

STAFF REPORT



MEETING DATE:	September 30, 2020
SUBJECT:	Emergency Construction Contract Award and Emergency Delegation of Authority for Building Repairs at 1255 East Street
AGENDA ITEM:	3
STAFF CONTACT:	Daniel S. Little, AICP, Executive Director

SUMMARY

An interior remodel of the SRTA building by the new downstairs tenant revealed extensive mold and dry rot damage to the sheet rock and framing. The damage had been occurring undetected for over a decade due to gradual water intrusion. A series of steps for mold testing and removal of affected elements concluded on August 18, 2020. This resulted in damaged framing, removal of sheet rock, and removal of most of the stucco support in large areas leaving the entire downstairs unfit for occupancy. This also exposed the entire building to further water intrusion and damage during the upcoming wet-weather season.

STAFF RECOMMENDATION:

It is recommended that the board of directors:

1. Adopt the attached resolution which finds an emergency exists such that formal solicitation for bids to repair the SRTA-owned building at 1255 East Street, Redding, will likely result in further substantial damage to the property; and
2. Authorize the executive director authority to award a construction contract for the repairs, and any other actions necessary to stabilize the building from further water intrusion, and repair or replace all affected materials.

Six affirmative votes are required.

DISCUSSION:

Extensive removal of dry wall and stucco support on three sides of the SRTA building has occurred due to recently discovered mold and dry rot. This was due to water intrusion for over a decade caused by poor design and construction of the building's balconies, but also due to substandard window installation and roofing design. The water intrusion was occurring prior to SRTA's purchase of the building, but was not noted in the inspection reports conducted as part of the purchase. The damage was discovered in early July as part of an interior remodel by the new downstairs tenant.

SRTA immediately filed an insurance claim, conducted mold testing, and contracted for specialized removal of affected materials. Each round of abatement uncovered and revealed new impacted areas. The full extent of the damage was not known until August 18, 2020, after which time SRTA worked with the architectural firm of Nichols, Melburg and Rossetto (NMR) under a pre-existing contract to draw up plans for the repairs and apply for building permits.

The necessary scope of repairs includes replacing dry wall, framing, and other damaged materials, and eliminating the causes of water intrusion to prevent additional damage. This requires complete removal of all but one balcony; reframing, resealing, or replacing windows; removal of the architectural walls and monument sign attached to the building; a new roof with redesigned drainage; new stucco, paint and light fixtures; and a new free-standing monument sign.

SRTA has initiated an abbreviated and informal bid process intended to be as competitive as possible while still ensuring the building is stabilized prior to the wet-weather season. Bids are due Monday, September 28, 2020. The apparent low bidder should be announced at the board meeting.

Public Contract Code Sections 1102 and 22050 provide for the finding of an emergency and waiver of competitive bidding requirements. This finding would also delegate authority to the executive director to take reasonable actions necessary to protect and repair the building. Any actions taken under this delegated authority will be reported at each regular meeting of the board of directors until the repairs are complete and the emergency declaration is ended.

ALTERNATIVES

The board may decline to make the emergency finding. More detailed plans and specifications would be prepared and circulated at least 21 days for competitive bidding. The project would be delayed by three to four months. The board could delegate certain actions or reporting requirements to the fiscal committee rather than the executive director.

FISCAL IMPACT

Mold testing and removal of affected materials has cost \$34,126. Architectural and construction support services from NMR is for a fixed fee of \$50,000. The apparent low bidder for construction should be known by the time of this meeting. A standard contingency will be added.

SRTA has insurance coverage for mold; however, an initial denial of coverage was issued September 23, 2020, on the basis that gradual water leaks over time are not included in the policy. Staff and legal counsel are considering appeals or other options.

SRTA can be reimbursed for the repairs over a period of about 20 years as part of depreciation for the entire building through the indirect cost allocation plan. Cash to immediately pay for repairs will come from SRTA's Transportation Development Act (TDA) allocations and the SRTA TDA loan fund.



Daniel S. Little, AICP, Executive Director

RESOLUTION



RESOLUTION NUMBER: 20-10

SUBJECT: Resolution Finding That a Local Emergency Exists, Pursuant to Public Contract Code Sections 1102 & 22050, for Property Owned by The Shasta Regional Transportation Agency (SRTA) at 1255 East Street, Redding, and Delegating Authority to the Executive Director to Complete all Needed Repairs; Prevent Further Water Intrusion; and Replace Affected Items

WHEREAS, Public Contract Code Section 1102 defines an emergency as “a sudden unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services”; and

WHEREAS, Public Contract Code Section 22050(a)(1) states, “In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts”; and

WHEREAS, pursuant to Public Contract Code Section 22050(c)(3), the SRTA Board of Directors shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

WHEREAS, mold and dry rot was discovered in the SRTA building on or around July 1, 2020; and

WHEREAS, SRTA began the process of mold testing and remediation on July 7, 2020; and

WHEREAS, the process of remediation uncovered further affected areas and additional testing making the full extent of damage known by August 18, 2020; and

WHEREAS, the damage and remediation has left the building unfit for habitation on the entire first floor, and vulnerable to further damage with the impending wet-weather season; and

WHEREAS, the application of formal competitive bidding requirements will extend into most of the wet-weather season and expose the building to further substantial damage, and prohibit occupancy at least on the first floor.

NOW, THEREFORE BE IT RESOLVED AND PROCLAIMED by the SRTA Board of Directors that the current condition of the SRTA building is an emergency under Public Contract Code Section 1102.

NOW, BE IT FURTHER RESOLVED, PROCLAIMED AND ORDERED that during the existence of this emergency, the SRTA Board of Directors waives formal competitive bidding requirements pursuant to Public Contract Code Section 22050.

NOW, BE IT FURTHER RESOLVED, PROCLAIMED AND ORDERED that the SRTA Board of Directors delegates authority to the executive director for all necessary acts to stabilize the building from any further water intrusion and repair or replace all affected areas; and

NOW, BE IT FURTHER RESOLVED, PROCLAIMED AND ORDERED that the executive director will report all actions taken under this delegated authority and the SRTA Board of Directors will review the need for continuing this emergency proclamation at every regularly scheduled meeting until the proclamation is terminated by the board.

DULY PASSED AND ADOPTED this 30th day of September 2020, by the SRTA Board of Directors by the following vote:

*AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSE:

*Six affirmative votes required.

Leonard Moty, Chair
Shasta Regional Transportation Agency