



Committee Report

(Corrected)

TO: Board of Harbor Commissioners

FROM: Commissioner T. Mattusch, Chair
Commissioner, K. Slater-Carter, Member

DATE: August 16, 2023

SUBJECT: Adjustment to the FY2023/2024 Capital Improvement Program

Issue:

Concern with fully funding approved and funded capital improvement projects.

Recommended Motion:

Approve the amendment to the FY2023/2024 Capital Improvement Program to defund, in whole or in part, the following projects for FY2023/2024 and reassign to future fiscal years:

1. Johnson Pier Electrical Upgrade
2. Johnson Pier Pile Repair Project
3. OPM Dock Landings Docks 1-6
4. Pillar Point Rock Slope Repair

Fiscal Implications:

If approved, funds for FY2023/2024 may be redirected to ensure funding is available to fund current projects.

Background/Discussion:

Capital improvement projects have significantly increased in cost, well beyond estimated budget amounts. The increase is due to multiple factors including inflation, limited resources, supply chain issues, and increased labor costs.

For example:

The OPM Docks 12, 13, and 14 Replacement Project estimated at \$5 million, is now estimated to be \$18 million, a 260% increase.

Ketch Joanne Restaurant ADA Restroom Project was estimated to cost \$400,000, actual cost was \$1,198,500, a 200% increase.

The West Trail Project was originally estimated at \$1,500,000, actual cost \$2,551,953, a 70% increase.

The Surfers Beach ADA Restroom and Green Space Project was estimated at \$641,250, current costs are \$3,965,807, an 518% increase. (See Attachment (1)).

If we continue this trend, the Surfers Beach Replenishment Pilot Project, which is estimated to cost \$4.8 million, will cost \$6.7 million, a \$1.9 million difference. The Johnson Pier projects (electrical upgrade/piling repairs) estimated to be \$2.7 million, would be \$3.3 million, a difference of \$600,000.

The FY2023/2024 Working Capital Available for the Capital Improvement Program is \$10,831,404.

The Current Working Capital needed to fund the approved FY2023/2024 Capital Improvement Program is \$13,402,050.

With the adjustment for inflation, increased labor costs, and increased construction costs, the estimated need for FY2023/24 is \$17,405,875. This amount is well beyond our current available working capital. An adjustment to the Capital Improvement Program must be made to ensure enough funding to complete each project. (See Attachment (1))

The Committee's recommendation is to delay the following projects:

- | | |
|---|---------------|
| 1. Johnson Pier Electrical Upgrade | \$1 million |
| 2. Johnson Pier Pile Repair Project | \$2.3 million |
| 3. OPM Dock Landings (Docks 1-6) | \$1.7 million |
| 4. Pillar Point Rock Slope Repair | \$1.5 million |
| 5. Split FYs with Surfers Beach Pilot Project | \$3.7 million |

With pushing the above projects to future years, the following applies:

Working Capital Available	\$10.8 million
Adjusted Working Capital needed for FY2023/2024	\$7.2 million
Remaining Capital Available:	\$3.6 million

Recommendation Motion:

Approve the amendment to the FY2023/2024 Capital Improvement Program to defund, in whole or in part, the following projects for FY2023/2024 and reassign to future fiscal years:

1. Johnson Pier Electrical Upgrade
2. Johnson Pier Pile Repair Project
3. OPM Dock Landings Docks 1-6
4. Pillar Point Rock Slope Repair
5. \$3.7 million of Surfers Beach Pilot Project

Attachment:

- 1) FY2023/2024 Capital Improvement Plan

Attachment 1
FY2023/2024 Capital Improvement Plan

Project Estimated Cost	F23/24 Budgeted Cost
Johnson Pier Electrical Upgrade	\$1,000,000
\$1,041,000	
Johnson Pier Piling Repairs	\$1,700,000
\$2,397,000	
Surfers Beach Restroom/Green Space	\$3,622,050
\$3,984,255	
Surfers Beach Replenishment Pilot Project	\$4,800,000
\$6,768,820	
OPM Dock Landings (Docks 1-6)	\$1,200,000
\$1,692,000	
Pillar Point Harbor Rock Slope Repair	\$1,080,000
\$1,522,800	
Total:	\$13,402,050
\$17,405,875	