



Agenda Item Staff Report

To: Honorable Mayor and Members of City Council
For the Meeting of September 24, 2024.

From: Chris Constantin, City Manager

Prepared by: Daniel Ford, Facilities Manager

Subject: Approve Resolution 2024-67 Authorizing an Emergency Exception to Procurement Regulations, Authorizing the City Manager or Designee to Execute Agreements for the Replacement of the Hot Water Holding Tank at the Recreation Center, and Approving an Expenditure Not to Exceed \$100,000

SUMMARY

This staff report requests the City Council's approval of a resolution to declare an emergency for the immediate replacement of a 320-gallon hot water holding tank at the Recreation Center, which is leaking due to corrosion and poses a significant risk of failure. The tank is critical to the facility's operations, and its rupture could result in the loss of hot water service and damage to nearby electrical infrastructure. In accordance with California Public Contract Code Sections 1102, 22035, and 22050, as well as San Dimas Municipal Code Section 3.30.100, the resolution authorizes an emergency exception to procurement regulations, permits the City Manager or designee to execute necessary agreements, and approves an expenditure of up to \$100,000 to ensure the safety and continued operation of the facility.

RECOMMENDATION

The City Manager recommends the City Council to

- Adopt Resolution 2024-67 authorizing an emergency exception to the procurement regulations in accordance with California Public Contract Code Sections 1102, 22035, and 22050, as well as San Dimas Municipal Code Section 3.30.100. This will authorize the City Manager or designee to execute agreements for the immediate replacement of the hot water holding tank at the City's Recreation Center and approve an expenditure not to exceed \$100,000.

FISCAL IMPACT

Not to exceed \$100,000. The 2024-25 Operating budget includes an allocation of \$400,000 for Recreation Center improvements in account 021.4430.430.005. Given the emergency nature of this item, staff developed the scope of work and identified multiple replacement tanks that meet the parameters of the location to be considered for price comparison. Requests for quotes have been placed and staff are awaiting responses. Current estimates indicate this project will be between \$60,000-\$70,000; however, to ensure authorization is appropriate to not delay the emergency replacement, a higher authorization is requested.

BACKGROUND

The City's Recreation Center relies on a 320-gallon hot water holding tank located in the facility's utility room to provide hot water to showers, sinks, and janitorial closets. Recently, staff discovered that the bottom of the tank has corroded and is leaking. The location and condition of defect can lead to imminent failure releasing a high volume of water into a small utility room. The tank's failure poses a near-term risk not only to the loss of hot water service, which is essential for continued operations, but also to critical equipment located near the tank in the utility room. If the tank ruptures, the resulting water damage could affect electrical infrastructure and pumps, causing significant operational disruption.

California Public Contract Code Section 1102 defines an emergency as a "sudden, unexpected occurrence" requiring immediate action to safeguard life, health, property, or essential public services. This situation qualifies as such an emergency. Furthermore, Section 22035 allows for emergency expenditures without compliance with the usual procurement processes pursuant to the procedures set forth in Section 22050. Section 22050, requires that the City Council find that the emergency will not permit a delay for a formal bidding process and adopt a resolution by four fifths vote in order to proceed with repairs and related actions without a competitive bidding process.

DISCUSSION/ANALYSIS

The corrosion and leak in the hot water holding tank present a serious and immediate risk. The tank is essential to the facility's operations, and failure could cause further damage to the facility's electrical and mechanical infrastructure, creating additional safety hazards and operational downtime. Given the urgency, it is critical that the City proceeds with replacing the tank immediately to prevent further damage and maintain the safe operation of the Recreation Center. Immediate action is necessary to avoid potential facility damage and service disruption. The estimated cost for replacing the tank, including labor, materials, and any incidental repairs, is projected to be under \$100,000.

This staff report recommends the City Council declare this situation an emergency, approve the expenditure, and authorize the City Manager to execute the necessary agreements. Staff are working to obtain quotes for several vendors. Thus, the specific vendor is not known and will be determined when a competitive price is solidified. Currently, staff estimate the cost of the replacement is around \$65,000-\$75,000; however, the actual cost will not be only known once a quote is received. The intent of this action is to authorize the staff to proceed once a quote is received.

ENVIRONMENTAL REVIEW

Pursuant to CEQA guidelines Section 15061(b)(3), CEQA does not apply to this item because there is no potential for causing a significant effect on the environment. Therefore, no additional environmental review is needed at this time.

CONCLUSION

The threat to health and safety as well as the facility necessitate an immediate response.

Respectfully submitted,

Daniel Ford
Facilities Manager

Attachments:

1. Resolution 2024-67 Emergency Exception to Procurement Regulations and Authorizing Contracting