

City of Piedmont
COUNCIL AGENDA REPORT

DATE: December 2, 2024

TO: Mayor and Council

FROM: Rosanna Bayon Moore, City Administrator

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

RECOMMENDATION

By a single motion, take the following actions:

1. Approve a reallocation of \$35,000 from the Total Project Contingency budget for Soft Costs to be available as contingency funds for the construction budget with Wickman Development & Construction for a revised total soft cost budget in the amount of \$5,341,000.
2. Approve allocations of \$100,000 from the Sewer Fund, and \$2,670,000 from the Facilities Capital Fund, along with the reallocation of \$35,000 from the Soft Cost budget, to the approved construction budget of \$26,724,000 with Wickman Development & Construction as available contingency funds for a revised total authorized construction budget in the amount of \$29,559,000; and authorize the City Administrator to spend up to this amount.
3. Approve the revised total project budget in the amount of \$34,900,000.

BACKGROUND

Since the Notice-to-Proceed was issued in December 2022, the Community Pool project has progressed and is now more than 82% complete. However, a number of unanticipated issues have been encountered that have resulted in schedule delays and impacts to the total project budget. These include 1) utility delays; 2) an entire site with soil that requires disposal instead of reuse due to the discovery of naturally occurring arsenic; 3) buried fuel tanks and remediation; 4) ground water intrusion; and 5) design challenges, including but not limited to an all-electric pool with what is now understood to be emerging technology.

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. As such, Griffin Structures has evaluated the status of the remaining budget and forecasted an increase of \$2,765,000 for construction.

ADDITIONAL INFORMATION AND CONTEXT

Recreation Department Building at 358 Hillside and Beyond

Previously, General Contractor Wickman Development & Construction was authorized to perform additional work outside of the Community Pool project boundary in the total amount of \$555,140. This work enabled the City to address periodic flooding in the Recreation Department's basement with waterproofing improvements in the amount of \$35,000 and street paving and sidewalk improvements along Magnolia from Hillside to Bonita in the amount of \$520,140.

Additionally, during the construction project, a storm drain pipeline was discovered to be connected to the Recreation Department Building sanitary sewer lateral in violation of City Code 8.02.050.E. As such, it was necessary to disconnect and reconnect the storm drain. The construction cost associated with this work is \$100,000.

Access Control Security System at Pool Site

The sum of \$85,095 in funding is required for the City's procurement and installation of a modern building access control security system for the pool facility. This system controls physical building access, as well as physical access to portions of the building, and accommodates mobile management to regulate and operate access clearance. Installation of this type of system is standard practice in modern buildings and is considered essential for a building with extensive part time staffing.

ADDITIONAL REVENUE SOURCES

Sewer Fund

The expense associated with relocation of the Recreation Building storm drain pipeline will be paid for by the City's Sewer Fund. The construction cost associated with this work is \$100,000 and the Sewer Fund is adequately funded to support these costs.

Interest Income

An additional \$130,000 of interest income is projected to be earned due to continued strong interest rates and slower than anticipated cash outflow.

RUST Program

The City will seek to secure approximately \$300,000 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. The estimated cost of the work associated with fuel storage tank removal has increased since the previous project report.

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 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 \$2,670,000 from the Facilities Capital Fund is necessary to complete the project.

Soft cost allocations to various consultants will be presented to Council in 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:

	Construction	Contingency	Total Construction	Soft Costs	Contingency	Total Soft Costs	Total Project
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
Increase Contingency		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
Increase Contingency		2,835,000	2,835,000		(35,000)	(35,000)	2,800,000
Pool Budget - 12/2/2024	\$ 22,121,550	\$ 7,437,450	\$ 29,559,000	\$ 4,151,345	\$ 1,189,655	\$ 5,341,000	\$ 34,900,000

The additional sum of \$2,800,000 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	\$ -
Interest Earned	620,000	750,000	\$ 130,000
PRFO Fundraising	1,932,464	1,932,464	\$ -
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	3,097,159	5,767,159	\$ 2,670,000
COPS Fund	100,000	-	\$ (100,000)
Sewer Fund	-	100,000	\$ 100,000
Measure BB Fund	60,000	60,000	\$ -
Total Funding	\$ 32,100,000	\$ 34,900,000	\$ 2,800,000

COPS funding shown in the table above has been reassigned to the Dispatch Center Relocation Project and the scope of work associated with the video surveillance equipment will be delayed to a future date to be determined.

CITY ATTORNEY REVIEW

The City Attorney has reviewed the staff report.

By: Daniel Gonzales, Public Works Director