BOARD AGENDA MEMO

SUBJECT: Budget Adjustment to Add $445K to the FY 2008-09 Approved Project Budget for Adobe Creek Upper Reach 5 Restoration Project No. 10104011 (Los Altos, Town of Los Altos Hills)

i. Budget Adjustment

RECOMMENDATION:

Approve a $445,000 budget adjustment to fund project efforts for the Adobe Creek Upper Reach 5 Restoration Project.

Board approval of this recommendation is required to balance the budget vs. expenditures for this Project in FY 2008-09.

RATIONALE:

Board Policy EL-5.1 states that a Board Appointed Officer shall not expend more funds than have been received in the budget period to date unless specifically appropriated from designated reserves, funds available from the proceeds of authorized long-term debt or incurred short-term debt. Furthermore, the FY 2008-09 Budget Resolution No. 08-54 (Provision 1(a)) requires that the Board approve all budget adjustments that either increase or decrease a fund’s total operation, capital, or operating transfer budget or reserve appropriations. Since the requested budget adjustment of $445,000 will reduce the Fund 12 reserves for future years’ capital, staff is requesting Board approval for a budget adjustment (Attachment 1).

EL-3.10 COMPLIANCE:

This item is not a consultant contract; therefore EL-3.10 compliance is not applicable.

SUMMARY:

The project improves flood conveyance capacity in Reach 5 between Foothill Expressway and West Edith Avenue, and also enhances the creek ecosystem by removing the existing concrete banks and bottom, repairing and stabilizing the eroded banks using minimal hardscape, removing many non-native trees, and establishing a riparian area along 700 linear feet of bank using shrubs and trees native to the Adobe Creek Watershed.
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On April 8, 2008, the Board awarded the construction contract for the Adobe Creek Upper Reach 5 Restoration project to Gordon N. Ball. The awarded contract amount was $1.84 million. Construction of the channel improvements and installation of the plant material was completed in March 2009.

Staff labor costs during completion of project design exceeded the FY2008 budget by approximately $170,000. The commitment by the District to work collaboratively with the Adobe Creek Watershed Group and other stakeholders continued during the construction period, but staff did not anticipate the level of resident interaction that occurred during construction. Issues, concerns, observations, and questions came to staff on almost a daily basis. This required a significant additional level of both construction management and engineering staff’s time, to engage with residents and explain or resolve the issues in a timely manner, so as not to impede the contractor’s work. The cost of additional staff effort exceeded budget estimates by $130,000.

Several additional project costs, such as addressing the unexpected presence of a San Francisco Dusky-Footed Woodrat colony (a species of special concern) along the creek, changes to the amount of log material for erosion repair and plant material for re-vegetation due to concerns by creekside residents and neighbors, and resulting extra landscape consultant work, added an additional cost of $70,000. Staff estimates an additional $75,000 will be necessary to complete project work through the end of the current fiscal year.

The requested budget adjustment of $445,000 increases the total project costs from $6.8M to $7.24M, an increase of 6.6 percent.

NEXT STEPS (Optional):

The construction contract has entered the three-year landscape establishment period, which is scheduled to be completed in March 2012.

EARLY RELEASE POLICY, SECTION EL-9.11:

This Board Agenda item is in compliance with the Board’s Early Release Policy, EL-9.11.

CEQA REQUIREMENTS:

The District is the lead agency for the project and is required to comply with the California Environmental Quality Act requirements. A Supplemental Environmental Impact Report (SEIR) was prepared to supplement the May 1999 Adobe Creek Environmental Impact report and address potential environmental impacts associated with the revised reach 5 project. The final SEIR was certified by the Board on July 10, 2007.
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ADVISORY COMMITTEE INPUT:

No advisory committee input has been sought.

PUBLIC OUTREACH:

Since September 2003, Adobe Creek Watershed Group Collaborative Meetings have been held monthly, and have involved creekside residents, concerned community members, and staff from the Town of Los Altos Hills, City of Los Altos, regulatory agencies, and the District.

