

APPROVED

REPORT OF GENERAL MANAGER

JUN 07 2006

NO. 06-135

DATE June 7, 2006

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: RESCISSION OF AWARDS TO CONTRACTORS FOR PROPOSITION K PROJECTS AND AUTHORIZATION TO THE GENERAL MANAGER TO EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF RECREATION AND PARKS, THE DEPARTMENT OF GENERAL SERVICES, AND THE BUREAU OF ENGINEERING FOR PROPOSITION K WORK AS NEEDED TO OBLIGATE FUNDS BEFORE JUNE 30, 2006

J. Combs _____	J. Kolb _____
H. Fujita _____	F. Mok _____
S. Huntley _____	K. Regan _____
B. Jensen _____	*M. Shull <u>ms</u>

Robert H. Jensen (fa)
General Manager

Approved

Disapproved

Withdrawn

RECOMMENDATION:

That the Board:

1. Authorize the General Manager to rescind the award of any construction contract awarded during the remainder of this fiscal year, funded in whole or in part by Proposition K, if the contractor has not executed a written contract with the City, and provided the required payment and performance bonds and proof of adequate insurance coverage, within ten (10) days of the contract and bond forms being delivered to the contractor, but in no event later than June 23, 2006; and,
2. After rescission of any such award, authorize the General Manager to execute a Memorandum of Understanding (MOU) on June 26, 2006, for the construction of that project with the Department of General Services (GSD) and with the Bureau of Engineering (BOE) for construction management substantially in the form on file in the Board Office in each case to incorporate the scope of the project from the contract for which the award has been rescinded, subject to the approval by the City Attorney as to form.

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SUMMARY:

Proposition K is a Los Angeles City approved proposition which assesses owners of residential property \$25,000,000 per year for 30 years to be spent on park improvement projects. One significant condition of this funding requires that money for project construction identified in a particular fiscal year must be obligated by way of an executed contract, prior to the end of the fiscal year. This fiscal year ends June 30, 2006. If the funds are not obligated, the assessment must be reduced by that amount, and the funds are forever lost to the City for any purpose.

In June 2006, the Board of Recreation and Park Commissioners will vote to award four (4) Proposition K funded construction projects to the lowest responsible and responsive bidder. Per the bid document, the General Contractor will be required to provide the Department with payment and performance bonds, proof of insurance and appropriate licensing, and to execute the Contract between the City and the General Contractor for the work within ten (10) days of receipt of the contract and bond forms from the Board Secretary.

If the General Contractor(s) awarded any of the four (4) Prop K projects and are unable to obtain and provide the City with the necessary payment and performance bonds and insurance, and execute the contract within the ten (10) days allotted for this effort, there may be insufficient time for another Board meeting to be held to rescind the award and award the contract to another entity.

As a result, the Department believes that a contingency plan is necessary in the unlikely event that any of the General Contractors are unable to timely execute the Contract Agreement. The proposed contingency plan consists of authorizing the General Manager to execute an MOU between GSD, RAP, and BOE, which would formally obligate the funds and transfer construction of the project to GSD, whose construction division has successfully completed many projects of varying scope for RAP.

A sample MOU is provided as Attachment A and a listing of the Proposition K Contracts which remain unexecuted is provided in Attachment B.

FISCAL IMPACT STATEMENT:

There is no anticipated immediate fiscal impact to the Department's budget. The assessments of the future operations and maintenance costs have yet to be determined.

Prepared by Gino Ogtong, Management Analyst II, Planning and Development.