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**STAFF REPORT**

REPORT to the MAYOR and MEMBERS of the CITY COUNCIL  
From the CITY MANAGER

DATE: March 26, 2019

SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA MESA  
AUTHORIZING APPROPRIATION FROM THE RISK LIABILITY  
RESERVE ACCOUNT FOR THE REMEDIATION OF WATER AND  
TERMITE DAMAGE AT THE LA MESA COMMUNITY CENTER AND  
AUTHORIZING AN EMERGENCY PURCHASE ORDER TO OTERO  
CONSTRUCTION, INC.

ISSUING DEPARTMENT: Community Services

SUMMARY:

Issue:

Should City Council adopt a resolution approving an appropriation from the Risk Liability Reserve Account in the amount of \$300,000 for the remediation of water and termite damage at the La Mesa Community Center and authorize an emergency purchase order to Otero Construction, Inc., in the amount not to exceed \$250,000?

Recommendation:

Adopt a resolution approving an appropriation from the Risk Liability Reserve Account in the amount of \$300,000 for the remediation of water and termite damage at the La Mesa Community Center and authorize an emergency purchase order to Otero Construction, Inc., in the amount not to exceed \$250,000?

Fiscal Impact:

Funds will be used from the 604, Risk Liability Reserve Account with no General Fund impact.

City's Strategic Goals:

- Continue to improve high quality municipal services
- Enhanced recreation and quality of life opportunities

Environmental Review:

This project is categorically exempt from environmental review pursuant to CEQA Guidelines Section 15301.

**BACKGROUND:**

On December 11, 2018, City Council approved a resolution to award a construction contract for the Community Center and Adult Enrichment Center renovations capital improvement project to Otero Construction, Inc. Work began on February 11, 2019 to remove wall paper from the Community Center Arbor View Room, upon which water damage and mold was discovered. Because of the disruption to Community Center facility users' planned events and potential impact to public health, an emergency purchase order to Otero Construction, Inc. to remediate the mold and water damage was put into place on February 14, 2019, in accordance with La Mesa Municipal Code Section 2.40.160(d).

Due to the extent of the water damage, there was an increase in the amount of dry wall removal in order to remediate. The process also revealed broken pipes, extensive leaking from windows and termite damage that will need to be repaired prior to the scheduled facility renovations. This appropriation will also include services for environmental inspections and treatment of termites.


DISCUSSION:

Because of the time sensitive nature of the disruption of services to the community and potential health risks, an emergency purchase order was issued to Otero Construction, Inc. to remediate water damage and needed repairs in the Community Center. In addition, termite inspection and treatment as well as services for environmental inspection have been added to the project. A claim has been filed with the City's insurance carrier and any insurance reimbursement will go back into the Liability Risk Fund.

CONCLUSION:

Staff recommends that the City Council adopt a resolution approving an appropriation from the Risk Liability Reserve Account in the amount of \$300,000 for the remediation of water and termite damage at the La Mesa Community Center and authorize an emergency purchase order to Otero Construction, Inc., in the amount not to exceed \$250,000.

Reviewed by:

  
\_\_\_\_\_  
Yvonne Garrett  
City Manager

Respectfully submitted by:

  
\_\_\_\_\_  
Sue Richardson  
Director of Community Services

  
\_\_\_\_\_  
Scott Munzenmaier  
Purchasing Officer

Attachments: A. Resolution

RESOLUTION NO. 2019-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA MESA  
AUTHORIZING APPROPRIATION FROM THE RISK LIABILITY RESERVE  
ACCOUNT FOR THE REMEDIATION OF WATER AND TERMITE DAMAGE AT  
THE LA MESA COMMUNITY CENTER AND AUTHORIZING AN EMERGENCY  
PURCHASE ORDER TO OTERO CONSTRUCTION, INC.

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WHEREAS, the City of La Mesa has a contract with Otero Construction, Inc. to do capital improvement project renovations at the La Mesa Community Center and Adult Enrichment Center;

WHEREAS, during the first phase of renovation, extensive water and termite damage was discovered that was determined to result in a serious interruption of services and a potential impact to public health;

WHEREAS, the City of La Mesa waives competitive bidding due to emergency circumstances per La Mesa Municipal Code Section 2.40.160(d); and

THE CITY COUNCIL FINDS AND DETERMINES AS FOLLOWS: The project is exempt from environmental review under CEQA Guidelines Section 15301. Section 15301 exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of public or private structures involving negligible or no expansion of a use beyond what existed at the time of the lead agency's determination. The project meets the criteria for the exemption. None of the exceptions in Section 15300.2 apply.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, by the City Council of the City of La Mesa, that the City Council authorizes the appropriation of \$300,000 from the Liability Risk Reserve Fund for remediation of water and termite damage at the La Mesa Community Center and authorizes an emergency purchase order to Otero Construction, Inc. in an amount not to exceed \$250,000.

PASSED AND ADOPTED at a Regular meeting of the City Council of the City of La Mesa, California, held the 26th day of March 2019, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MEGAN WIEGELMAN, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2019-, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MEGAN WIEGELMAN, CMC, City Clerk

(SEAL OF CITY)

ATTACHMENT A


**CERTIFICATE OF CITY/DIRECTOR OF FINANCE**

Certification of Unappropriated Reserves

I HEREBY CERTIFY that the money required for the appropriation of funds for the purpose as docketed is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unappropriated.

Amount \$ 300,000.00 Fund 604 (Liability Risk Fund)

Purpose Transfer and Appropriation of Risk Liability Fund Reserves to the General Fund  
for Remediation of Water and Termite Damage at the La Mesa Community  
Center.

  
\_\_\_\_\_  
Director of Finance  
City of La Mesa

Date 03/20/2019 By Yvonne Garrett

Unappropriated Reserves Available Balance \$ 2,056,544.01 (604-3900)

Certification of Unencumbered Balance

I HEREBY CERTIFY that the indebtedness and obligation as docketed can be incurred; that sufficient monies to meet the obligations are actually in the Treasury, or are anticipated to come into the Treasury to the credit of the appropriation from which the same are to be drawn; and that said monies now actually in the treasury, together with the monies anticipated to come into the Treasury, to the credit of said appropriation are otherwise unencumbered.

Amount Not to Exceed

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Director of Finance  
City of La Mesa

Date: By:

Fund: Dept./Activity:

Purpose: