

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 08/08/05		Item Number: <u>A-5</u>	
AGENDA ITEM: Approval of a Budget Amendment to Appropriate \$400,000 From the General Fund Fund Balance to Capital Improvement and Acquisition Fund #42000850.720100 and \$20,000 From Proposition 12 Per Capita Funds to the Grants Account #42300850.720100 for the Plunge Building Reconstruction Project.			
Contact Person/Dept.: Andy O'Connell, Public Works and Marty Nicholson, PRCS		Phone Number: (310) 253-5606 (310) 253-6662	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Parks and Recreation Commission (8/2/05), Pool User Groups (8/2/05), Master Notification List (8/3/05)			
Department Approval: Charles Herbertson, PW Director Bill LaPointe, PRCS Director 7/18/05		CAO Approval: Jerry Fulwood 8/3/05	
City Controller Approval: Marlee Chang 8/3/05			
<u>RECOMMENDATION:</u> That the City Council approve a budget amendment to appropriate \$400,000 from the General Fund Fund Balance to Capital Improvement and Acquisition Fund #42000850.720100 and \$20,000 from Proposition 12 Per Capita Funds to the Grants Account #42300850.720100 for the Plunge Building Reconstruction Project. A 4/5ths vote is required to approve the budget amendment. <u>BACKGROUND:</u> The City Council in conjunction with the City's Redevelopment Agency approved rehabilitation of the Culver City Plunge (Plunge Building Reconstruction Project) and allocated \$1.25 million of redevelopment funds towards the project on February 17, 2003. The Plunge Building was built in 1949 and the reconstruction project was considered necessary to deal with the current Health and Safety Code requirements, Americans with Disabilities Act requirements, increasing energy costs and operational needs. On May 3, 2004 the City applied for a Land and Water Conservation Fund (LWCF) Grant in the amount of \$400,000 for the Plunge Building Reconstruction Project. The City received notification in October 2004 that it was awarded the grant in the amount of \$405,960.			

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Subsequently, the City entered into a project management contract with RTI Consulting, Inc. to oversee the reconstruction project. On November 8, 2004 the City approved a design/build contract with RM Lane Company General Contractors. Total anticipated cost of the project was estimated at \$1,655,960 which included both the redevelopment and grant funds. Attachment 1 is a copy of that report.

DISCUSSION:

The Plunge Building Reconstruction Project has been under construction since November 2004 and it is anticipated the project will be near completion or completed by the July 25, 2005 City Council meeting. There are two allocations of funds that need to be considered by City Council in order to be able to process necessary payments. They are: 1) LWCF Grant replacement funds and 2) Proposition 12 Per Capita Funds.

Land and Water Conservation Fund Grant Replacement Funds

Due to the age of the Plunge Building additional historical documents have been requested by the State which was not required of previous grant applications in order to process the LWCF Grant contract. Under standard operating procedures the grant contract is signed and then, the Budget & Finance staff appropriates the funds for use. Since the contract had not been signed, the funds have not been appropriated from the LWCF. Staff has been working on producing the historical information needed to process the grant contract.

In the meantime, the City must allocate funds in the amount of \$400,000 in order to pay the construction costs that have already accrued. Staff is requesting that the City Council authorize funds in the amount of \$400,000 from the City's General Fund Fund Balance. There is a small possibility that the State of California will not accept the historical review findings and if that were to happen, then the City could either not accept the grant or make some revisions to the building in order to be eligible for the \$405,960 in Land and Water Conservation Grant funds. In the unlikely event that was to occur the City's General Fund would be the funding source.

Proposition 12 Per Capita Funds

The design/build timeline for the Plunge Building Reconstruction Project was an extremely ambitious schedule for several reasons including using the new design/build process and weather unknowns.

The Design/Build process is being used by the City for the first time with the Plunge Building Reconstruction Project. The Design/Build process can be a very effective process. However, our project bids were higher than the funds allocated therefore, staff spent additional time with RM Lane Company findings solutions to reconcile

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those differences. As a result, the final project plans were completed later than originally anticipated. Also, during the Spring 2005, our region experienced above normal rainfall which had an impact on the project.

Due to the desire to complete the project before the summer, the Pool Locker Room Subcommittee agreed to authorize the contractor to provide weekend work. Funds to cover the additional costs for overtime related to weekend work has been identified in Proposition 12 Per Capita funds. Attachment 2 shows a breakdown in the Proposition 12 Per Capita funds and the remaining balance. Staff is requesting that the City Council allocate \$20,000 from the Proposition 12 Per Capita funds towards the Plunge Building Reconstruction Project to fund the additional expenditures.

FISCAL ANALYSIS:

Approval of a budget amendment to appropriate \$400,000 from the General Fund Fund Balance to the Capital Improvement and Acquisition Fund Account #42000850.720100 may result in the General Fund decreasing by \$400,000 on a permanent basis should the State of California reject the historical review and process a finding that the City does not comply with the requirements of the LWCF grant application. Staff believes the State is working with the City to process the grant contract and the chances of the City being found ineligible is extremely slim. In addition, if the City did not comply with the historical requirements of the grant, the City could make alterations to the building in order to comply. Any alterations may have additional costs associated with it.

Allocating \$20,000 of the Proposition 12 Per Capita Funds will reduce the amount of funds available for other projects in the Proposition 12 Per Capita Funds. The additional funds may not be required depending on the final accounting of all invoices as the project does have a contingency fund. At this point, staff is requesting approval of the allocation so the project and payments are not stalled. If the funds are not required, the City can reallocate the funds to other City park projects at a later date. Allocating \$20,000 from the Proposition 12 Per Capita Funds will not affect any other current park projects. Staff will be bringing back a recommendation for allocating the remaining \$60,650 of Proposition 12 Per Capita Funds for other park improvements.

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ATTACHMENTS:

1. Agenda Item dated November 8, 2004, entitled "Public Hearing and Consideration to Award a Design-Build Contract to RM Lane Company General Contractors for the Plunge Building Reconstruction Project".
2. Summary of Proposition 12 Per Capita Funds

MOTION:

That the City Council:

1. Authorize an allocation of \$20,000 from Proposition 12 Per Capita Funds to Grants Expenditure Account #42300850.720100 and Grants Revenue Account #42300850.340860 for the Plunge Building Reconstruction Project, P-850; and
2. Authorize a budget amendment to appropriate \$400,000 from the General Fund Fund Balance to the Capital Improvement & Acquisition Fund for Expenditure Account #42000850.720100 for the Plunge Building Reconstruction Project, P-850; and
3. Upon receipt of grant monies from the Land and Water Conservation Fund grant, authorize staff to make journal entries to record the grant receipt and project expenditures.

A 4/5ths vote is required to approve the budget amendment.