

File ID: 2026-00857

5/5/2026

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**[Memorandum of Understanding] Fund Transfer from North Sacramento-Hagginwood Library Relocation (NSHLR) Project (C15000850) to Sacramento Public Library (SPL) and Change Order John F. Otto Inc., dba Otto Construction**

File ID: 2026-00857

**Location:** 1124 Del Paso Boulevard, District 2

**Recommendation:** 1) pass a **Motion:** a) authorizing the City Manager or designee to execute Change Order No. 3 to Contract No. 2025-4573 with John F. Otto Inc. dba Otto Construction, for an amount not-to-exceed \$207,754 for a new total amount not-to-exceed of \$7,823,339; b) ratifying Change Orders 1 and 2 for this project issued under City Manager authority; and c) resetting the City Manager's or designee's authority to issue change orders for Contract No. 2025-4573; and 2) adopt a **Resolution:** a) authorizing the City Manager or designee to execute a Memorandum of Understanding (MOU) between the City of Sacramento and the Sacramento Public Library Authority (SPL) in an amount not-to-exceed \$430,000 for the North Sacramento-Hagginwood Library Relocation Project (NSHLR); and b) transferring \$430,000 (General Fund, Fund 1001) from North Sacramento-Hagginwood Library Relocation Project C15000850 to the SPL CIP.

**Contact:** Ezra Roati, Senior Architect, (916) 808-5877, [eroati@cityofsacramento.org](mailto:eroati@cityofsacramento.org); David Avila, Supervising Architect, (916) 808-7501, [dravila@cityofsacramento.org](mailto:dravila@cityofsacramento.org); James Christensen, Facilities Manager, (916) 808-5863, [jchristensen@cityofsacramento.org](mailto:jchristensen@cityofsacramento.org); Department of Public Works

**Presenter:** None

**Attachments:**

1-Description/Analysis

2-Resolution

3-Change Order No. 3 - John F. Otto Inc., dba Otto Construction

**Description/Analysis**

**Issue Detail:** The City of Sacramento, in collaboration with SPL, is undertaking the renovation of an existing building and relocation of the North Sacramento-Hagginwood Library to address the community's growing need for a larger facility. Originally established in 1987 through the merger of the North Sacramento and Hagginwood branches, the current 4,000-square-foot facility is outdated

and no longer meets the operational needs of the community. The new 19,000-square-foot branch, currently under renovation, will allow the SPL to better serve the surrounding community through services and access to resources. As part of the ongoing renovation, the City is responsible for funding the opening day collections and making associated improvements that assist in operations and security of the facility.

Under the 2007 Joint Powers Authority (JPA) Agreement with SPL, Sacramento must provide, maintain, and improve library facilities, including funding opening day collections within their boundary. The City has committed to funding these collections for NSHLR project, ensuring a diverse range of books, DVDs, audiobooks, digital resources, and other materials upon the library opening.

The opening day collection will cover a broad range of formats and subjects to meet community needs. This includes print titles for adults, teens, and children; large print materials; multilingual resources; and popular media for entertainment and lifelong learning. The aim is to open the library with an inclusive collection that matches the interests and informational needs of its patrons from day one.

The City will also fund the purchase of a new automated material handling system (AMHS) so that this library can be a regional location for sorting and distributing books back to nearby branches.

On October 7<sup>th</sup>, 2025, the City Council awarded a \$7,076,000 contract to John F. Otto, Inc. dba Otto Construction for remodeling the building as the new North Sacramento-Hagginwood Library. Change Orders No. 1 and 2 totaling \$539,585 have been executed under the City Manager's Authority to address changes to the bid documents, drawing coordination issues, unforeseen site conditions, and City or Library-initiated changes encountered during construction.

Change Order No. 3, totaling \$207,754, includes on-site electrical revisions, coordination of low-voltage systems (such as CCTV, public address, security alarm, and card reader modifications), as well as updates to door materials and hardware. This scope was largely excluded from the original construction contract because the design details were not yet fully developed and there was a need to begin construction. Incorporating this work later through a change order allowed the project to proceed without further delay.

