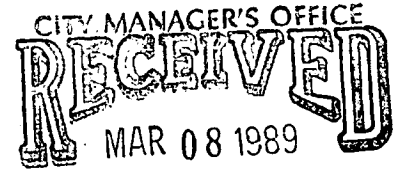
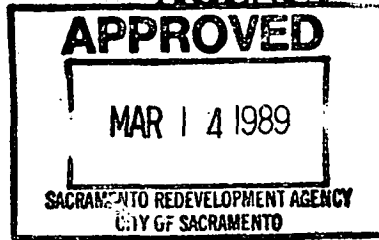




**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**

Comm Rpt
BTF
(31)



March 6, 1989

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Pioneer Hall - Withdrawal of Contingency Funds

SUMMARY

The staff recommends that \$7,900 be allocated to the Pioneer Hall project from contingency funds set aside for the project's use.

BACKGROUND

On September 29, 1987, the Agency entered into an Owner Participation Agreement/Construction Loan with the Pioneer Association for the rehabilitation of Pioneer Hall, located at 1010 - 7th Street. The Agreement provided that the Agency would lend the Pioneer Association a maximum of \$400,000 from the Downtown Developer Assistance Program for the rehabilitation project.

Of the \$400,000 allocated to the project, \$100,000 was set aside in a project contingency fund to be used upon approval by the Agency. The rehabilitation contractor, John F. Otto, completed the project in December of 1988. Upon final accounting, the contractor incurred \$15,861 in costs above what had been budgeted. The Pioneer Association has requested that the Agency add \$15,861 to its existing \$300,000 loan to the project from the project contingency fund in order to compensate the contractor for these expenses.

Agency staff have reviewed the Pioneer's request and recommend that the funds be provided to reimburse the contractor for half of the additional expenses incurred. The Agency is not legally obliged to make the payment since the contractor under-estimated his costs in the bid process. Staff does not, therefore, believe that the contractor should be reimbursed for the entire amount. However, as the contractor did not realize any profit from the project and would actually be out-of-pocket these expenses, we recommend that half of the additional amount be allocated in order to mitigate the burden on the contractor. (Please see Exhibit "A".)

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FINANCIAL DATA

The Agency has loaned \$300,000 at a five percent interest rate to the Pioneer Association for seven years and has set aside \$100,000 in a project contingency fund. The allocation of the requested funds (\$7,900) would bring the loan balance to \$307,900. The remaining funds held in contingency for the project, \$92,100, would be released for use in the Developer Assistance Program.

POLICY IMPLICATIONS

The recommended action is consistent with approved Agency policies.

MBE/WBE

No impact.

ENVIRONMENTAL REVIEW

Environmental review is not required for actions requested in the staff report.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of March 6, 1989, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Moose, Sheldon, Simpson, Strong, Yew, Wiggins

NOES: None

ABSENT: Simon, Wooley


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RECOMMENDATION

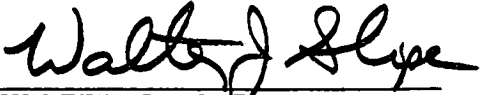
The staff recommends approval of the attached resolution which authorizes the allocation of \$7,900 to the Pioneer Hall project from project contingency funds. The resolution further authorizes the release of the remainder of the funds held in contingency, \$92,100, to the Developer Assistance Program.

Respectfully submitted,


ANDREW J. PLESCIA
Acting Executive Director

AJP/WS:cmc

TRANSMITTAL TO COUNCIL:


WALTER J. SLUPE
City Manager

Contact Person: Wendy Saunders, Associate Planner
440-1355

0375C

RESOLUTION NO. 89-020

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

ALLOCATION OF CONTINGENCY FUNDS PIONEER HALL PROJECT

WHEREAS, the Redevelopment Agency of the City of Sacramento (Agency) approved the execution of an Owner Participation Agreement/Construction Loan (OPA) with the Pioneer Association by Resolution No. 87-080; and

WHEREAS, the OPA allocated \$100,000 to a project contingency fund; and

WHEREAS, the Agency now desires to use a portion of the contingency fund for the project and release the remainder;

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The use of \$7,900 of the project contingency fund for the project is hereby approved.

Section 2: \$92,100 from the project contingency shall be transferred to the Developer Assistance Program (cost center A00882).

CHAIR

ATTEST:

SECRETARY



1100WPP2(234)

JOHN F. OTTO, INC.
Pioneer Building Renovation
Budget vs. Actual

	<u>Budget</u>	<u>Actual</u>	<u>(Overbudget) Underbudget Amounts</u>
Labor	\$196,095	\$228,692	(\$32,597)
Material	36,381	41,541	(5,160)
Subcontracts	350,015	332,396	17,619
Equipment/Other	<u>17,190</u>	<u>12,913</u>	<u>4,277</u>
Total	<u>\$599,681</u>	<u>\$615,542</u>	<u>(\$15,861)</u>
Total Costs	\$615,542		
Total Contract	<u>599,681</u>		
Contingency	<u>\$ 15,861</u>		