

**June 24, 2008**

**SUBJECT:** Approval of Budget Modification No. 56 in the Amount of \$63,740 to Cover the Cost of Emergency Repairs to Damaged Buildings due to Fire and Storms

**REPORT IN BRIEF**

Approval is requested of Budget Modification No. 56 in order to cover emergency expenditures of \$63,740 for unforeseen City emergencies over the past fiscal year. First was the Creative Arts Building Kiln Room fire of August 3, 2007 and the second was the storm that occurred on January 4, 2008, which caused damage to the Sunnyvale Office Center, the Public Safety Building and the Indoor Sports Center Gym at the Community Center Complex.

**BACKGROUND**

On the evening of August 3, 2007, the roof portion of the Creative Arts Kiln Room caught fire and caused extensive damage to the interior and roof of the Kiln Room located on the south end of the Creative Arts building. Emergency purchase orders were issued to Kuehne Construction; Weigel Mechanical, Electrical, Plumbing; and Colormasters Custom Painting to provide structural demolition and the necessary repair to the damage caused by the fire. The cost from these contractors, along with City staff time to remediate the damage, came to \$23,823 for this incident.

In the morning hours of January 4, 2008, an intense winter storm caused tree limbs to fall and penetrate a corner section of the Sunnyvale Office Center, Building 600, in three locations. The tree penetrations to the roof and wall areas allowed significant amounts of water to enter and damage the building's interior walls and flooring. Facility Services established emergency purchase orders with W.G. Fritz Construction Co. and Harry L Murphy Flooring to initiate repairs.

Also on the morning of January 4, 2008, the same severe winter storm caused major damage to the aging roof on the east end of the Indoor Sports Center gym located at the Community Center campus. This back area of the gym houses the City's popular gymnastics program and there was considerable concern by parents about the safety of their children either by slipping and falling on the foam floor or through the possible development of moldy

conditions if repairs were not immediate. Facilities abated the water leaks in the short term and established an emergency purchase order with Reinhardt Roofing to replace the back section of the roof. The combined expenditures for the repairs at both the Sunnyvale Office Center and the Indoor Sports Center Gym, along with staff's time, came to \$29,935.

The same storm also created considerable damage to the roof of the Public Safety Building, which developed numerous leaks in the Chief's office, the Men's and Women's Locker Room areas and in the Exercise Room. An emergency call out to Pacific Weather Shield Roof Systems of Campbell was made to plug the leaks and make the necessary repairs to the roof. These expenditures, along with staff time, came to \$9,982 for this incident.

### **EXISTING POLICY**

7.1A.4.4 - Appropriations for capital and special projects shall be limited to the amounts contained on the Budget Resolution for each project. All modifications to project budgets require Council approval.

### **DISCUSSION**

Where possible, multiple emergency bids were solicited from various contractors in order to enhance competition and obtain favorable pricing. Other vendors who currently have open purchase orders with the City were also utilized to help initiate repairs and abate damage to the various City buildings.

### **FISCAL IMPACT**

The total cost for repairing the damage from the Kiln Room fire and the storm is \$63,740. Of this total, \$14,917 is recoverable through a claim with the City's insurance provider. The remaining \$48,823 is the amount the City is responsible for covering. \$23,823 of this is the expense for the Kiln Room fire damage, which is not reimbursable through an insurance claim because the total cost is lower than the deductible. \$25,000 of this represents the deductible for the expense reimbursement for the storm damage.

Staff proposes these expenses be funded from the Infrastructure Renovation and Replacement Fund reserve. Funds are available in this reserve due to projects from FY 2006/2007 that either were completed and had a remaining unspent balance or had sufficient FY 2007/2008 funds that didn't necessitate a carryover of unspent FY 2006/2007 funds. Budget Modification No. 56 has been prepared to appropriate \$48,823 from the Infrastructure Renovation and Replacement Fund reserve to fund these projects, as well as to accept and appropriate revenues in the amount of \$14,917 from the City's insurance claim reimbursement.

**BUDGET MODIFICATION NO. 56  
FISCAL YEAR 2007/2008**

	<b>Current</b>	<b>Increase (Decrease)</b>	<b>Revised</b>
<b>Infrastructure Renovation and Replacement Fund</b>			
<u>Revenues:</u>			
Insurance Claim Reimbursement – Storm Damage at City Facilities	\$0	\$14,917	\$15,273
<u>Expenditures:</u>			
New Project – Kiln Fire at Community Center	\$0	\$23,823	\$23,823
New Project – Storm Damage at City Facilities	\$0	\$39,917	\$39,917
<u>Reserves:</u>			
Infrastructure Reserve	\$11,425,320	(\$48,823)	\$11,376,853

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center, and Department of Public Safety; posting the agenda and report on the City’s Web site; and making the report available at the Library and the Office of the City Clerk.

**RECOMMENDATION**

Staff recommends approval of Budget Modification No. 56 in the amount of \$63,740 to cover unforeseen expenditures related to the Kiln Room fire and the damage to City facilities caused by a severe winter storm.

Reviewed by:

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Prepared by: Tony Perez, Operations Manager, Facilities

Reviewed by:

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Director, Finance

Approved by:

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City Manager