



MEMORANDUM

TO: CITY COUNCIL

FROM: BILL ROBESON, ASSISTANT CITY MANAGER/PUBLIC WORKS DIRECTOR

BY: ROBIN DICKERSON, PE, CITY ENGINEER
JILL MCPEEK, CAPITAL IMPROVEMENT PROJECT MANAGER

SUBJECT: CONSIDERATION TO APPROVE AN AMENDMENT TO THE FISCAL YEAR 2021-22 CAPITAL IMPROVEMENT BUDGET FOR THE CASTILLO DEL MAR EXTENSION PROJECT, PW 2020-05

DATE: SEPTEMBER 28, 2021

SUMMARY OF ACTION:

Authorize a budget amendment to transfer \$15,000 of Local Sales Tax Funds from fund balance to fully fund the Castillo Del Mar Extension project.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The amended FY 2020-21 Capital Improvement Program budget included \$1,066,580.72 for the Castillo Del Mar Extension project. It is now estimated that an additional \$15,000 will be needed to complete the project, and it is recommended that Local Sales Tax funds be appropriated for this purpose. On July 27, 2021, Council approved the allocation of \$2,493,950 of American Rescue Plan Act (ARPA) funds to previously budgeted infrastructure projects, providing \$1,746,500 of anticipated excess Local Sales Tax funds in Fiscal Year 2021-22. Staff time will be necessary to coordinate construction activities with the contractor and engineering consultants.

RECOMMENDATION:

It is recommended the City Council approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program budget to transfer \$15,000 of Local Sales Tax funds from fund balance to the subject project.

BACKGROUND:

On January 12, 2021, the City Council awarded a construction contract for the Castillo Del Mar Extension project and authorized the City Manager to approve change orders for a total of 10% of the contract amount of \$930,943.20, or \$93,094.32, to be used for unanticipated costs during the construction phase of the project. There has been \$81,269.20 in contract change orders executed for the project to date. These include a change to the specified Rectangular Rapid Flashing Beacon signs to the same type of signs used in the Village area; unearthing of unmarked underground piping and unsuitable existing soil conditions; modifications to the parking lot driveway entrance ramps to better accommodate ADA access; safety railing on both sides of the storm drain

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system; installation of a water meter for street trees; replacement of worn and damaged ADA truncated domes; and additional erosion control planting and jute netting.

Based on current projections, it is estimated the final project costs will exceed the available budget and that an additional \$15,000 will be needed to complete the project. These costs are a result of unforeseen items such as quantity increases, unknown buried objects, additional geotechnical services, changes in field conditions, changes in soils conditions for outlet structures, conflicts between field and plan conditions, increased transition lengths between new and existing.

ANALYSIS OF ISSUES:

Of the \$93,094.32 approved by Council on January 12, 2021 to be used for unanticipated costs during the construction phase of the project, \$85,188.89 was from the City of Arroyo Grande and \$7,905.43 from the Lucia Mar Unified School District (LMUSD) for the items LMUSD is funding. These items include street lighting, parking lot striping, and an access drive that connects the two LMUSD parking lots and provides additional parking. No changes to the contract have been identified for the items being funded by LMUSD. Therefore, it is estimated that the \$7,905.43 of LMUSD’s contingencies will not be used for the project leaving \$85,188.89 for unanticipated costs, of which \$81,269.20 in contract change orders have been executed.

In order to fully fund and complete the project, staff is recommending a transfer of \$15,000 of Local Sales Tax funds that were returned to fund balance from the use of American Rescue Plan Act (ARPA) funding on previously budgeted infrastructure projects. The following table presents the projected final project costs.

	Budget Available	Projected Expenditures	Projected Shortfall
Construction - Construction contract	\$ 930,943	\$ 930,943 930,943	\$ 0
Contingencies (<i>City funds only</i>) - Change orders to date - Estimated additional quantities	85,189	94,730 81,269 13,461	- 9,541
Contract Admin - Engineering contract - PG&E street lights contract - Bid advertisement - Plan sets - Annual storm water permit - Backflow device	19,516	20,790 7,000 10,990 1,176 173 566 885	- 1,274

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	Budget Available	Projected Expenditures	Projected Shortfall
Testing - Testing contract	14,994	19,179 14,994	- 4,185
Design - Engineering contract	8,034	8,034 8,034	0
Totals	\$ 1,058,676	\$ 1,073,676	- \$ 15,000

The table above identifies the amount of contingency funding provided by the City (“City funds only”) because the \$7,905.43 of LMUSD’s aforementioned contingencies will not be used for the project.

ALTERNATIVES:

The following alternatives are provided for the Council’s consideration:

1. Approve staff’s recommendation;
2. Do not approve staff’s recommendation and request further information;
3. Modify staff’s recommendation and approve; or
4. Provide direction to staff.

ADVANTAGES:

The extension of Castillo Del Mar will result in improved access for the Vista Del Mar and the Heights at Vista Del Mar developments, and will help relieve congestion related to traffic surrounding Arroyo Grande High School.

DISADVANTAGES:

A transfer of Local Sales Tax funds takes away funding from other infrastructure projects.

ENVIRONMENTAL REVIEW:

The project was reviewed in compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines and the City of Arroyo Grande Rules and Procedures for Implementation of CEQA. The City Council adopted a Mitigated Negative Declaration on August 22, 2006 which included the extension of Castillo Del Mar. In September 2020, per Section 15162 of the CEQA Guidelines, City staff reviewed the adopted Mitigated Negative Declaration and found that there are no substantial changes that would require additional environmental review. On September 22, 2020, Council adopted Resolution No. 5036 confirming the environmental determination.

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PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.