

**SPECIAL MEETING OF THE
WOOD VILLAGE CITY COUNCIL
May 6, 2019
AGENDA**

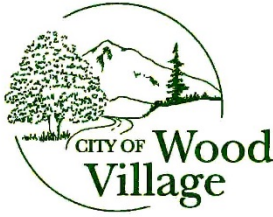
10:00 A.M.

1. Resolution 23-2019: Budget Adjustment and Project Authorization for Cedar Lane.

ADJOURN

The meeting location is wheelchair accessible. This information is available in large print upon request. To request large-print documents or for accommodations such as assistive listening device, sign language, and/or oral interpreter, please call 503-667-6211 at least two working days in advance of this meeting. (TDD 1-800-735-2900).

**NEXT MEETING:
Tuesday, May 16, 2019**



City Council Agenda Item Staff Report

Meeting Date: May 6, 2019

TO: Mayor and City Council

FROM: **Bill Peterson, City Manager**
Written By: John Niiyama, Public Works Director
Seth Reeser, Finance Director

DATE: May 2, 2019

SUBJECT: Cedar Lane Reconstruction Project Additional Capital Authorization

Requested Council Action

Provide authorization to the City Manager to execute a change order with Catworks for the completion of construction on Cedar Lane, and directing the City Manager to take all actions to advertise for a public hearing on Thursday, May 16th for the consideration of a supplemental budget.

Background

Resolution 35-2017 awarded the Cedar Lane Reconstruction Design Project to Firwood Design Group (FDG). Identified early in the design was the condition of the base rock. The geotechnical engineer provided a cost-effective recommendation based on core samples throughout the corridor. Council approved the contract with Catworks Construction on January 10th, 2019 by Resolution 2-2019 for a total contract cost of \$791,713.30. During the excavation of the roadway, the contractor and on-site City Inspector Scott Sloan noted that the base and sub-base materials were not as anticipated in the design. Variations of the material was noted throughout the Cedar Lane road segment including some areas with 6" of base and sub-base rock to areas with essentially no base. After consulting with FDG and having a geotechnical analysis performed on the site, the City requested an additional 4" of excavation, geo-grid (stabilizing mesh), and crushed rock be added to the project. Resolution 22-2019 was adopted by Council which included a change order for \$72,303.

On April 29, 2019, the base material located at the east end of the roadway did not respond as anticipated. The change order authorized by Council April 25th will not work with the underlying soils. Pumping of the sub-base has prohibited the contractor from achieving proper compaction. Progress was interrupted as the design engineer,

geotechnical engineer, and contractor were called in at the request of the Public Works Director on May 1st. The geotechnical engineer proposed 12" additional excavation of the area, backfill with 3" ballast rock, and cap with a geofabric prior to the 4" of base rock prescribed in the April 25th Resolution. Catworks provided a change order in the amount of \$301,232.25. With a credit from the original change order (\$72,303) the additional funds needed are \$228,929.25 to complete that work. That amount does not include the daily standby charges of \$8,153.60.

City staff is still investigating other potential alternatives to provide the best overall value while maintaining the long-term structural integrity of the roadway. Alternatives that have been discussed include:

- Engineering firm RH2 indicated that the section west of Hawthorne Ave. may be in better shape and could successfully be completed with the method in change order 3. This action would still result in additional resources needed for the completion of the roadway east of Hawthorne.
- Hold off on paving until late August or early September. Part of the issue is the saturated sub-surface of the roadway. Waiting until late summer may enable the subbase to dry out. This action would result in the roadway being left as gravel through the summer months, and there is no guarantee that this action would reduce the work needed to complete the job. The City would also have to either hold off on the current contract, or close out the current contract, negotiate for damages, and award a new paving contract in the summer.
- Move forward as designed in change order 3. The contractor is unable to get satisfactory compaction and while the asphalt may lay down for a period, there will not be any guarantee of work.
- Treat the area with a concrete stabilized material. While this approach may work on the short-term, there is no guarantee of sub surface compaction and there would be increased costs for concrete stabilized material.

The staff recommendation is to move forward with the additional 12" of excavation and base work. This process will enable a high-quality, long lasting roadway surface. As the project progresses, staff can evaluate the subsurface condition and direct the contractor to make adjustments for less sub-base work as needed for some potential cost savings.

Fiscal Impact

There is not appropriation in the current year for the Street Fund to handle an additional \$228,929.25. The Council can, by resolution move the recommended \$250,000 in the General Fund from contingency to capital outlay and authorize the new change order. That action would enable the project to continue to move forward without paying additional standby charges.

Staff has also prepared and submitted notice of a supplemental budget hearing for May 16th. There will be two actions to consider at the meeting. First, should the money be expended out of the General Fund or Street Fund? Since the activity and function is to expend the money on improving the Street, staff recommends moving the capital outlay appropriation to the Street fund.

The second action is should the City create an inter-fund loan to require the Street Fund to pay back the General Fund. The approval of change order 3 for \$72,303 reduced the 2019-20 ending fund balance in the Street Fund to \$55,027. In order to pay back the General Fund in FY 2019-20, the planned capital projects for overlays and slurry seals would be delayed another year.

