

Agenda Report

October 10, 2016

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Public Works

SUBJECT: APPROVE JOURNAL VOUCHER AMENDING PROJECTS IN FISCAL YEAR 2017 CAPITAL IMPROVEMENT PROGRAM BUDGET AND AUTHORIZE AMENDMENTS TO CONTRACTS WITH TYLER TECHNOLOGY, INC. (NO. 21,641), CALTEC CORP (NO. 30,390), AND RECON ENVIRONMENTAL, INC. (NO. 30,442).

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed actions are not "projects" as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(4) and (5) of the State CEQA Guidelines and, as such, are not subject to environmental review;
2. Approve a journal voucher with a net increase of \$524,056 amending 33 projects in the Fiscal Year 2017 Capital Improvement Program Budget as detailed in the Fiscal Impact section of this report;
3. Authorize the City Manager to amend Contract No. 21,641 with Tyler Technologies, Inc. to increase the contract amount by \$250,000 for a total not-to-exceed amount of \$3,684,400 and extend the performance term period of the contract to December 31, 2017;
4. Authorize the City Manager to amend Contract No. 30,390 with CALTEC CORP to increase the contract amount by \$25,000 for a total not-to-exceed amount of \$703,000; and
5. Authorize the City Manager to amend Contract No. 30,442 with Recon Environmental, Inc. to increase the contract amount by \$5,000 for a total not-to-exceed amount of \$115,000.

BACKGROUND:

As part of the process to update the Capital Improvement Program (CIP) budget, the Department of Public Works has completed this report detailing necessary budget adjustments. The budget adjustments are needed due to changes in the status of various capital projects. The budgetary changes to the projects are listed below and must be recognized through the City's journal voucher process to formalize the changes. The changes are summarized in Attachment A.

1. **Robinson Park – Recreation Center Renovation Project (78043)** – The Department of Public Works recommends appropriating \$113,250 in State Housing-Related Parks Program Grant funding to this project and increasing the total estimated project cost by a like amount. This project is fully funded and has a new total estimated cost of \$11,513,250. This grant will help fund the project's construction which is anticipated to begin in February 2017.
2. **Street Lighting – Various Development Projects (74414)** – The Department of Public Works recommends appropriating \$27,000 in Private Capital from Infinity Real Estate Development as a condition of development for the design and installation of a streetlight at 60 S. Vinedo Avenue. This work will begin in FY 2018.
3. **Improvement of Alleys and Concrete Streets – FY 2011 – 2016 (73904)** – The Department of Public Works recommends unappropriating \$44,577 in Rubberized Asphalt Concrete Use Grant funds from the *Preventive Maintenance - Asphalt Streets FY 2011 – 2015* (73901) project and appropriating it to this project. Both projects are now complete. The grant dollars were inadvertently appropriated to the wrong project and this action will allow the projects to be closed.
4. **Resurfacing and Slurry Sealing Streets FY 2015/2016 (73906)** – The Department of Public Works recommends appropriating \$39,522 in Rubberized Asphalt Concrete Use Grant funding to this project and increasing the total estimated project cost by a like amount. This grant allowed the City to use asphalt made with recycled California tires as part of the FY 2016 resurfacing project. This action will correct the project budget and balance, and allow the project to be closed.
5. **Resurfacing and Slurry Seal FY 2016 / 2017 (73907)** – The Department of Public Works recommends appropriating \$45,892 in Rubberized Asphalt Concrete Use Grant funding to this project and increasing the total estimated project cost by a like amount. The grant funding will allow for the use of asphalt made with recycled California tires as part of the FY 2017 resurfacing project.
6. **Drainage Improvements on Streets with Flat Grades FY 2016 – 2020 (73910)** – The Department of Public Works recommends transferring the remaining balance of \$133,502 in Sewer Fund from *Drainage Improvements on Streets with Flat Grades FY 2011 – 2015* (76905) to this project and increasing the total estimated project cost by a

like amount. This transfer will allow project 76905 to be closed and the remaining balance to be used on future phases of the project.

