 2,135,000	\$ 23,485,000	\$ 4,076,205	\$ 524,655	\$ 4,600,860	\$ 28,085,860
Offsite Improvements	350,000	35,000	385,000	75,140		75,140	460,140
Timing, Scoreboard, Lighting	435,000	-	435,000				435,000
Adjustment	(13,450)		(13,450)			-	(13,450)
Pool Budget - 12/5/2022	\$ 22,121,550	\$ 2,170,000	\$ 24,291,550	\$ 4,151,345	\$ 524,655	\$ 4,676,000	\$ 28,967,550
Increase Contingency		800,000	800,000		200,000	200,000	1,000,000
Pool Budget - 12/18/2023	\$ 22,121,550	\$ 2,970,000	\$ 25,091,550	\$ 4,151,345	\$ 724,655	\$ 4,876,000	\$ 29,967,550
Proposed Adjustment		1,632,450	1,632,450		500,000	500,000	2,132,450
Pool Budget - 7/1/2024	\$ 22,121,550	\$ 4,602,450	\$ 26,724,000	\$ 4,151,345	\$ 1,224,655	\$ 5,376,000	\$ 32,100,000

The additional \$2,132,450 will be allocated from funding sources summarized below:

<u>Funding Source</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>
Measure UU	\$ 24,418,577	\$ 24,418,577	\$ -
Measure UU Interest Earned	520,000	620,000	\$ 100,000
PRFO Fundraising	1,912,464	1,932,464	\$ 20,000
Piedmont Beautification Fund	-	239,000	\$ 239,000
Private Contribution (Kroger Estate)	800,000	800,000	\$ -
EBCE Loan/CEDA Grant	832,800	832,800	\$ -
Facilities Capital Fund	1,483,709	3,097,159	\$ 1,613,450
COPS Fund	-	100,000	\$ 100,000
Measure BB Fund	-	60,000	\$ 60,000
Total Funding	\$ 29,967,550	\$ 32,100,000	\$ 2,132,450

CITY ATTORNEY REVIEW

The City Attorney has reviewed the staff report.

By: Daniel Gonzales, Public Works Director