SUBJECT: Approval of Budget Modification No. 4 for the Funding of Public Safety Roofing Project, Phase 2 from existing Project 819610, Public Safety Building Heating Ventilation & Air Conditioning (HVAC)

REPORT IN BRIEF
This report requests a budget modification to fund additional roofing work at the Public Safety Building from existing Project 819610, Public Safety Building Heating Ventilation & Air Conditioning (HVAC).

BACKGROUND
On July 28, 2009 a construction contract was awarded in the amount of $1,826,729 to Best Contracting Services Inc. with a contingency of $238,269 (RTC-09-200). This project includes installing a new HVAC system and renovating portions of the Public Safety building roof that are leaking or affected by the HVAC work. During construction, additional areas of the roof were found to be leaking on portions of the existing roof that were not part of the scope of this contract. Further exploration revealed that the water-proofing material under the existing roof tiles is deteriorated, cracked and brittle beyond what was anticipated.

Tile roofs are normally considered 40-year or lifetime roofs. When designed and installed with adequate flashing, and water-resistant underlayment, the tiles shed water and protect the underlayment from the deteriorating effects of wind and sun. The Public Safety Building roof lacked underlayment, relying only upon water-resistant mastic. The mastic has dried, and cracked and become brittle, allowing water to seep into plywood sheathing. About 15% of the plywood sheathing was found to be rotted due to water intrusion.

About 15,000 square-feet of roof is being completed in the current roof and HVAC project, including all of the areas affected by the HVAC installation. In the replacement area, damaged sheathing was removed and replaced with new sheathing, and new fabric underlayment was installed along with new flashing, topped with existing or replacement tiles. Staff is working with the contractor to address issues and complete the current project in a satisfactory manner.

The remaining 21,400 square-feet of roof still has brittle mastic, with no underlayment. Due to the advanced degradation and discovery of new leaks in
the old portions of the roof, replacement of the rest of the roof was considered. Since this is a significant change in the quantity of work, and the unit price for roofing on the current contract was higher than other bids, staff believes bidding the remaining roof work as a second project phase is the best course of action. The estimated cost of this Public Safety Roofing, phase 2 project is $414,000.

Project 818100 (Public Safety Buildings – Roofs) is estimated to have only approximately $181,000 remaining after consideration of all contract costs for the existing roof project. Staff proposes moving an additional $300,000 of needed additional funds for phase 2 of the Public Safety roofing from Project 819610 (Public Safety Buildings – HVAC). Project 819610 is estimated to have a remaining balance of approximately $314,000 after consideration of all contract costs. Since this $314,000 balance includes funds originally budgeted for the replacement of HVAC units at five fire stations, transferring $300,000 will largely deplete the funds budgeted for the Fire Station HVAC improvements.

While the roof and HVAC systems at the Fire Stations were scheduled for replacement at this time, they are still serviceable. Staff believes the scope of work for improvements at the Fire Stations should be reconsidered as a more comprehensive project, incorporating needed fire and security alarm systems as well as other safety improvements. The revised scope of work for Fire Station improvements would be considered in the upcoming capital projects budget process. In the meantime, the Public Safety Building roof is in need of further repairs prior to the coming rainy season. This approach reflects the collaborative thinking of the Director of Public Works, the Director of Public Safety, and the Assistant to the City Manager (supervises the City’s Facilities Superintendent).

**FISCAL IMPACT**

There are sufficient remaining funds in project 819610 (Public Safety Buildings – HVAC) for the proposed phase 2 roofing project at the Public Safety Building. However, use of these funds will deplete the budget that was originally intended for future HVAC improvements at five fire stations. Even though improvements to the Fire Stations can be deferred to later years, the cost will still have a fiscal impact on the future projects budget. Staff believes the scope of work for improvements at the Fire Stations should be reconsidered as a more comprehensive project, incorporating fire and security alarm systems as well as other safety improvements. However, these projects will be compared with other projects and funded according to priority during the upcoming capital project budget process.
Budget Modification No. 4 has been prepared to appropriate $300,000 from Project 819610 (Public Safety Buildings – HVAC) to Project 818100 (Public Safety Buildings – Roofs) to fund the second phase of the Public Safety Roofing project.

Budget Modification No. 4
FY 2010/2011

<table>
<thead>
<tr>
<th>Current</th>
<th>Increase/ (Decrease)</th>
<th>Revised</th>
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<tbody>
<tr>
<td>$314,266</td>
<td>($300,000)</td>
<td>$14,266</td>
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<tr>
<td>$181,214</td>
<td>$300,000</td>
<td>$481,214</td>
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Infrastructure Renovation and Replacement Fund/ General Subfund

Expenditures:
- Project 819610 - Public Safety Buildings – HVAC: $314,266 ($300,000) $14,266
- Project 818100 - Public Safety Buildings – Roofs: $181,214 $300,000 $481,214

PUBLIC CONTACT
Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES
1. Approve Budget Modification No. 4 to appropriate $300,000 from Project 819610 (Public Safety Buildings – HVAC) to Project 818100 (Public Safety Buildings – Roofs) to fund the second phase of the Public Safety Roofing project.
2. Take no action.

RECOMMENDATION
Staff recommends Alternative 1. Approve Budget Modification No. 4 to appropriate $300,000 from Project 819610 (Public Safety Buildings – HVAC) to
Project 818100 (Public Safety Buildings – Roofs) to fund the second phase of the Public Safety Roofing project.

This alternative would allow staff to bid and construct the project before the winter rainy season. Under this option, staff will re-scope the improvements needed at the Fire Stations, prepare a cost estimate and recommend the more comprehensive Fire Stations project for City Council consideration as part of the FY 2011/2012 projects budget.

Prepared by Robert Walker, Assistant City Manager

Reviewed by:

Marvin Rose, Director, Public Works

Grace Leung, Finance Director, Acting

Don Johnson, Chief of Public Safety

Approved by:

Gary M. Luebbers, City Manager