7. **Preventive Maintenance – Curbs and Gutters FY 2017/2018 (73921)** – The Department of Public Works recommends transferring the remaining balance of \$218,183 in Sewer Fund from *Preventive Maintenance – Curbs and Gutters FY 2011 – 2015* (76903) to this project and increasing the total estimated project cost by a like amount. This transfer will allow project 76903 to be closed and the remaining balance to be used on the next phase of the project.
8. **Pedestrian Accessibility FY 2017/2018 (73922)** – The Department of Public Works recommends unappropriating \$250,000 in CDBG funds from this project and removing this project from the FY 2017 CIP budget. Public Works applied for these funds as part of the 2016-2017 CDBG call for projects and was not awarded this funding.
9. **Citywide Sidewalk Improvements (73915)** – The Department of Public Works recommends unappropriating \$121,457 in CDBG funds from this project. Public Works applied for \$250,000 in CDBG funds as part of the 2016-2017 CDBG call for projects for sidewalk improvements on North Raymond Avenue. This project was only awarded \$128,543 in CDBG.
10. **La Loma Bridge – Rehabilitation (73124)** – The Department of Public Works recommends unappropriating \$441,292 in Federal Demonstration Project Funds and \$120,000 in Federal Discretionary Bridge Funds from the accounting records of this project. Both of these Federal grants were appropriated to this project by mistake. The *La Loma Bridge – Rehabilitation* project sheet in the FY 2017 CIP budget book accurately reflects these amendments. This action will correct the City's financial records and will not impact the construction or funding of the project. The total estimated cost to complete this project is \$16,053,994.
11. **Hahamongna – Implement Master Plan – Westside Perimeter Trail – Northern Segment Habitat Restoration (77515)** – The Department of Public Works recommends appropriating \$14,473 in Residential Impact Fees – Arroyo to this project and increasing the total estimated project cost by a like amount so it can be closed. This project went out to bid in early FY 2016. Due to the implementation of the new financial system, there was a delay in expenses posting to projects. Because of this delay, staff believed the available balance was sufficient to implement the project as designed. This resulted in project expenditures exceeding the \$100,000 budget by 14 percent.
12. **Traffic Operations Improvements (75711)** – The Department of Transportation recommends appropriating \$55,816 in Traffic Impact Improvement Fees to this project and increasing the total estimated project cost by a like amount so it can be closed. This project provided for traffic signal upgrades and modifications along Metro Gold Line crossings. Due to the complexity of this project, both the Department of Transportation and Public Works staff were heavily involved during the construction

phase of this project. This resulted in project expenditures exceeding the \$691,000 budget by eight percent.

- 13. Traffic Synchronization Light Program (TSLP)** – The Department of Transportation recommends amending the six Traffic Synchronization Light Program projects, as described below. These six projects were originally a single project. However, Caltrans required each location to be its own project. The personnel expenses related to the effort of dividing the one project into six and repackaging the projects was non-reimbursable by the grant. These projects had a combined budget of \$785,000 and require the amendments below so they can be closed.

Project/Fund Source	Changes
TSLP - Hill Ave (75710)	
Private Capital	13,158
Traffic Impact Improvement Fee	7,474
Total	20,632
TSLP - Orange Grove Blvd (75712)	
Traffic Impact Improvement Fee	7,546
Total	7,546
TSLP - Sierra Madre Blvd (75713)	
Traffic Impact Improvement Fee	16,606
Total	16,606
TSLP - California Blvd (75714)	
Private Capital	(5,954)
Total	(5,954)
TSLP - Del Mar Blvd (75716)	
Traffic Impact Improvement Fee	6,449
Total	6,449
TSLP - Los Robles Ave (75717)	
Private Capital	(7,204)
Total	(7,204)
Net Amendments	38,075

- 14. North Marengo Avenue Bicycle Boulevard (75703)** – The Department of Transportation recommends appropriating \$19,961 in Traffic Impact Improvement Fees to this project and increasing the total estimated project cost by a like amount. The traffic signals at Orange Grove Boulevard and Marengo Avenue, and Washington Boulevard and Marengo Avenue were upgraded to include additional elements unrelated to the bicycle signal indications per new Caltrans standards. This new Caltrans required work was not a part of the original project scope and caused the project to go over the \$500,000 budget. This action will allow this project to be closed.
- 15. DeLacey Parking Structure – Stairwell Improvements (72156)** – The Department of Transportation recommends appropriating \$2,816 in Off-Street Parking Facilities to this project so it can be closed. This project had a budget of \$155,000 and was completed for a slightly higher amount.
- 16. Distribution Mains FY 2017 – 2021 (1001)** – The Water and Power Department recommends unappropriating \$1,000,000 in Water Funds from *Well Collector Pipelines* (1044) project and appropriating it to this project. This appropriation is needed for the ongoing replacement of distribution mains to meet demand, capacity needs and

upgrade aging infrastructure to ensure system reliability and operation efficiencies. In FY 2016, actual expenditures were greater than anticipated. In addition to completing the work plan, Eagle Rock, Mirador, and Don Benito Reservoirs were repaved based on recommendations from the State Department of Drinking Water, and construction repairs and slope-restabilization were required at the Behner Water Treatment plant due to a main break in the area. The *Well Collector Pipelines* (1044) project was completed with a remaining balance of \$2.6 million and was removed from the FY 2017 CIP budget.

