



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



11

June 21, 1988

Budget and Finance Committee  
of the City Council  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:** Amendment of the Riverview Plaza Change Order  
Authority and Modifications to the Project Budget to  
Accomplish Tenant Improvements Related to the Child  
Care Facility

SUMMARY

The attached report is submitted to you for review and  
recommendation prior to consideration by the Housing Authority  
of the City of Sacramento.


RECOMMENDATION

The staff recommends approval of the attached resolution  
amending the change order authority and proposed modifications  
to the project.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COMMITTEE:

  
\_\_\_\_\_  
SOLON WISHAM, JR.  
Assistant City Manager

Attachment



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



June 28, 1988

Housing Authority of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Amendment of the Riverview Plaza Change Order Authority and Modifications to the Project Budget to Accomplish Tenant Improvements Related to the Child Care Facility.

## SUMMARY

The attached report recommends amending the current Riverview Plaza construction change order policy to cover various outstanding items necessary for the completion of the Project. It also authorizes a grant to the selected child care provider for the child care tenant improvements. To cover outstanding obligations, it recommends various budget revisions which have developed since the adoption of the original budget in July 1986. Please note that all changes are being made within the overall parameters of the project budget, as currently construed, but that a number of line item changes as well as recognition and commitment of certain project savings/revenues is recommended.

## BACKGROUND

On August 19, 1986, the Riverview Plaza project development budget was approved. On November 25, 1986 Resolution No. 86-030 was approved authorizing the Executive Director to enter into change orders related to the Riverview Plaza Project up to \$620,250. However, that resolution further required that all change order items which would increase the project cost were to be accompanied by items which would decrease the project cost by an amount equal to the increase. Until recently, this balancing methodology has worked. Staff has made \$344,186 in project deductions to offset equal cost increases.

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At this time, however, given the advanced stage of the project's development, further deductions are not possible without affecting the project's quality and overall design integrity. In anticipation of outstanding change orders and potential disputes, which are yet to be resolved with the general contractor, additional change order authority will be necessary to complete the project. This series of changes is the result of normal construction clarification, building department field directives and the usual types of disputes which develop when interpreting contract drawings and specifications (see Attachment A).

In addition to the above mentioned changes, we have now obtained firm estimates of the actual amount which will be needed to develop the tenant improvements related to the child care facility within the project (see Attachment B). These are considerably higher than originally anticipated based on the fact that the child care provider will not be able to contribute to the costs as originally anticipated.

The major changes to the development budget are outlined below and are summarized in Attachment C. (These changes do not address any operating budget items nor do they affect the pending project syndication. Remember, however, that a portion of our syndication proceeds may have to be devoted to project operations as noted in our previous report. As the syndication effort proceeds, we will report back in greater detail with a plan for expenditure of those funds.)

## Changes to Development Budget

- 1) An additional \$20,852 in organizational expenses including unbudgeted legal fees related to loan origination and additional construction insurance expenses will be necessary.
- 2) Additional survey/architectural/engineering expenses of \$50,861 were necessary due to design costs related to the child care tenant improvements and interior stair design problems.
- 3) Miscellaneous adjustments to permits and fees of \$6,972 were necessary.

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- 4) Construction budget changes of \$750,000, including a \$164,000 set-aside for as yet unresolved disputes is needed. See Attachment A for a complete list of change orders.
- 5) A total of \$40,000 of Art In Public Places costs that were not included in the original construction budget are necessary to cover our agreement with the City Arts Commission.
- 6) A total of \$49,800 in unbudgeted nonrefundable loan fees are due CHFA because the loan amount increased very late in the loan process.
- 7) Additionally, the need has developed to move quickly to complete the tenant improvements related to the child care facility. The working drawings for the child care facility improvements are completed and are now undergoing final plan review by the City Building Department. We are suggesting that \$375,000 be set aside for the improvements and that it be granted to the selected child care provider who can then retain a contractor of their choice to perform the work under our general supervision. (Note: This is a contribution of approximately \$70.00 per square foot from the Agency for child care tenant improvements. The Agency contribution for other commercial tenants is proposed to be \$20.00 per square foot.) It is critical that the work be completed prior to the beginning of the new school year in September. This proposal will allow the work to proceed on schedule.
- 8) In order to draw quality commercial/retail tenants and to enhance the quality of street scape of this redevelopment area, the staff is proposing to provide an additional \$30,000 for sidewalk upgrades. This change will provide matching ceramic tile pavers within the public street sidewalks along "I" and 6th street and otherwise upgrade the street scaping elements.