Staff recommends creating this loan for two reasons:

1. Preserve future financial flexibility. Council can always decide in FY2019-20 to spend General Fund resources on capital outlay to complete the overlay and slurry seal projects that were planned for FY2019-20. Council cannot decide to retroactively create an inter-fund loan next year if it wants to spend the resource on something besides Street Fund capital outlay.
2. The need for quick action is in response to a project that is accruing standby charges and has a street out of service for construction. Spending General Fund revenues on street capital projects is a significant shift in policy. Staff recommends considering this change in light of the long term financial outlook for the General and Street Funds, alternatives revenue sources, target service levels, and determine if this action is a one-time response or sets a precedent for future projects.

It is still possible that the project may come in under the \$228,929.25 as we work with the engineers on alternative solutions, and it is recommended to move forward approving the \$250,000 from General Fund contingency to capital outlay and approving the new change order. If the alternative solutions do not work, the City will be able to complete the roadway project per the change order.

City Goal

This issue could impact City Council Goal 3: High Quality, Cost Effective Public Utilities, Parks and Events

Alternatives

1. Request staff go back to Catworks and look at the engineering of the proposed solution to come up with a different alternative, or
2. The City Could elect to proceed with paving as included in the existing contract, risking a short pavement life, or
3. Adopt the resolution as recommended.

Recommendation and Suggested Motions

The City Staff recommends the adoption of the Resolution.

I MOVE TO APPROVE RESOLUTION 23-2019, A RESOLUTION AUTHORIZING THE MOVEMENT OF \$250,000 FROM CONTINGENCY TO CAPITAL OUTLAY IN THE GENERAL FUND, AUTHORIZING THE CITY MANAGER TO EXECUTE A CHANGE ORDER WITH CATWORKS FOR THE COMPLETION OF CONSTRUCTION ON CEDAR LANE, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS TO ADVERTISE FOR A PUBLIC HEARING ON THURSDAY, MAY 16TH FOR THE CONSIDERATION OF A SUPPLEMENTAL BUDGET.

RESOLUTION 23-2019

A RESOLUTION AUTHORIZING THE MOVEMENT OF \$250,000 FROM CONTINGENCY TO CAPITAL OUTLAY IN THE GENERAL FUND, AUTHORIZING THE CITY MANAGER TO EXECUTE A CHANGE ORDER WITH CATWORKS FOR THE COMPLETION OF CONSTRUCTION ON CEDAR LANE, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS TO ADVERTISE FOR A PUBLIC HEARING ON THURSDAY, MAY 16TH FOR THE CONSIDERATION OF A SUPPLEMENTAL BUDGET.

WHEREAS:

1. The City Council of the City of Wood Village is desirous of assuring the completion of a construction project identified as the reconstruction of Cedar Lane in Wood Village, and
2. The Construction process has encountered significant soils problems prohibiting the originally designed and bid roadway construction to be built as planned, and
3. The consulting engineering firms engaged by the City have identified alternate roadway construction systems that enable the roadway to be successfully constructed in a manner to assure a full fifty year roadway life expectancy, and
4. The appropriations for the construction of the project were all in the Street Fund, a Special Revenue Fund of the City of Wood Village, and
5. The City Council has already authorized the movement of all available contingencies in the Street Fund to the Capital Outlay fund to facilitate the construction of the Cedar Lane Project, and
6. The total amount available with actions to date is \$250,000 below the funding required to complete the project as now redesigned and a contract change order identified, and
7. There is a sense of emergency to determining how to proceed, as the standby time cost on the project is thousands of dollars per day, necessitating quick City council action, and
8. The General Fund has an Operating Contingency that can be utilized for direct expenditure or as a transfer or loan to the Street Fund for this project, and
9. Local budget law provides for transfer of appropriation when authorized by official resolution of the governing body under ORS 294.450; which also allows for contingency transfers of less than 15% of total appropriations authorized in the fund (Adopted FY 2018-19 General Fund appropriations are \$2,752,535 without contingency and 15% is \$412,880); and
10. Pursuant to ORS 294.471 this was both an occurrence or condition not ascertained when preparing the original budget and a pressing necessity that could not reasonably be foreseen, and
11. The City Council can direct the City Manager to advertise for a public hearing on a supplemental budget for May 16, 2019, enabling the Street Fund be modified in a manner to complete all proposed work.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Wood Village
Section 1: Authorizes the expenditure of \$250,000 in the General Fund by appropriating funding to capital outlay and reducing operating contingencies from \$850,000 to \$600,000; and
Section 2: Directs the City Manager to enter into a change order with CatWorks to complete the work paving Cedar Lane; and

Section 3: The City Manager is directed to prepare notice for a supplemental budget consideration on May 16, 2019 to transfer the appropriation from the General Fund to the Street Fund and to consider the potential of treating the General Fund action as an inter-fund loan to the Street Fund; and making such budgetary adjustments as are necessary to reflect costs incurred for this project and the impacts on funding availability and projects that can be undertaken in Fiscal Year 2019-2020.

	FY2018-19 Adopted Budget	FY2018-19 Revised Budget	Proposed Change
General Fund - 10			
Operating Contingency	\$ 850,000	\$ 600,000	\$ (250,000)
Capital Outlay	507,386	757,386	250,000
Other Categories	2,245,149	2,245,149	-
Total Appropriation	\$ 3,602,535	\$ 3,602,535	\$ -

Motion to approve by _____; seconded by _____ and adopted this 6th day of May, 2019.

YEAS _____ NAYS _____

T. Scott Harden, Mayor

ATTEST:

Greg Dirks, City Recorder