17. **Fire Protection System Improvements FY 2017 – 2021 (1019)** - The Water and Power Department recommends unappropriating \$120,000 in Water Funds from *Miscellaneous Water System Improvements* (1006) project and unappropriating \$270,000 in Water Funds from *Water Quality Treatment* (1041) project and appropriating \$390,000 in Water Funds to this project. This appropriation is needed for the ongoing replacement of distribution mains, fire hydrants, and gate valves to sustain and improve fire flows for fire protection requirements. In FY 2016, actual expenditures were greater than anticipated. In addition to completing work plan, Eagle Rock, Mirador, and Don Benito Reservoirs were repaved based on recommendations from the State Department of Drinking Water, and construction repairs and slope-restabilization were required at the Behner Water Treatment plant due to a main break in the area.
18. **Meters and Services FY 2017 – 2021 (1002)** - The Water and Power Department recommends unappropriating \$1,600,000 in Water Funds from *Well Collector Pipelines* (1044) project and appropriating it to this project. This appropriation is needed to fund the ongoing replacement of water meters to ensure accurate billing to customers. In FY 2016, actual expenditures were greater than anticipated. Crews worked to address over 10,000 malfunctioning Encoder Radio Transmitters (ERTs), replaced over 1,500 non-automated meters, and received higher than average service renewals to replace leaking services. The *Well Collector Pipelines* (1044) project was completed with a remaining balance of \$2.6 million and was removed from the FY 2017 CIP budget.
19. **Customer Driven Meters and Services FY 2017 – 2021 (1003)** - The Water and Power Department recommends appropriating \$600,000 in Aid to Construction (Water Fund) to this ongoing project. The expenditures for customer projects have increased and additional appropriations are necessary to meet customer demands. This project provides for the installation of new water meters, services, and mains, while meeting code requirements from the Fire Department for new building/development projects.
20. **Reservoir Improvements FY 2017 – 2021 (1037)** - The Water and Power Department recommends unappropriating \$290,000 in Water Funds from *Devil's Gate Tunnels* (1043) project and appropriating it to this project. This appropriation is needed for the environmental documentation and design work for the replacement of Sunset Reservoir Unit 1. In FY 2016, actual expenditures were greater than anticipated due to additional construction inspections and fees paid to AT&T that were required for the Murray

Hydro-Pneumatic Zone, and a solar feasibility analysis that was completed at Sunset Reservoir.

- 21. Enterprise Resource Planning System (71149)** – The Department of Information Technology recommends appropriating \$500,000 from the General Fund to this project and increasing the total estimated project cost by a like amount. Expenditures in FY 2016 were higher than anticipated due to the need for additional temporary staff and professional services to support the launch of the new financial system and ongoing need for on-site Tyler consulting services. These additional temporary support costs along with unanticipated items related to the implementation of Phase 1 – Core Financials are expected to deplete the project contingency budget. Half of this appropriation will replenish the overall project contingency budget for unforeseen issues and risks that may arise during Phase 2 – Human Resources and Payroll implementation activities in FY 2017. The other half of the appropriation, \$250,000, will amend Contract No. 21641 with Tyler Technologies, Inc. Total expenditures on this project thru 9/23/16 are \$6,323,917.

Contract Amendments

1. As discussed above, the Department of Information Technology recommends increasing the Tyler Technologies, Inc. Contract No. 21,641 by \$250,000 for a total not-to-exceed amount of \$3,684,400 and extending the performance term period of the contract to December 31, 2017. Phase 2 (Human Resources and Payroll) of this project began four months later than originally scheduled to provide additional support for post go-live activities for Phase 1 (Core Financials). During those four months, additional Tyler resources were needed and contingency funds available in the contract were exhausted. In order to replenish the contingency funds to address any unanticipated issues in Phase 2, staff recommends increasing the Tyler contract by \$250,000. Staff expects to complete the project this fiscal year and does not anticipate additional appropriations will be needed. The four month delay also compressed the implementation schedule for Phase 2. As of August 2016, the estimated Phase 2 go-live date moved from January 2017 to April 2017 due to the City's complex payroll requirements that need additional analysis to set-up and test, which could not be completed within the compressed schedule. This delay will not result in any additional costs from Tyler. With the current schedule already delayed, staff recommends extending the contract term through December 31, 2017 to account for any potential delays in the future. This will allow Tyler to remain engaged beyond the current contract expiration date of February 23, 2017 should further challenges surface.
2. The Department of Public Works recommends increasing the CALTEC CORP Contract No. 30,390 by \$25,000 for a total not-to-exceed amount of \$703,000. CALTEC CORP is responsible for the construction of the Eaton Blanche restroom which is a part of the *Restroom Buildings (Replace or Construct) – Various Parks (78038)* project. This contract amendment is for the removal and replacement of unsuitable soil found during the excavation of the foundation. Although subsurface soil samples were taken as part of Public Work's standard due diligence and geotechnical investigation, during

excavation of the building's site, soil containing construction debris from a previous demolition project were encountered. This debris-contaminated soil was unsuitable as a substrate for the building's concrete foundation, and therefore, had to be removed and engineered fill material brought in. Having CALTEC CORP remove the unsuitable soil will ensure project continuity and will eliminate the potential for ambiguities with respect to the responsibility for any defects in workmanship or other liabilities that may arise in completing the work. There are sufficient funds in the project budget account 78038 to absorb this additional cost.