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## FINANCIAL DATA

Numerous budgetary actions are necessary to finalize the completion of the Riverview Project. In order to fund the activities identified above and provide sufficient latitude to resolve outstanding items, adjustments are proposed within the framework of the original Riverview Budget. These adjustments are summarized on Attachment C and are outlined in more detail below:

- \$482,200 in construction loan interest. When the City Council approved the financing for the library project, it was also decided to finance Riverview Plaza's construction loan on an interim basis from the Tax Allocation bond proceeds ultimately budgeted to the library. This zero interest loan saved the Riverview Plaza budget \$482,200 in construction interest. The savings are now to be applied to the construction budget.
- \$117,000 savings from an escrow that was budgeted but no longer needs to be posted.
- \$210,000 bond reservation fee. This fee will be returned to the Agency with the permanent loan funds. This amount can then be applied to tenant improvement costs.
- \$100,000 in additional loan proceeds from CHFA's rental housing construction deferred interest loan program.
- \$164,000 in interest earnings on the \$7,040,000 in tax allocation bond funds, accruing from September 1, 1988-December 31, 1988. Interest will accrue once the permanent loan is in place and the \$7 million Tax Allocation funds loaned to the project for the construction period are repaid to the Agency.
- \$79,762 in interest earnings from escrowed funds placed with CHFA.
- \$422,523 from 1988 Tax Increment funds budgeted to debt service. (Only \$252,500 of the total \$658,000 of the tax increment funds budgeted to debt service

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for 1988 will be needed for debt service. The balance will offset initial operating and construction cost increases.)

A final initial operating and construction budget will be presented to the Council after permanent loan funding, once all development costs have been fully identified. The syndication process will be proceeding separately from these adjustments.

## ENVIRONMENTAL REVIEW

CEQA: Categorical Exemption Section 15301(a) Proposed budget action will result in interior alterations involving such things as interior partitions, plumbing and electrical conveyances.

NEPA: Categorically Excluded Section 58.35(a)(1)(ii) The facility improvements upgrade existing use with only minimal change in size and capacity of the overall project.

## POLICY IMPLICATIONS

The changes recommended in this report are in keeping with previous direction to complete the project within the existing budgeted funding sources.

## VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of June 20, 1988 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

## RECOMMENDATION

The Housing Authority is requested to adopt the attached resolution which 1) approves a revised development budget as shown in Attachment A to the staff report; 2) Authorizes change

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orders up to \$750,000 and approves these change orders; 3) Authorizes a grant of \$375,000 to Lil People, Inc., who will procure a contractor to complete the tenant improvements for the child care space; and 4) approves reallocation of project revenue sources to cover the increased development budget.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

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WALTER J. SLIPE  
City Manager

Contact Person: Kenneth Stroth 440-1310

ID 14-r

# RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

## AMENDMENTS TO THE CURRENT RIVERVIEW PLAZA CHANGE ORDERS

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The project development budget of Riverview Plaza be amended to reflect an adjustment to project costs in accordance with the schedule presented as Attachment C to the staff report dated June 28, 1988.

Section 2: Redirect the following Riverview Plaza revenue sources into the development budget:

- \$482,000 of previously budgeted construction loan interest
- \$117,000 of savings from escrow funds that are no longer required by California Housing Finance Agency
- \$210,000 bond reservation fee, that once returned to the project will be applied to tenant improvements
- \$100,000 in additional deferred interest loan proceeds from California Housing Finance Agency
- \$164,000 in interest earnings on the \$7 million tax allocation funds repaid to the Redevelopment Agency upon permanent loan funding of Riverview Plaza
- \$79,762 of interest earning on escrowed funds
- \$422,523 of the 1988 tax allocation funds budgeted to debt service in 1988

Section 3: Change orders in an amount up to \$750,000 are approved.