**Policy Considerations:** The recommendations in this report are in accordance with the provisions of the City Code Chapter 3.56, which requires City Council approval for contracts over \$250,000 or more. Per City Code Section 3.04.20, "For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000", the City Council must review and approve any change order which exceeds 8% of the original contract price

**Economic Impacts:** The recommended Contract Change Order No. 3 is expected to create 1.54 (0.98 direct jobs and 0.56 job through indirect and induced activities) and create \$202,876 in total

economic output (\$130,049 of direct output and another \$72,827 of output in indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

**Environmental Considerations:**

**California Environmental Quality Act:** No environmental review is necessary because the recommendations in this report involve the repair of an existing structure with no expansion beyond the previously existing level of use and are therefore considered to be an exempt project or activity in accordance with Section 15301 of the CEQA Guidelines.

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Executing an MOU between the City and the SPL will provide a documented agreement on how the funds will be transferred from the City to SPL for the reimbursement of the opening day materials, as well as the purchase of the new automatic material handling system (AMHS). Any remaining funds after the purchases will be returned to the City and transferred back to the originating CIP. If the costs of the opening day material and AMHS exceed \$430,000, SPL will be required to fund any cost overruns.

Consistent with SPL's Procurement Policy outlining what is qualified under a micro purchase provision, purchases of books and materials are exempt from competitive bidding due to their specialized nature.

SPL uses established jobbers like Brodart and Ingram for timely delivery and efficient implementation of books and materials. Brodart will fulfill the opening day collection for diverse and community-responsive resources.

Approving the fund transfer enables compliance with the JPA Agreement and ensures the North Sacramento-Hagginwood Library opens equipped and ready to serve the community.

Ratifying Change Orders No. 1 and 2, approving Change Order No. 3 and resetting the City Manager's authority to approve change orders will facilitate the completion of the North Sacramento - Hagginwood Library replication project.

**Financial Considerations:** There are sufficient funds in the North Sacramento-Hagginwood Library Relocation Project (C15000850), General Fund (Fund 1001), to transfer \$430,000 to SPL for the opening day materials and the AMHS and cover the costs of Change Orders No. 1 and No. 2 for a total not-to-exceed amount of \$539,585, and Change Order No. 3 for a total not-to-exceed amount of \$207,754, bringing the total not-to-exceed amount to \$7,823,339 for Contract No. 2025-4573. There are also sufficient funds in C15000850 to cover the costs for change orders and management required to complete the project.

**Local Business Enterprise (LBE):** John F. Otto Inc., dba Otto Construction is an LBE and meets those requirements. For the SPL fund transfer, the minimum LBE participation requirement is waived for the City's use of cooperative purchase agreements that have been competitively bid, evaluated, and awarded by other governmental agencies that may or may not have similar LBE programs.

## **RESOLUTION NO. 2026-XXXX**

Adopted by the Sacramento City Council

, 2026

### **Transfer of funds to the Sacramento Public Library (SPL) for Opening Day Collection and AMHS System at North Sacramento-Hagginwood Relocation Project: (C15000850)**

#### **BACKGROUND**

- A. The North Sacramento-Hagginwood Library Relocation Project (NSHLR) was awarded a Building Forward Grant from the California State Library during the Phase 2 distribution of grants for \$7,245,242 in 2023, with a City match of \$6,904,100 approved October 9, 2023.
- B. A total of \$6,904,100 funds were transferred from the General Fund (Fund 1001) and \$1,500,000 funds were transferred from Measure L (Fund 1004) to cover the City match and the remaining cost to design, manage and construct the library renovations.
- C. The project is now under construction, and it is time to secure library opening day materials. As required by the Joint Powers Agreement (JPA) between the City of Sacramento and the Sacramento Public Library Authority (SPL), the City is required to fund the acquisition of the opening-day materials.
- D. Opening day materials were included as part of the overall project budget. The SPL has the expertise and purchasing contracts to procure the required opening day materials. To help streamline the process, the City will enter into an MOU with the SPL, so the City can transfer the funds to SPL for the required purchases including the opening day materials and the automatic material handling system (AMHS).
- E. The City will transfer \$430,000 for the opening day materials and AMHS. Any funds leftover, after the purchase of opening day materials or AMHS will be returned to the City by transferring them back into the original CIP. If the opening day materials exceed \$300,000, SPL will be required to fund any cost overruns. If the AMHS exceeds \$130,000, SPL will be required to fund any cost overruns.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The City Manager or designee is authorized to execute a Memorandum of Understanding between the City of Sacramento and the Sacramento Public Library Authority (SPL) to reimburse the SPL for the purchase of opening day materials for the NSHLR project.
- Section 2. Transfer \$430,000 (General Fund, Fund 1001) from North Sacramento-Hagginwood Library Relocation Project C15000850 to the SPL CIP.

