



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 30, 2026

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, L.S., P.E.

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TITLE: SHERWOOD RECREATION CENTER BUILDING
IMPROVEMENT, CIP NO. 9535
INCREASING CONSTRUCTION CONTINGENCIES

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. Approving an increase in the construction contingency amount by \$60,000 for a revised contingency amount not to exceed \$710,000 for the Sherwood Recreation Center Building Improvement (CIP 9535); and
2. Appropriating \$60,000 from Community Development Block Grants (CDBG) funds to CIP 9535.

EXECUTIVE SUMMARY:

On December 9, 2025, City Council approved Resolution No. 23382, awarding a \$2,230,401 contract to Precision Construction Services for the Sherwood Recreation Center Building Improvement, CIP 9535. The Council initially approved a \$450,000 construction contingency and subsequently, an increase of \$200,000 on June 2, 2026.

Of the approved \$650,000 construction contingency approved, approximately \$110,000 remains. However, known pending change orders are expected to exceed this balance. To cover these costs and handle minor finishing-phase adjustments, staff requests that City Council increase the construction contingency by \$60,000, bringing the new total cap to \$710,000.

BACKGROUND:

On December 9, 2025, City Council, pursuant to Resolution No. 23382, awarded a \$2,230,401 contract to Precision Construction Services for the Sherwood Recreation Center Building Improvement, CIP 9535, and approved a construction contingency amount of \$450,000.

Major change orders were identified during the demolition phase of construction which included unsuitable soils, damaged CMU walls, water damage, and wood rot.

On June 2, 2026, City Council, pursuant to Resolution No. 2026-093, authorized an increase of construction contingencies of \$200,000 to accommodate existing and pending change orders. Since then, multiple large change orders have been executed for new solar lights, curbs in the parking lot, access door for roof, new structural bracing along roof parapet wall, core drilling of unforeseen concrete slab, fiber replacement, and new building signage.

Of the \$650,000 approved contingencies, approximately \$110,000 remains. Twenty-eight change orders have been approved to date for a total change order amount of ~\$540,000. In anticipation for pending change orders including the installation of vertical safety netting, grinding and overlay of ADA stalls, replacement of lobby windows, cleaning of basketball court and minor unforeseen change orders as the project nears completion, City staff requests City Council approval of an increase to construction contingencies by \$60,000 for a revised construction contingency amount not to exceed \$710,000. Table 1 provides a summary of the pending change orders.

Table 1: Pending Change Orders

Known Pending Change Orders	Cost Estimates
Netting installation	\$70,918.24
Asphalt replacement at ADA stalls and aisles	\$36,037.47
Cleaning and rust removal of the basketball courts and backboards	<i>pending</i>
Replacement of deteriorated windows at lobby	<i>pending</i>
Estimated Total	\$140,000

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This project addresses the City Council’s Goals of *Youth and Seniors, Infrastructure and Public Safety*.

DEPARTMENTAL COORDINATION:

The process of administering this project involves Public Works, Library and Community Services, Community Development, Finance, and Legal Departments.

Public Works Department is managing the project with activities that include construction management, labor compliance, and inspection services during construction. The project is a CIP for the Library and Community Services Department and is entirely funded with CDBG funds which is being administered by the Community Development Department. Finance Department manages the proper disbursement of funds and is involved with the reporting requirements of the CDBG funds, and Legal Department reviews pertinent documents/contracts to ensure compliance with applicable laws and regulations. Thus, staff from these Departments are very actively involved with the development and execution of this project.

FISCAL AND SUSTAINABILITY IMPACT:

There will be no fiscal impact on the General Fund, as the funding will be appropriated from CDBG program funds.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2910	30.3240-66.3600	Capital Outlays Contribution – Bldg Construction	\$191,955	(\$60,000)
2910	55.9535-66.3000	Capital Outlays Building Improvements	\$0	\$60,000

ATTACHMENT:

Resolution