Section 4: A grant to Lil People in an amount not to exceed \$375,000 for the sole purpose of hiring a contractor to complete the child care tenant improvements is approved. Housing Authority staff shall advise Lil People with respect to contractor selection and bid review and shall supervise the tenant improvements.



adoption. Section 5: This resolution is effective upon its

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CHAIR

ATTEST:

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SECRETARY

1100WPP2(44)

(8)

## RIVERVIEW PLAZA CHANGE ORDERS

Change Order Number 1

- |    |   |                |
|----|---|----------------|
| 1. | Additional time of Builders All-Risk Insurance  | \$ 6,953.00    |
| 2. | Extension in time of 36 consecutive calendar days                                       | No cost change |
| 3. | Change for under slab waterproofing, expansion joints and foundation wall waterproofing | -(45,079.00)   |

Change Order Number 2

- |    |   |              |
|----|---|--------------|
| 1. | Revisions to the pile driving work                  | -(49,550.00) |
| 2. | Revisions to kitchen and bathroom cabinets          | -(35,000.00) |
| 3. | Revisions to basement finishes at the parking area. | -(8,800.00)  |

Change Order Number 3

- |     |   |              |
|-----|---|--------------|
| 1.  | Substitution for use of EMT Conduit         | -(14,500.00) |
| 2.  | Changes to the Elevator.                    | 320.00       |
| 3.  | Downsize Emergency Generators               | -(3,538.00)  |
| 4.  | Reinforce courtyard foundation              | 180.00       |
| 5.  | Delete exhaust fan and duct from basement   | -(394.00)    |
| 6.  | Overhead door fire rating change            | 550.00       |
| 7.  | Substitution for use of paco booster system | -(600.00)    |
| 8.  | Add electric heaters to bathrooms           | 17,443.00    |
| 9.  | Substitution of suspended acoustic ceilings | -(12,156.00) |
| 10. | Omit mop sink in the Janitors room          | -(8,400.00)  |
| 11. | Substitution of light fixtures              | -(6,180.00)  |

Change Order Number 4

1. Doors, Frames, Hardware and Accessories - (60,332.00)

Change Order Number 5

1. Change stairs - (6,700.00)  
2. Change sprinkler head type 3,344.00  
3. Change refrigerator size - (3,720.00)  
4. Plumbing changes 12,394.00  
5. Change flat latex paint to one coat  
to cover - (21,500.00)  
6. Omit requirement for 5% carpet overage - (2,300.00)  
7. Omit pad from under carpet - (8,081.00)  
8. Change roofing and walking deck material - (32,427.00)  
9. Change auto bumper anchorage - (700.00)  
10. Mechanical changes 76,015.00

Change Order Number 6

1. Electrical 119,504.00  
2. Structural 13,492.00  
3. Rebar 333.00  
4. Mech. curbs - (848.00)  
5. Hose bib 367.00  
6. Delete gypsum bd - (13,599.00)  
7. Stabilize backfill 307.00  
8. Basement wall sheet metal 6,110.00  
9. Rebar 461.00

10. Fire line	1,373.00
11. Rebar	3,792.00
12. Drywall	33,038.00
13. Foundation changes	34,478.00

Change Order Number 7

1. Ceramic tile in Agora	15,522.00
2. Ceramic tile at vestibules	5,551.00
3. Reroute exhaust ducts	6,176.00
4. Change fire extinguishers	637.00
5. Change refrigerators	2,324.00
6. Change fire safing	-(632.00)
7. Waterproof at south mechanical area	2,244.00
8. Ceiling at manager's office	506.00
9. Relocate dining room light switches	2,606.00
10. Isolators at emergency generator	735.00
11. Delete exhaust fan switches	-(1,219.00)
12. Change exhaust hoods	8,706.00
13. Install isolators	1,219.00
14. Refrigerant lines	2,932.00
15. Life safety system	46,606.00
16. Sound treatment at trash chute	590.00
17. Change exhaust ducts	1,508.00
18. Reinforcing at bathtubs	2,649.00
19. Correct typographical error	900.00

20. Access box	466.00
21. Additional fire dampers	9,089.00
22. PVC sleeving for gas service	68.00

Change Order Number 8

1. Revised louvers	83,157.00
2. Smoke activator dampers	8,846.00
3. Swimming pool membrane	3,055.00
4. Revised guard rail	29,654.00
5. Concrete roof topping	1,940.00
6. Revised sound insulation	-(800.00)
7. Metal roof support	2,264.00
8. Balcony insulation	528.00

Change Order Number 9

1. Add dampers at third floor	1,811.00
2. Electrical changes	(7,131.00)
3. Electrical changes	73,421.00
4. Beam support	1,912.00
5. Drywall support	10,602.00
6. Fireplace changes	7,537.00
7. Drywall changes	19,455.00
8. 14th floor ceilings	9,138.00
9. Drywall changes	4,106.00
10. Change site of bolts	436.00

