

Legislation Text

File #: Res. 2018-062, **Version:** 1

City Council Meeting Date: June 5, 2018

To: Mayor and City Council
City Administrator

From: Sean Simonson, Engineering Manager
Dave Bennett, Public Works Director/City Engineer

Consider Resolution Accepting Public Improvements, Budget Amendment Approving Use of Capital Reserve Fund, and Approving Final Payment for the 2010 East Cannon River Trail Project (STRT2010-A10)

Action Requested:

The Northfield City Council approves the attached Resolution - East Cannon River Trail Project Accepting Public Improvements, Budget Amendment Approving Use of Capital Reserve Fund, and Approving Final Payment for the 2010 East Cannon River Trail Project (STRT2010-A10).

Summary Report:

The City Council is being asked to accept the public improvements for the 2010 East Cannon River Trail Project STRT2010-A10, and approve final payment to Crane Creek Asphalt in the amount of \$129,440.45 (Attachment 2), and to authorize a budget amendment of \$127,864.84 to transfer funds from the Capital Reserve Fund #475 to the Park Fund #451. The contract was awarded to Crane Creek Asphalt at the May 3, 2016 City Council Meeting in the amount of \$619,579.62. Through the course of the project, there were two change orders approved bringing the total contract amount to \$755,740.22.

These change orders were necessary to correct soil conditions encountered during construction, which required additional correction to create a suitable subgrade to construct the trail. Quantity adjustments are typical with construction due to field conditions and differing site conditions that can affect the final cost of the project. These changes can result in either increased or decreased costs to the project. In general, these changes to overall quantities are the result of field adjustments necessary to accommodate unknown or unforeseen conditions encountered during construction. For this particular project, field conditions required additional subgrade correction to build the trail to an acceptable condition above and beyond the estimated quantities included in the change orders. These overruns brought the final construction costs to \$876,761.32.

Staff have communicated and explained the reasons for the cost overruns to the City of Dundas. Upon completion of the final acceptance, staff will close out the grant, and notify the City of Dundas the 5-Year payback to the City of Northfield per the Cooperative Agreement.

A super majority is required to approve the budget amendment.

Alternative Options:

This project is completed and the final acceptance and payment is required to close out the construction contract.

Financial Impacts:

The final construction costs for the project were \$876,761.23. A Cooperative Agreement (Attachment 3) was approved by the City of Northfield and Dundas to determine financial obligations and address responsibilities in a transparent manner with the joint trail project between the two municipalities.

The overall project budget at the time of project award was \$1,007,056.00. Change Orders 1 & 2 increased the project budget to \$1,081,956.47. Lastly, final project cost, which included the project overruns, increased the total project budget to \$1,234,276.52. The final project cost and funding breakdown is included in Attachment 4.

Staff will work with the City of Dundas to initiate the payment process in accordance with the approved Cooperative Agreement.

The completion of this project would put the Park Fund in a negative fund balance of approximately \$15,000. The current estimate of the unreserved balance in the Capital Reserve Fund #475 is \$625,000 all of which is considered assigned for capital projects. The balance after this amendment to transfer \$127,864.84 from the Capital Reserve Fund #475 to the Park Fund #451 would reduce the unreserved fund balance to approximately \$497,000.

Tentative Timelines:

Upon acceptance by the City Council, the final payment will be processed and sent to the Contractor. At that point, the two-year maintenance bond will begin to cover any warranty work if applicable.

Additionally, both the Legacy Trail Grant and the Federal Recreation Trail Program grants that were secured for this project have an expiration date of 6/30/2018. Staff will begin the process of closing out the grants and securing the funding as soon as final payment is approved.