



Agenda Item No. (4)(b)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of June 23, 2022

From: Michael Hoffman, Director of Engineering and Maintenance, Ferry Division
James P. Swindler, Deputy General Manager, Ferry Division
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
(b) BUDGET INCREASE IN THE FY 22/23 FERRY DIVISION
CAPITAL BUDGET FOR PROJECT #2241, FERRY VESSEL
REHAB

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize a budget increase to take effect July 1, 2022, in the FY 22/23 Ferry Division Capital Budget for Project #2241, *FY22 Ferry Vessel Rehab*, in the amount of \$1,100,000.

This matter will be presented to the Board of Directors at its June 24, 2022, meeting for appropriate action.

Summary

There are insufficient funds available in the Ferry Division Capital Budget for Project #2241, *FY22 Ferry Vessel Rehab*, to fund the necessary drydockings of the *M.S. San Francisco* and the *M.S. Sonoma*. All passenger vessels operated by the District are required to complete an out-of-the water hull exam on a biennial interval. These drydockings are routine, biennial projects, necessary to maintain regulatory compliance with the United States Coast Guard and to keep the fleet in a state of good repair. The General Manager routinely awards drydocking contracts like this one within his Board-delegated authority as set forth in the District's Procurement Policy.

In response to a formal competitive procurement for the routine drydocking necessary for Project #2241, the District received a low bid in the amount of \$1,620,728 which is \$870,728 more than the budgeted amount for the prime contract for Project #2241. Project #2241 was initially developed anticipating a single vessel to be drydocked. In addition to increased prime contract and prime contract contingency costs, the District now anticipates needing additional funds to cover general project expenditures including owner furnished materials. In total, a budget increase in the amount of \$1,100,000 is recommended in order to cover the prime contract, general expenditures, and a 30% contingency fund to cover potential maintenance items resulting from the

out-of-the water hull exam. If this budget increase is approved by the Board, the General Manager will award the prime contract to the lowest responsive and responsible bidder, in accordance with his procurement authority.

Fiscal Impact

Project #2241, *FY22 Ferry Vessel Rehab*, was approved in the FY 21/22 Ferry Division Capital Budget in the amount of \$1,430,000. The proposed budget amendment, reflected in Table 1, would result in a \$1,100,000 increase to the total project budget, to take effect July 1, 2022. The revised total project budget of \$2,530,000 will be \$2,024,000 (80%) funded by the Federal Transit Administration (FTA) and \$506,000 (20%) District-funded. Staff labor and fringe costs have been reduced based on the project scope of work. This budget increase will fund the prime contract, a 30% prime contract contingency fund, and general project expenditures for necessary parts and materials.

Table 1: Proposed Budget Increase by JL Object

| Description | Original | Proposed | Change |
|------------------------------|--------------------|--------------------|--------------------|
| District Staff Labor | \$ 300,000 | \$ 150,000 | \$ (150,000) |
| Non-Rep Staff Fringe | \$ 180,000 | \$ 90,000 | \$ (90,000) |
| General Project Expenditures | \$ 50,000 | \$ 139,272 | \$ 89,272 |
| PS&E Contract | \$ 15,000 | \$ 15,000 | \$ - |
| Prime Contract | \$ 750,000 | \$1,620,728 | \$ 870,728 |
| Prime Contract Contingency | \$ 100,000 | \$ 480,000 | \$ 380,000 |
| Construction Management | \$ 35,000 | \$ 35,000 | \$ - |
| | \$1,430,000 | \$2,530,000 | \$1,100,000 |