

City of Leon Valley 2012 Bond Program Oversight Committee Meeting August 14, 2015

Chairman Esquivel called the 2012 Bond Program Oversight Committee meeting to order at 5:30 pm. Vice Chairman Yarnell along with Committee Members Jenicek, Zavala, Davis and Dean were present.

Councilperson Sanchez, Councilperson Alcocer, City Manager Hank Brummett, Fire Chief Luis Valdez, Public Works Director Melinda Moritz, Special Projects Manager John Krause, and Police Chief Randall Wallace were also present.

Committee Member Kathy Hill was absent.

A quorum was present.

Chairman Esquivel advised the Committee that because this meeting was called as an emergency meeting with a specific topic, the Committee could only talk about the specific topic. The Chairman advised he received a telephone call from Melinda Moritz about the mold and the two agreed that a meeting needed to take place. The Committee had to wait until today to have the meeting because of posting issues, and the only thing that should have been posted to discuss should have been the mold issue and because of this the Committee will not be discussing the other two posted items.

Vice Chairman Yarnell questioned what the purpose of the agenda was and the Chairman advised the agenda was done in error. The Committee then debated whether the posting of all the items allowed for a discussion of these items to which the Chairman advised that the only item to be discussed would be the mold remediation, because that item needed to be addressed before the next regularly scheduled meeting, and all other items would be handled at the next regularly scheduled meeting.

The Chairman advised that a lack of communication led to all items being placed on the agenda. Committee Member Davis asked who prepared the agenda and since it was prepared with all the items they should be able to discuss all the items. Public Works Director Moritz advised that she prepared the agenda and because she was used to doing it a specific way, she included the other items on it. Vice Chairman Yarnell asked why the agenda was not corrected before it was posted to which Chairman Esquivel advised that today was the first time he saw the agenda.

The Committee had a discussion about posting the agenda, and Councilperson Alcocer asked if the agenda was posted on our website. If the agenda was posted on the website then we comply with the Open Meetings Act and just because no one looked for the agenda, this doesn't negate that fact. The Chairman was asked when he knew about the meeting and Melinda Moritz advised that she spoke with the Chair on Monday and the only item they discussed was the mold issue but she put the other items on the agenda out of habit.

The Chairman was asked how the agenda usually got prepared. The Chairman advised that under the old City Manager, the City Manager would gather information for potential topics and the two would meet to discuss what would be placed on the agenda.

Vice Chairman Yarnell questioned the authority of the Chairman on only allowing the mold topic to be discussed and then made a motion to move the other items to the next regularly scheduled meeting. This motion was seconded by Committee Member Dean.

A vote was called and Committee Member Davis was the only no vote, all other Committee Members voted in the affirmative.

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Project Update – Mold Remediation

The Chairman introduced Public Works Director Melinda Moritz who advised the purpose of this meeting was to alert the Committee that mold had been found in three areas, the Cashiers area, the City Manager's office, and the office of the Finance Director, and of these three the City Manager's office was the one not expected.

Melinda Moritz advised that it was known that the area where the Cashiers were at had mold and during the remediation the conditions of the wall were discovered. Melinda Moritz had also passed out a handout and pointed out pictures of the damage to the Committee.

Vice Chairman Yarnell asked if the damage was on the exterior wall and Melinda Moritz advised yes. Committee Member Davis asked if the wall was made of Masonite to which Project Manager John Krause advised it was Gypsum Board, that the wall was not load bearing, and during the construction of the wall a moisture barrier was not put up. Where there were penetrations in the wall or where there was runoff from the carport the wall needs rehabilitation.

Melinda Moritz advised the Committee that the estimate to repair the wall was \$33,041 but there may be additional charges depending on what is found when the metal studs were exposed at the roof line. Melinda Moritz further advised that \$5,100 had been spent on mold remediation. Melinda Moritz advised that contingency fund had approximately \$30,000 so she would need a budget adjustment of \$30,000 but may make a recommendation to go higher to \$50,000.

Committee Member Davis asked why not go to \$100,000. He also asked if the wall was made of Masonite because there was money available because of failures and the City should look into this. Committee Member Davis further asked if an inspection was done by the building contractor and if yes, why was the damage not found at that time. Melinda Moritz advised she would look into seeing if an inspection by Bartlett Cocke was done prior to their bid.