The community outreach efforts for this project during construction included weekly email updates to the residents to keep them informed of the progress of construction activities, fast response to customer inquiries, and workshops with concerned residents. A post-project customer survey was mailed out to residents in early February 2009, to determine their satisfaction with the constructed project. Overall, the residents were very satisfied with the work completed. Some of the comments received included the following:

"I am thrilled that it got done on time!! Thanks for everything. This long and tedious process of planning finally came through. All employees that took part in the endless night meetings were awesome."

"They kept everything looking good. There was less disturbances than we had thought there would be. They were always courteous."

On February 21, 2009, District staff, along with creekside residents and several elected officials, met to celebrate the successful completion of the construction phase of the project. Attendees at the celebration expressed appreciation for the District’s efforts in working closely with residents to bring the project to completion.

FINANCIAL IMPACT:

A budget adjustment is requested to transfer $445,000 from Operations and Capital Reserves to the Adobe Creek Upper Reach 5 Restoration Project No. 10104011. The fund has adequate reserves to support this action. This budget adjustment increases the overall project costs from $6.8M to $7.24M.

It is anticipated that approximately $140,000 of the Extra Work/Contingency Funds for project construction will be unspent after post-construction monitoring is completed in 2012, and will be returned to the Watershed and Stream Stewardship Fund. These monies will somewhat offset the project cost overruns in the current fiscal year.
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ATTACHMENTS:
(1) Budget Adjustment
Please check ONE applicable box:

[Operating Budget includes: (1) Operations, (2) Operating Projects, and (3) Debt Service]

**Requires Board Approval and Becomes an Agenda Item**

- [ ] Between Funds
- [ ] Increase/(Decrease) Revenues/Appropriations
- [ ] Within Fund Between Operating & Capital Projects
- [ ] Within Fund Between Capital Projects Greater Than $100K

**Requires CEO's Approval**

- [ ] Within Fund Between Operating Projects
- [ ] Within Fund Between Capital Projects Less Than $100K

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**ITEM** | **DESCRIPTION** | **BUDGET YR** | **FUND** | **UNIT** | **ACCT** | **CHARGE NO.** | **AMOUNT** | **HOURS** | **TASK** | **INCREASE** | **DECREASE** | **LABOR ONLY**
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
1. | Operations and Capital Reserves | 2009 | 12 | | 3423 | | | | | | | $445,000.00 |
2. | Adobe Creek Upper Reach 5 Restoration | 2009 | 12 | 316 | 6799 | 10104011 | $445,000.00 |
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12. | | | | | | | | | | | | |

**TOTAL** | | | | | | | | | | | | $445,000 $445,000 |

**REASON FOR REQUEST:**

1. Cost overruns during project design in FY 2008.
3. Unexpected additional material and consultant costs during construction due to unexpected presence of Woodrats at the construction site.

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**ROUTING**

**A. Initiated by:**

- Receiving-Unit/Project Manager: [Signature] Date: 5/1/09 Ext: 2680
- [ ] Check box where project scope includes funding for legal services (Will require Counsel review #5)

**B. Budget Coordinator:**

- [Signature] Date: 5/1/09 Ext: 2657
- Receiving-Appointing Authority: [Signature] Date: 5/1/09
- Relinquishing-Appointing Authority: [Signature] Date: 5/1/09

**C. Business Resources Unit Mgr:**

- [Signature] Date: 5/1/09 Ext: 3068

**1. Receiving-Oversight Manager (Unclassified):**

- [Signature] Date: 5/1/09

**2. Relinquishing-Unit/Project Manager:**

- [Signature] Date: 5/1/09

**and**

**3. Relinquishing-Oversight Manager (Unclassified):**

- [Signature] Date: 5/1/09

**4. Budget Analyst (Budget Office):**

- [Signature] Date: 5/1/09

**5. Receiving-Appointing Authority:**

- [Signature] Date: 5/1/09

**6. Relinquishing-Appointing Authority:**

- [Signature] Date: 5/1/09

**7. District Counsel:**

- [Signature] Date: 5/1/09

**8. Approved by Board of Directors (Clerk):**

- [Signature] Date: 5/1/09

**9. Budget Analyst-Input:**

- [Signature] Date: 5/1/09

**Attachment 1**

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