



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 12/08/2016
Agenda Item: 5A4

ACTION: Approve the transfer of budget appropriation from Capital Improvement Project Park Improvements – Contingency Fund – Grants/Other to Tempe Town Lake Dam Replacement. *(Related to Agenda Item 5A5)*

FISCAL IMPACT: \$250,000 of fiscal year 2016-17 appropriations will be transferred from Capital Improvement Program (CIP) Project No. 6309863 to CIP Project No. 6504229 to fund the settlement of a claim for changed conditions filed by Magnus Pacific, a subcontractor of PCL Construction. This Council action will transfer spending authority only and does not reduce any funding that has been allocated towards other parks improvement projects.

RECOMMENDATION: Approve the budget appropriation transfer.

BACKGROUND INFORMATION: In July 2015, Magnus Pacific, a deep excavation and slurry wall sub-contractor of PCL Construction (PCL), filed a claim against the City of Tempe in the amount of \$1.4 million for changed conditions related to the Tempe Town Lake Dam Replacement project. The claim has remained unsettled since that time and in recent months city staff participated in managed mediation resulting in a proposed settlement of \$250,000. PCL, the Construction Manager at Risk on this project, will match the city's contribution dollar for dollar.

Funding for this settlement is from the Rio Salado Capital Projects Fund (Fund 65) fund balance. Approximately \$1 million in remaining funds from the Tempe Town Lake Dam Replacement project was placed into fund balance at the end of fiscal year 2015-16 for this purpose.

ATTACHMENTS: N/A

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Department Director: Don Bessler, Public Works Director

Legal review by: Judi Baumann, City Attorney

Prepared by: Julie Hietter, Public Works Administration Manager