



## CC Regular Meeting

# AGENDA ITEM REPORT

**Meeting:** June 3, 2025

**Title:** Amending the Fiscal Year 2024/2025 Capital Improvement Program to Increase Funding for the Covina Recreation Village Project and Authorize the Director of Public Works to Approve a Change Order for the Construction of Phase II - Library

**Presented by:** Rafael M. Fajardo, Director of Public Works/City Engineer

**Recommendation:**

1. Approve plans and specifications for the Covina Recreation Village Project Phase II – Library;
2. Adopt Resolution CC 2025-40 appropriating \$4,179,776.36 from various funding sources to the Covina Recreation Village Project in order to provide additional funding for the construction of Phase II – Library;
3. Authorize the Director of Public Works/City Engineer to approve a contract change order for the Covina Recreation Village Project to Perera Construction and Design, Inc. in the amount of \$9,276,796.36 for the construction of the new library building; and
4. Authorize a project contingency amount of \$565,281.10 to cover the cost of unforeseen construction expenses.

### EXECUTIVE SUMMARY:

As part of the City's Fiscal Year 2023-2024 Capital Improvement Program, the City Council approved the Covina Recreation Village Project (CRV), which consists of the construction of a new gymnasium, library, and offsite improvements situated on 2.49 acres at:

- 640 E Citrus Avenue – approximately 18,196 square feet (West Building)
- 680 N Citrus Avenue – approximately 13,652 square feet (East Building)

On July 16, 2024, the City Council approved a contract with Perera Construction and Design Inc. to construct the CRV Phase I, which consists of a new indoor gymnasium with offices for Parks & Recreation staff. Phase I is currently under construction. Upon an inquiry from City staff, Perera Construction and Design, Inc., submitted a change order for the potential construction of the CRV Phase II - Library with a not-to-exceed lump sum amount of \$9,276,796.36. The proposed construction cost is lower than Bernards Bros Inc. original bid of \$9,782,000 for the Library component of the CRV. Due to the uncertainty of economic conditions both locally and abroad and the current availability of construction monies, City staff recommends approval of Perera Construction and Design Inc.'s change order to construct the CRV Phase II – Library in order to further realize the City Council's overall vision for the CRV.

### DISCUSSION:

On March 12<sup>th</sup>, 2024, the City received one bid in the amount of \$29,756,000 from Bernards Bros Inc. for the construction of the Covina Recreation Village Project, which included the gymnasium building, library, and offsite improvements. The bid amount was approximately 30% above the Engineer's construction cost estimate as shown below:

West Gymnasium Building	\$19,974,000
<u>East Library Building</u>	<u>\$ 9,782,000</u>
Total	\$29,756,000

The proposed bid was subsequently rejected and City staff proceeded to conduct a construction cost analysis and concluded that phasing the project would be a more cost-effective solution. City staff eventually split the project into three distinct phases as follows:

- Phase I - Construction of an Indoor Gymnasium & Offices within the West Building
- Phase II - Construction of a new Library
- Phase III - Construction of off-site improvements

Upon re-bidding the project for Phase I, Perera Construction and Design Inc. was the successful bidder. Moreover, City staff scheduled the bidding of Phase II for January 2026; however, the imposition of sweeping tariffs at the federal level created economic uncertainty pertaining to major construction projects and will significantly increase construction costs, potentially impacting project budgets, timelines, and possibly leading to delays or cancellations. Therefore, City staff explored an alternative to start construction of Phase II as soon as possible in an effort to avoid an increase in critical costs and delays and discussed the feasibility of Phase II construction with Perera Construction and Design, Inc. Perera Construction and Design, Inc. subsequently submitted a change order to the City in the amount of \$9,276,796.36, which is \$505,203.64 lower than the cost estimate submitted by Bernards Bros Inc., with a tentative completion date of April 2026.

#### **FISCAL IMPACT:**

On July 16, 2024, the City Council approved a total of \$12,112,926 for construction of Phase I - Construction of an Indoor Gymnasium & Offices within the West Building. Funding for this phase of construction was entirely from competitive grant awards and special revenue funds.

The completion of Phase II - Construction of a new Library will cost an estimated \$9,276,796.36 with a \$565,281.10 contingency allowance for any unforeseen construction expenses. \$4,179,776.36 will be appropriated via Resolution CC 2025-40 while \$5,662,301.10 has already been appropriated. Of note, the competitive State Library grant award in the amount required a local match of \$3.072 million. As proposed, this local match will be funded through the City's Measure CC fund balance.

A comprehensive list of funding sources for Phase II is conveyed below:

<b>FUND</b>	<b>AMOUNT</b>	<b>ACCOUNT</b>
Library Grant – State Library Agency	\$5,377,020	460039ST-42190-P2202/460039ST-55100-P2202
Measure CC (Matching Funds)	\$3,072,226.36	46003900-49110-P2202/46003900-55100-P2202
Parks & Recreation CIP	\$127,550	46003900-48990-P2202/46003900-55100-P2202
PEG Fund	\$599,000	28903900-55100-P2202
Kahler Russell Gymnasium Fund	\$110,000	46303900-55100-P2202
Impact Fees - Library	\$210,000	47023900-55100-P2202
Borello Fund	\$61,000	29763900-55100-P2202
State of California Prop 68 Parks Grant	\$285,281.10	4600PR68-55100-P2202
<b>Total</b>	<b>\$9,842,077.46</b>	

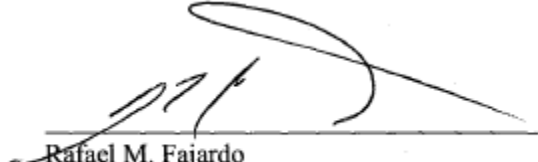
As proposed, the total project cost of \$23.27 million for Phases I and II of the Covina Recreation Village will be funded by approximately \$18.883 million (~87% of total cost) in grant awards/special revenue funds and \$3.072

million (~13% of total cost) in local Measure CC funds. Approximately \$1.617 million in grant award funds remain available for the proposed Phase III portion of this project to complete offsite improvements and a pedestrian bridge from the Covina Recreation Village to the City's F.A.I.R. District.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**

This project has been determined to be categorically exempt under CEQA in accordance with Title 14, Chapter 3, Class 1, Sections 15301 and 15302. This exemption includes the minor alteration of existing public facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The project involves negligible or no expansion of an existing use.

Respectfully submitted,

  
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Rafael M. Fajardo  
Director of Public Works/City Engineer