



Dear Mayor and Council Members,

On behalf of City Manager Ed Shikada, please see staff responses below for questions from Council Member Tanaka on the [Monday, December 9 Council Meeting](#).

Item 9: Approval of Contract Amendment Number 1 to Contract Number C21179976 with TruePoint Solutions, LLC in the Amount of \$362,312 through December 31, 2026 to Provide Technical Support of Services Related to the Land Use Management Permitting System (Accela); This Amendment Results in a Revised Total Contract Not-to-Exceed Amount of \$1,263,995. CEQA Status: Not a Project.

- 1. How is the 6% technology fee calculated, and is it sufficient to cover the ongoing and future maintenance costs, especially if construction activity declines?**

Staff response: The 6% technology fee is calculated based on current and planned future software needs and resources for projects. If the collected technology fund declines, we would prioritize maintaining day-to-day software needs and re-evaluate future technology projects.

- 2. What are the primary risks associated with the ongoing relationship with TruePoint, and what mitigation strategies are in place to address potential issues like system delays or cost overruns?**

Staff response: The primary risk with the ongoing relationship with TruePoint is the lack of knowing what solutions other firms may develop during the contract term. TruePoint is helpful in troubleshooting any delays or issues with our Accela system and emphasis has been placed on systems documentation to provide the resources for a prompt response should systems issues occur. As for any cost overruns, it has not been our experience to encounter cost overruns with TruePoint; however, prioritization of projects and improvements would be key in limiting cost overruns. We do not foresee any cost overruns as the current contract is under budget.

- 3. How does the City ensure that the 10% rate increase is competitive with other vendors offering similar services, and what benchmarks are used to assess this**

Staff response: TruePoint's rate increases are consistent with the General Services Administration (GSA) rates.

- 4. How will the current system customizations, such as GIS integration and mobile solutions, be preserved in the event of a transition to a new vendor?**

Staff response: Current system customizations would remain if transitioning to a new vendor, but it would be challenging and time-consuming for the new vendor to learn how things were customized, how they are interrelated, and subsequently make any improvements. We are focusing on documenting customizations and there are existing City staff with more technical knowledge that will be able to help in the event of a transition.

Item 11: Approval of 1) Amendment No. 7 to Contract No. C16163034A with Cumming Management Group, Inc. in the amount of \$827,418 for Additional Construction Management Services; 2) Increase of Construction Contingency for Contract No. C21178123B with Swinerton Builders in the Amount Not-to-Exceed \$3,000,000 for the New Public Safety Building Capital Improvement Program Project (PE- 15001); and 3) Budget Amendment in the Capital Improvement Fund; CEQA - Environmental Impact Report for the New Public Safety Building (Resolution No. 9772)

1. What specific factors led to the initial underestimation of construction costs, and how can we avoid similar errors in future projects?

Staff response: The engineer's construction estimate for the project prior to bidding in 2020 was \$88.7 million. The contractor's low bid and resulting construction contract value was \$84.0 million. Staff's recommendation of an additional \$3 million in contingency does not imply that the construction cost was underestimated, given that the total recommended contingency increase of \$5 million to date roughly aligns with the difference between the low bid and the engineer's estimate.

2. How do the additional \$3 million requested for construction contingency compare with industry standards for similar public safety building projects in terms of risk management and project size?

Staff response: Contingency use is not a reflection of risk management. Factors that contribute to the complexity of this project include two basement levels, ballistic rated building exterior, and highly technical electrical, mechanical, and communications systems with redundancies and emergency power backup. It is not uncommon for public construction projects to use a contingency higher than the 10% initially approved for this project. In fact, during Council's action item discussion to approve the construction contract, there was dialogue about whether a higher contingency of 15% would be appropriate given the project's complexity.

3. Is it possible to provide a clear and detailed breakdown of how the \$2 million contingency funds were used, and what percentage of that went towards addressing unforeseen site conditions versus code compliance issues?

Staff response: About \$200,000 of the previously approved additional contingency funding currently remains. The rest of the funding was used to address a number of issues, with some of the most substantial individual ones being fire rating in the detention area, plaster soffit details, and B1 and B2 basement shaft design clarifications. For the change order requests supported by the added contingency, approximately 75% were related to design clarifications, with about 22% stemming from owner changes or changes by Authorities Having Jurisdiction, and 3% from unforeseen site conditions. All change orders for the public safety building are reviewed by the City Auditor as part of the Public Safety Building Construction audit.

- 4. How will the City manage potential future cost escalations if the requested \$3 million contingency does not suffice, especially with the project still facing the risk of additional change orders or price fluctuations?**

Staff response: Staff and the construction manager continue to thoroughly vet all change order requests submitted by the contractor, including rejecting change order requests that do not demonstrate entitlement and issuing change orders unilaterally when we agree on entitlement but believe the submitted costs to be overstated. If the contractor submits change order requests demonstrating entitlement to compensation beyond the requested \$3 million contingency increase, staff will prioritize needs within the capital budget and return to Council for any necessary authorization.