11. Elevator rail supports	7,429.00
12. Second floor deck stair hole	5,459.00
13. Emergency generator exhaust	10,237.00
14. Roof drain changes	905.00
15. Relocate kitchen exhaust	4,203.00
16. Electrical changes	915.00

Change Order Number 10

1. Sign changes	2,500.00
2. Sign evacuation plans	7,450.00
3. Protect PVC pool pipe	3,883.00
4. Parapet panel bracing	1,406.00
5. West facade bracing	1,317.00
6. Toilet accessories	2,995.00
7. Hardware revisions	5,454.00
8. Entry fire enclosure revision	843.00
9. Drywall changes ceiling bracing	946.00
10. Drywall changes ceiling soffit	914.00
11. Drywall change stair tower	4,412.00

Change Order Number 11

1. Revised mechanical screen	-(7,243.00)
2. Electrical changes	5,369.00
3. Electrical revisions	7,224.00
4. Electrical change	-(9,577.00)
5. Life safety changes	19,089.00

6.	Signage change	2,006.00
7.	Lighting change	1,767.00
8.	Additional insulation	2,727.00
9.	Carpet pad at lobby	178.00
10.	Added weep drain at pool	377.00
11.	Hose box change	0.00
12.	Fence at elevator penthouse	4,608.00
13.	Delete electrical work for door closures	-(6,001.00)
14.	Main switch board change	-(1,517.00)
15.	Drywall changes	-(2,313.00)

2030I

PENDING COST CHANGES

3/8" Rod credit	(100)
Extended Delay/Damages	51,851
Curtain wall panel clips	63,358
Additional concrete	753
Correct stairs and rails	4,541
Miscellaneous steel work	480
Backdraft dampers	4,222
Window changes	(5,180)
Mechanical screen	(1,075)
Electrical changes	12,593
Cabinet revisions	38,738
Electrical changes	(9,462)
Insulation	15,500
Penthouse steps	6,500
Wall framing members	4,500
Soffit lights	6,000
Stair to penthouse	7,500
Delete tree grate	(430)
Miscellaneous drywall changes	10,000
Plaza drain line tee	1,750
Dual Emergency Signals	2,500
Tub/Shower Bars	1,200
Door 67 Changes	2,500



Building Conduit Intertie	6,500
Entry Telephone Jack	1,000
Bathroom Fire Dampers	5,000
Library Shelving	3,500
Co2 Line Anchorage	2,500
Karen Bakula	4,500
Weep Drain at Pool Membrane	(377)
County Pool Revisions	1,000
Proof of Flow Detectors	19,089
Entry Lobby Valence	1,000
Takata stair opening	3,500
Telephone prewire	4,500
Digital communicator	2,000
Lee Saylor child care	3,000
Karen Fenley scaffolding	6,000
Lock cores	5,000
Smoke purge motorized dampers	30,923
TOTAL	\$750,000

2030I

PROJECT DEVELOPMENT BUDGET

	<u>Aug. 19, 1986</u>	<u>Change</u>	<u>Revised</u> <u>June 20, 1986</u>
Organizational Costs	\$ 53,958	\$ 20,852	\$ 74,810
Architectural Design, Survey, Engineering, Construction Inspection	744,831	50,861	795,692
Permits/Fees	230,000	6,972	236,972
Construction	12,405,000	750,000	13,155,000
Art In Public Places	0	40,000	40,000
Finance Fees	288,000	49,800	337,800
Tenant Improvements, Day Care	0	375,000	375,000
Sidewalk Improvements	<u>0</u>	<u>30,000</u>	<u>30,000</u>
Subtotal		\$1,323,485	
<u>Less Adjustments</u>			
Construction Loan Interest Savings		(482,200)	
Unneeded Escrow Fund		(117,000)	
Bond Reservation Fee		(210,000)	
Additional Loan Proceeds		(100,000)	
Interest Earned on CHFA Payment		(164,000)	
Interest on Escrow Account		(79,762)	
Reduce from 1988 T.I. Budgeted for Debt Services		(170,523)	
Subtotal		(\$1,323,485)	
TOTAL	\$13,721,789	0	\$13,721,789

EXHIBIT B

This information will be available  
for distribution at your meeting.