# City of Sacramento CHANGE ORDER

**Contract #:** C2025-4573  
**Purchase Order #:** 0000083094

**DATE:** 10/10/2025

**Budget #:** C15000850  
**Change Order #:** 3

**TO:** John F. Otto Inc, dba Otto Construction  
**Contract For:** North Sacramento-Hagginwood Library Roof and Remodel Project

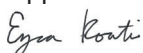
Upon mutual acceptance of this document the City of Sacramento, hereinafter referred to as "City" and your firm, hereinafter referred to a "Contractor", in accordance with the terms and conditions of the original contract documents, you are hereby directed to make the following change or changes for the consideration set forth below:

**Description:** Various additional work either due to unforeseen conditions, changes to bid documents or Library-requested items necessary to complete the project.

**Additional Work:** *SEE ATTACHED EXHIBIT A*

The original contract sum was	\$7,076,000.00
Net change by previous Change Orders	<u>\$ 539,585.00</u>
The contract sum prior to this Change Order was	\$7,615,585.00
The contract sum will be increased by this Change Order	<u>\$ 207,754.00</u>
<b>New contract sum including all Change Orders</b>	<b><u>\$7,823,339.00</u></b>

Contractor agrees that the amount of increase or decrease in the contract sum specified in this Change Order shall constitute full compensation for the work required by this Change Order, including but not limited to all compensation for the additional costs, if any, which may accrue to the Contractor by reason of any change in work schedules, other contract or cost of the project in any way made necessary by this Change Order. The time for performance of the contract will be extended by **0 days**, to complete the project by reason of the performance of the work required by this Change Order. Except as herein above expressly provided, Contractor further agrees that the performance of the work specified in this Change Order or the rescheduling of the other project work made necessary by this Change Order, shall not constitute a delay which will extend the time limit for completion of the work as said term is used in the contract between the City and Contractor for the project.

Approval Recommended By:  Digitally signed by Ezra Roati  
DN: cn=Ezra Roati, o=City of Sacramento, ou=DOT,  
ou=DOT-S, DC=sacramento, DC=org  
Reason: I have reviewed this document  
Date: 2025.04.13 12:59:31-0700 04/13/2026  
Project Manager Date

Approved By: \_\_\_\_\_  
Ryan Moore  
Assistant City Manager

Approved By: \_\_\_\_\_  
Nicholas  
FoleyProject  
ManagerOtto  
Construction 04/13/2026  
Contractor Date

Approved By: \_\_\_\_\_  
City Clerk

Approved By: \_\_\_\_\_  
City Attorney

EXHIBIT A  
 North Sacramento-Hagginwood Library Remodel Project  
 C2025-4573 Change Order No. 3

All changes to the scope are noted below and described further in the corresponding Proposed Change Order ("PCO").

PCO #	Status	Description	Date Accepted	Reason	City Accepted Amount	Calendar Days Impact
PCO 021.1	Accepted*	ASI 03- Electrical and Low Voltage	4/7/2026	Client Initiated Changes	\$ 207,754.00	0

1 Item	<b>PCO TOTAL- This Change Order- Change Order 3</b>	<b>\$ 207,754.00</b>	0
			Days

Total By Reason	Changed/Unforeseen Conditions	\$ -	
	Changes to Bid Documents	\$ -	
	Client Initiated Changes	\$ 207,754.00	
	<b>Original Contract Amount</b>	<b>\$ 7,076,000.00</b>	
	Percentage this Change Order	2.9%	
	Previous Change Orders 01 & 02	\$ 539,585.00	
	Percentage Since Council Award	10.6%	
	<b>Total Contract Amount- CO-03</b>	<b>\$ 7,823,339.00</b>	

\* This PCO compensates the Contractor for work associated with this project. This payment shall constitute full compensation for the work including materials, labor, equipment, and markups.

\*\* This PCO compensates the Owner for work associated with this project. This payment shall constitute full compensation for the work including materials, labor, equipment, and markups.