Chairman Esquivel asked how much of a contingency fund was available for such issues. Melinda Moritz advised that the original contingency was \$123,190 and that only \$30,000 remained. Melinda Moritz explained that most contingency funds are a percentage of the project but in our case the contingency was the amount left over from the original budget of approximately \$6.8 million.

Chairman Esquivel asked what options were available and Melinda Moritz advised there was only one, a budget adjustment. Committee Member Jenicek asked if an estimate on the repairs was done. Committee Member Davis asked why our experienced contractor did not notice the condition of the wall before he gave us his guaranteed maximum pricing.

Committee Member Dean advised that the damage was hidden and he remembered having a small contingency which everyone said would be okay unless they hit mold. Committee Member Jenicek asked if the contract with the contractor covered this type of damage. Vice Chairman Yarnell advised that the original budget was \$6.3 million which was bumped up to \$7.0 million for the election and the remaining \$0.7 million should be part of the contingency.

City Manager Brummett advised the Committee that the Mayor told him the initial budget was \$6.8 million and this was rounded up to \$7.0 million for the purpose of the election.

Vice Chairman Yarnell stated that the contingency was too small. Councilperson Alcocer asked if

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the budget adjustment would be enough to cover repairs to the entire back wall. Melinda Moritz, in referring to her handout, pointed out the damaged areas and those were the only areas needing repair.

Committee Member Davis asked if the \$123,000 contingency was for the entire project or just the phase and Councilperson Alcocer answered that the contingency was for the entire project.

Vice Chairman Yarnell asked if the building was sufficiently opened up so that all damages are visible to which Melinda Moritz advised that unless we poke holes along the entire back, we should be okay.

Committee Member Jenicek read from a email which stated they were going to punch holes looking for additional damages. Melinda Moritz advised that they could punch holes looking for additional damage but this will add additional costs. Melinda Moritz further explained that there is a chance that in 10 years this will not be an issue.

Committee Member Davis commented that there is no way to predict what damage is there unless you tear the wall down, and then you will find the damage.

City Manager Brummett advised that while briefing the Mayor about this is, the Mayor asked if insurance would cover the costs. Upon checking, staff was advised no.

Chairman Esquivel asked if there was a way to poke holes to make sure all damage is found and that would prevent having to go to the Council for repeated budget adjustments. Melinda Moritz stated that the remediation crew did have a machine which did find the mold in the three locations. The machine found no other mold. The Chairman asked if the entire building could be checked so that we do not have to have another meeting.

Vice Chairman Yarnell asked John Krause what his recommendation was. John Krause advised the original project was not constructed in accordance with modern practices. He does not know if the rest of the building has a waterproof barrier because at the time of construction, not much attention was paid to water prevention about this issue.

Chairman Esquivel asked to what degree the City can go to insure there is no more problem. John Krause advised that Melinda was correct, and that drilling holes from the interior we should be able to tell if a water proof barrier was installed and also should be able to find any damage. John Krause went on to further explain that we will put acrylic paint on the exterior, replace the exterior wall where damaged, and the rest of the building should be fine. He does not think there will be a problem, except for what was identified, and believes in 26 years from now there probably will not be a problem. John Krause also stated that in his opinion, most of the construction, except the area in question, is sound.

Vice Chairman Yarnell advised he has trouble sitting here and not being able to solve the problem. He further advised that we needed to make a reasonable effort to make sure there is no other damage in the walls.

Committee Member Zavala advised that the contractor needed to check the area beneath openings and away from those points to see if there is damage. Committee Member Jenicek advised that the contractor needed to poke holes from the interior and target under windows.

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The Chairman asked John Krause his opinion and John advised that it is common to find leaks around windows. In looking at this area, he found no evidence of proper ventilation around the windows, so the primary thing we need to do is seal the windows. In response to the statement made by Committee Member Zavala, John Krause advised that the wall in question was just improperly built. He advised that you can drill holes around the windows and check around the base boards for evidence of leaks. John Krause also recommends checking in 25 places and that would be adequate.

Vice Chairman Yarnell asked why the area was improperly constructed and did advise that we should do whatever it takes.

Melinda Moritz explained to the Committee that the area in question was adjacent to, but not touching the carport which caused water to splash against the wall over the years. Melinda Moritz further explained that the mold in the City Manager's office was caused by a plugged roof drain, the mold in the Finance Directors office was caused by the air conditioner overflowing, and reminded the Committee of the damage in the new Police Department which was caused by a leak from the showers.

