



Memorandum

To: Members of the Finance Committee

From: Kyle Krewson, Director, Building and Housing Department

cc: Mayor David E. Weiss
Matt Carroll, CAO
William M. Ondrey Gruber, Director of Law
John Potts, Director of Finance

Date: January 15, 2026

Re: **Recommendation to Amend SMCI Contract for Protective Pedestrian Canopy at the Lee Scottsdale Building - 3756 Lee Road**

Summary

The purpose of this memorandum is to explain the need for an amendment to the City's existing contract with Suburban Maintenance & Construction, Inc. (SMCI) to ensure the ongoing use of protective fencing at 3756 Lee Road and to request that the Finance Committee recommend approval of this amendment to City Council.

Background and Public Safety Necessity

In September 2024, the property located at 3756 Lee Road was declared a public nuisance after masonry elements detached from the façade and fell to the public sidewalk, creating an immediate life-safety hazard. Due to the property owner's failure to implement adequate protective measures, the City proceeded with emergency nuisance abatement actions.

Council authorized the SMCI contract on November 26, 2024, with a total not-to-exceed amount of \$100,000. The contract was subsequently amended by Council on August 5, 2025, increasing the total authorized amount to \$150,000, to allow for the purchase of the protective pedestrian canopy and the continued rental of perimeter fencing while a structural assessment and long-term repair strategy were developed. At the time of the amendment, buying out the already installed pedestrian canopy was determined to be the most cost-effective approach, with an estimated break-even point of approximately five months.

As part of the prior amendment, the City elected to buy out certain pedestrian canopy components while continuing to rent the perimeter fencing for an extended duration.

Need for Contract Amendment

In short, the City's original cost assumptions used for setting the not-to-exceed amount of the August 5, 2025 contract amendment did not fully account for additional rental costs that accrued before the prior contract amendment was finalized. Specifically, during a recent reconciliation of invoices and remaining contract balances, staff identified a timing-related forecasting issue associated with the prior contract amendment:

- There was a lapse between when the City first received pricing to buy out the pedestrian canopies and when the amended contract was ultimately executed.
- During that interim period, additional canopy rental costs accrued.
- As a result, funds that had been anticipated to support a longer duration of perimeter fence rental were partially consumed, shortening the remaining rental coverage.

As a result, the existing contract structure does not provide sufficient remaining authority to continue renting the already-installed perimeter fencing, despite the continued need for the fencing as part of the City's nuisance abatement efforts.

Proposed Contract Amendment

The proposed amendment does not expand the scope of work or introduce new equipment. Instead, it would modify the contract to allow the continued rental of the existing perimeter fencing and establish an ongoing six-month rental structure billed at \$3,500 per six-month period, consistent with the previously approved rental rate.

This approach avoids unnecessary removal and reinstallation, provides cost predictability, and aligns the contract structure with the uncertain timeline associated with façade repairs.

The continued need for these protective measures is further complicated by the building's close proximity to high-voltage power lines along Lee Road. These lines currently prohibit maintenance and repair work on portions of the Lee Road façade. Relocation of the power lines will be required before permanent repairs can be undertaken, a process that is complex, coordinated with third parties, and may take several years to complete. As a result, the perimeter fencing and related protective measures must remain in place until these hazards can be fully addressed and permanent repairs to the masonry façade can be completed.

Funding and Cost Recovery

- Funds for this purpose are already appropriated in the City's Nuisance Abatement Fund (Fund 223).
- Consistent with City policy, all costs incurred by the City, including fencing rental costs, will be billed to the property owner, plus a 22% administrative fee.
- Any unpaid amounts will be certified as a lien against the property.

Recommendation

Staff respectfully requests that the Finance Committee recommend approval to Council of an amendment to the existing SMCI contract to allow for an ongoing six-month fencing rental structure until the protective fencing is no longer required. This amendment is necessary to ensure that required public safety protections remain in place while the nuisance conditions at 3756 Lee Road remain unresolved.