



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** January 14, 2019
SUBJECT: Public hearing on an amendment to the Fiscal Year 2018-2019
Capital Budget and approve Ordinance No. 3562 amending the
Fiscal Year 2018-2019 Capital Budget.
PRESENTER: Robert Myers, Budget Director

SUMMARY:

The City Council is requested to open a public hearing and receive public comment on amendments to the Fiscal Year 2018-2019 adopted Capital Budget. At the conclusion of the public hearing, Council is requested to consider the approval of Ordinance No. 3562, approving the proposed budget amendments.

GENERAL DESCRIPTION:

The Fiscal Year 2018-2019 Budget was adopted by the City Council on September 10, 2018 and became effective at the start of the fiscal year on October 1, 2018. Since this time, events have occurred that necessitate amending the budget. The changes reflected in this amendment are to allow for the purchase of a new quint fire truck for the Fire Department and to authorize funding for additional expenses related to the construction of new City Hall.

Major Capital Equipment

On August 27, 2018 City Council authorized the City Manager to submit a grant application for the Clean Fleets North Texas 2018 Grant Program. In December 2018 staff learned that the City of North Richland Hills received an award from the grant program for a match of up to 25% or a maximum of \$300,000 of the cost to replace an existing fire engine unit within the fleet. Funds will be received on a reimbursement basis after the city has taken ownership of the replacement fire engine. A budget amendment is requested to allow for the purchase of new quint fire truck to replace the fire apparatus in service at Station 3 as part of the routine replacement schedule. The apparatus is being upgraded from an engine unit to an aerial unit. The apparatus at Station 3 will rotate to reserve status and remain in the fleet for another eight years. Our current reserve ladder will be taken out of service as required by the grant.

A budget amendment in the amount of \$1,285,000 to the Major Capital Equipment Fund for project FS1912 Replacement of Fire Truck (Unit 945) is requested to cover the



purchase cost and associated make ready and equipment expenses to purchase the replacement aerial fire apparatus.

Funding for this request is proposed to be split between the future issuance of certificates of obligation in the amount of \$985,000 and the awarded Clean Fleets North Texas 2018 Grant funding in the amount of \$300,000.

Facilities Projects

In 2013, City Council approved the contract and funding for the construction of the new City Hall. A capital project in the facilities Capital Projects Fund (FC1205) was established in the amount of \$69,284,287. Construction began in May 2014 and the facility was occupied in April 2016. During the construction phase as well as the close out phase, the project incurred some additional unanticipated expenses. Many of the items associated with these expenses were necessary for the completion of the project and had to be completed within the allowed time. This did not allow for pre-approval but rather authorization of the expense to the contractor with a planned final true up of the expenses at the conclusion of the project.

Unfortunately while we are almost 2 ½ years from substantial completion we are still unable to achieve final acceptance due to some unfinished issues. Primarily the commissioning of the facility has not been completed which is part of the contract requirement to close out the project. Subsequently we have not been able to achieve a final close out document with the contractor. In addition, both the contractor and a sub subcontractor have submitted a claim for additional costs over and above any agreed amount. We have denied payment on the claim but have been unsuccessful in reaching closure.

While we continue to work on the closure of the project, staff recommends approval of a budget amendment to the project (FC1205) in the total amount of \$2,126,428. This increase covers the additional expenses directly related to the completion of the project (\$1,546,678); allocates funds to pay outstanding claims should this become necessary (\$369,750); and covers additional necessary expenses to address some long-standing issues in the facility (\$210,000).

The largest portion of this adjustment (\$1,546,678) is attributed to two factors. The first (\$1,103,253) are those expenses directly related to the completion of the facility. Changes were made throughout the project that fell outside of the scope of the original contract but were needed to achieve our desired results. \$494,425 was for the final four change orders with Balfour Beatty (change order 12, 13, 14, and 15) for work done by specific sub-contractors which changed the final contract amount to \$60,609,582.08. Every item changed was documented in an official change order approved by both the city's designated representative and the general contractor. A total of 15 change orders were issued during the project with number 11 being the last one brought before Council. In addition to the change orders with Balfour Beatty, we also had to engage several contractors directly to complete a few items that needed to be done but were not included



in the original contract (\$226,755), including an amount that had been miscalculated and counted as additional revenue (\$382,073). Lastly, the final amount (\$443,425) are funds paid to our project manager that was over the original budget allocation. It was decided to keep that amount at the initial number and carry this expense within the project in hopes that we would have project savings to cover it. Unfortunately, this did not occur and an adjustment is necessary.

A budget amendment in the amount of \$2,126,428 to the Facilities Capital Projects fund for project FC1205 City Hall Municipal Government Complex is requested to cover final expenses related to the construction of the City Hall. Funding for this request is proposed to come from the proceeds of the sale of the former City Hall.

Amendment

In order to amend the budget, the city is required to conduct a public hearing to receive public comments. A notice of public hearing was posted in the Star Telegram on Friday, January 4, 2019.

The impact of the amendment on the Fiscal Year 2018-2019 Capital Budget is summarized below:

Category	Adopted 2018/2019	Amendment	Amended 2018/2019
Street & Sidewalk	2,865,000		2,865,000
Drainage	230,000		230,000
Utility	1,755,000		1,755,000
Parks & Recreation	658,000		658,000
Aquatic Park	100,000		100,000
Facilities	212,000	2,126,428	2,338,428
Major Capital Equipment	4,441,500	1,285,000	5,726,500
Economic Development	750,000		750,000
CIP Personnel	336,657		336,657
Other	94,000		94,000
Total CIP Project Expenditures	11,442,157	3,411,428	14,853,585

RECOMMENDATION:

Open a Public Hearing, receive comments on the proposed budget amendments to the Fiscal Year 2018-2019 adopted Capital Budget, close the public hearing, and approve Ordinance No. 3562, amending the Fiscal Year 2018-2019 adopted Capital Budget.