3. The Department of Public Works recommends increasing the Recon Environmental, Inc. Contract No. 30,422 by \$5,000 for a total not-to-exceed amount of \$115,000. The *Lower Arroyo Habitat Restoration* (77407) project required unanticipated repairs to the existing irrigation system on both sides of the Lower Arroyo channel that were beyond the original scope of the project. There are sufficient funds in the project budget account 77407 to absorb this additional cost.

COUNCIL POLICY CONSIDERATION:

All of the above projects and actions address City Council's goals to maintain fiscal responsibility and stability and improve, maintain, and enhance public facilities and infrastructure. All of the projects have been found consistent with the General Plan.

ENVIRONMENTAL ANALYSIS:

CEQA excludes from environmental analysis those actions that are not "projects" as defined by State CEQA Guidelines Section 15378. That section excludes from the definition of "project" the creation of government funding mechanisms and fiscal activities which do not yet commit the lead agency to any specific project, and also excludes organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein are budgetary and part of the City's normal administrative process as it takes early steps to prepare for the possibility of undertaking a project, and therefore they are not yet "projects" as defined by CEQA. As the City becomes more certain it will undertake one of the projects, and before it commits itself to the project, the appropriate environmental analysis will be conducted and brought to the appropriate City body for approval.

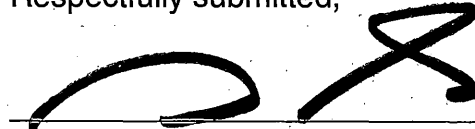
FISCAL IMPACT:

The cumulative result of these recommendations will increase the FY 2017 CIP budget by \$524,056. The specific funding sources for the CIP budget amendments are listed below, and Attachment A shows the detailed changes to each project.

Fund	Fund Balance June 30, 2016	<u>Revenues</u>			<u>Appropriations</u>
		Use of Fund Balance	Proposed Amendments	Net New Resources	Proposed Amendments
Housing -Related Parks Program Grant	N/A	N/A	113,250	113,250	113,250
Ruberized Asphalt Concrete Use Grant	N/A	N/A	85,414	85,414	85,414
Community Development Block Grant	N/A	N/A	-371,457	0	(371,457)
Sewer Fund (205)	14,461,436	0	0	0	0
Private Capital – Various	N/A	N/A	27,000	27,000	27,000
Federal Demonstration project Funds	N/A	N/A	-441,292	0	(441,292)
Federal Discretionary Bridge Funds	N/A	N/A	-120,000	0	(120,000)
Residential Impact Fees (304)	14,308,634	14,473	14,473	0	14,473
Traffic Impact Improvement Fee (313)	740,329	113,852	113,852	0	113,852
Off-Street Parking Facilities (407)	N/A	2,816	2,816	0	2,816
Aid to Construction (Water) Fund	N/A	600,000	600,000	0	600,000
Water Fund	N/A	0	0	0	0
General Fund (101)	20,972,922	500,000	500,000	0	500,000
Fiscal Impact Total	50,483,321	1,231,141	524,056	225,664	524,056

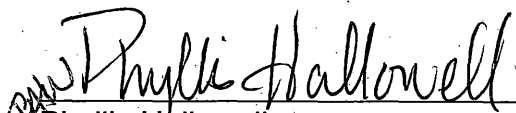
In addition, the cost of amending Contract No. 21641 is \$250,000 for a total not-to-exceed amount of \$3,684,400. Funding for this action will be addressed by the amended budget appropriations in the *Enterprise Resource Planning System* (71149) project. The cost of amending Contract No. 30,390 is \$25,000 for a total not-to-exceed amount of \$703,000. Funding for this action will be addressed by the existing budget in the *Restroom Buildings (Replace or Construct) – Various Parks* (78038) project. The cost of amending Contract No. 30,442 is \$5,000 for a total not-to-exceed amount of \$115,000. Funding for this action will be addressed by the existing budget in the *Lower Arroyo Habitat Restoration* (77407) project.

Respectfully submitted,



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Attachment A – Changes to FY 2017 CIP