Committee Member Davis recommended that throughout the building a four foot strip of interior wall should be cut out and checked because he is distressed about punching holes and using cameras. Melinda Moritz explained that the plan is to cover the areas with a water proof material as part of the fix.

John Krause advised in his opinion cutting a large section of wall is not an option. Once the wall is checked from the interior, the walls will be coated with an acrylic sealer with a 25 year life expectancy. Councilperson Alcocer likened the procedure to a surgery and asked if Committee Member Davis would like to be cut wide open or would he like for the surgeon to use cameras with small holes.

Committee Member Davis advised that since the building has water intrusion, and since he has no recollection on walls breathing, he feels that there can be no visualization of the damage from the small holes. He further stated that in his belief there was no moisture barrier on the wall. Committee Member Davis did advise that he had experience with walls of houses in San Antonio and after pulling of the siding of these houses has never found a moisture barrier. Committee Member Davis further advised that the City should spend what we need to make sure that there are no other issues and did maintain that in order to do our obligation a strip needed to be removed.

Committee Member Dean disagreed with Committee Member Davis and asked if the company has done the mold remediation. Melinda Moritz replied yes, and that the remediation company had a device that punched through the sheetrock and found the mold in question. Melinda Moritz advised that the City can look for areas without a moisture barrier and check if wall is fine, and if not, we can either fix the damaged area or rebuild the entire wall.

Committee Member Zavala advised the Committee that the wall had gypsum board behind the exterior wall and that gypsum does breathe. The recommendation he would give is to make small holes in the wall and use a camera to check for damage. This is because any openings, because of their design, can have moisture introduced.

The Chairman asked if there were any further questions or comments. Vice Chairman Yarnell advised that although we already had an inspection, would the 25 additional holes take care of the

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problem and satisfy our Project Manager to which John Krause answered in the affirmative.

Melinda Moritz did advise the Committee that by the next regular meeting of the Committee, there should be a report available dealing with the studs near the roof.

John Krause reminded the Committee that the \$33,000 does not include poking the holes in the walls and using the cameras to find additional damage. Melinda Moritz advised that if the Committee wanted the holes drilled and a camera used to view any damages, she could pay for this out of the contingency fund and then would be able to come up with a set amount needed to repair the damages.

Vice Chairman Yarnell made a motion to do exploratory to find any additional damages and this was seconded by Committee Member Jenicek.

Councilperson Sanchez asked that before it was brought to Council it would be helpful to have specific information on the contingency amount and how this was spent. The Councilperson advised that while most projects have a typical 5% contingency fund, for our project the contingency was 1.8% and the only way we came up with that amount was because that is what was leftover after the project was value engineered.

John Krause advised that the normal contingency was usually between 5% and 10% and because of our low contingency, we have been hamstrung because we have not had that amount to fall back on if needed.

City Manager Brummett advised the Committee that they had a choice and that they could take the contingency up to any amount and in the future meetings like this may not be needed.

Councilperson Sanchez advised that since we are nearing the end of the project the contingency should be smaller than 5%.

Committee Member Davis asked what happened to the money that the City saved by doing certain things, like the stone out front, and is anyone keeping track of these savings.

John Krause explained that the contractor set a guarantee maximum price and that unforeseen circumstances do not go against this price. John Krause also reminded the Committee that any savings do come back to the City.

City Manager Hank Brummett reminded the Committee that it was important to get a solution quickly.

Melinda Moritz was able to address the comments made by Committee Member Davis about the savings. She advised that with some of the savings we were able to use that money to take care of other issues.

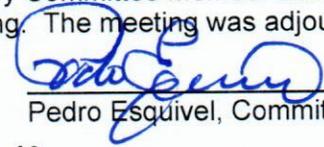
After an initial motion this was amended to establish the contingency fund not to exceed \$80,000. Both the motion and amendment were made by Vice Chairman Yarnell and seconded by Committee Member Jenicek.

Upon asking for a vote, the motion passed unanimously.

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Adjourn

Hearing no further business a motion was made by Committee Member Zavala and seconded by Committee Member Jenicek to adjourn the meeting. The meeting was adjourned at 6:43 p.m.



Pedro Esquivel, Committee Chairman