



July 1, 2025

City of Palm Desert  
73-510 Fred Waring Dr.  
Palm Desert, CA 92260  
Attn: Chris Escobedo, Interim City Manager

Dear Chris,

I hope this letter finds you well. I'm writing to you regarding the Palm Desert Community Center Renovation project, a project I've been delighted to collaborate on with the City of Palm Desert. As we're nearing the final close-out of this significant renovation, our team at the Desert Recreation District has been carefully reviewing all project expenditures and reimbursements.

In doing so, we've identified a few items related to **foundation and civil work** that were not fully captured in our initial reimbursement discussions. As you know, our lease agreement specifies that the cost of HVAC replacement, roofing, and foundation repair are to be funded by the City.

I wanted to bring these items to your attention, so that we can cooperatively come to an agreement for resolution and achieve a smooth project closure:

- **Original Foundation Scope:** In September 2023, during discussions about construction costs, we inadvertently omitted the cost of the **demolition and replacement of the foundation** from the original scope of work. This work, referred to as Bid Category 3, covered the demolition and installation of foundation slabs in the Community Room, the Men's Restroom/Locker Room, and the Women's Restroom/Locker Room, as detailed on Foundation Plan S2.01. The cost for this specific work totaled **\$253,000**; however, this was not clearly communicated as the City's responsibility at that time.
- **Civil Work for ADA Compliance:** Similarly, a cost of **\$70,785** was incurred for installing civil work within the City's right-of-way, which was essential to comply with ADA guidelines. This item was also unintentionally left out of early discussions regarding the City's financial responsibility.

- **Additional Foundation Repairs:** During the course of construction, we encountered some additional needs related to the foundation. Specifically, **additional concrete work** was required to ensure the structural integrity of the restrooms and to address latent deficiencies in the foundation resulting from demolition adjacent to the lobby. This work, totaling **\$49,874**, was negotiated with the contractor and authorized jointly through a series of change orders.

While our early correspondence indicated that the City's responsibility for foundation moisture mitigation and repairs would be \$35,000, our current calculations, which include the items detailed above, show the **actual total cost** of the City's responsibility for the foundation and civil work associated with the project to be **\$373,659**.

Since the City has already kindly repaid the District from its own funds for a **\$35,000** portion of that obligation, we are now respectfully requesting an **additional reimbursement of \$338,659**, either to be reduced from the amount of the District's loan obligation or repaid directly by the City. This amount represents the true expense for the foundation and civil improvements, and I sincerely apologize for neglecting to identify this as the City's responsibility during budget discussions. A chart representing the total cost of this project is included on Page 3.

Please do not hesitate to reach out if you need any additional information or have any questions regarding this request. I truly appreciate your continued partnership and consideration in closing out this important community project.

Warm regards,



Kevin Kalman  
General Manager  
Desert Recreation District

City of Palm Desert		Desert Recreation District		
Description	Total	Description	Total	
Holt	\$ 717,763.00	Holt	\$ 717,763.00	
Tilden-Coil	\$ 1,011,359.00	Tilden-Coil	\$ 1,011,359.00	
Sub-Contractors	\$ 5,351,820.18	Sub-Contractors	\$ 5,013,161.18	
Other (Services/Supplies)	\$ 56,274.30	Other (Services/Supplies)	\$ 56,274.30	
Plan Check Fees	\$ 53,619.05	Plan Check Fees	\$ 53,619.05	
Asbestos/Lead Paint Report	\$ 10,575.00	Asbestos/Lead Paint Report	\$ 10,575.00	
Mold Assessment/Clearance	\$ 3,770.00	Mold Assessment/Clearance	\$ 3,770.00	
Foundation/Floor Moisture Report	\$ 3,172.50	Foundation/Floor Moisture Report	\$ 3,172.50	
Legal Fees	\$ 28,391.50	Legal Fees	\$ 28,391.50	
FF&E*	\$ 73,738.15	FF&E*	\$ 73,738.15	
<b>Sub-Total DRD</b>	<b>\$ 7,236,744.53</b>	<b>Sub-Total DRD</b>	<b>\$ 6,898,085.53</b>	<b>\$ 338,659.00</b>
City HVAC Units & Installation	\$ 706,463.75	City HVAC Units & Installation	\$ 706,463.75	
City-Roofing	\$ 636,995.00	City-Roofing	\$ 636,995.00	
City-Foundation	\$ 35,000.00	City-Foundation	\$ 373,659.00	
<b>Sub-Total City</b>	<b>\$ 1,378,458.75</b>	<b>Sub-Total City</b>	<b>\$ 1,717,117.75</b>	<b>\$ (338,659.00)</b>
<b>Total Improvements</b>	<b>\$ 8,615,203.28</b>	<b>Total Improvements</b>	<b>\$ 8,615,203.28</b>	

\*Not reimbursable from bonds

\*Not reimbursable from bonds