

REPORT OF GENERAL MANAGER

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NO. 06-321

SUMMARY:

On September 21, 2005, the Board approved the award of a construction contract in the amount of \$7,639,100 to Los Angeles Engineering, Inc., under Board Report No. 05-237 for construction of the Taylor Yard Phase II – New Park Development (#1202S) (W.O. #E1904346), located at 1900 North San Fernando Road, Los Angeles, CA 90065-1266. Contract No. 3165 was executed on October 20, 2005. This project (Phase II) provides for the development of the 40-acre State-owned park site. The City of Los Angeles has leased 20 acres of the Taylor Yards property through a lease agreement with the State. The State of California Department of Parks and Recreation plans were included as part of this bid package. The State's plans were listed as a separate bid item in the documents and are being funded through a grant agreement with the State of California's Department of Parks and Recreation that was previously approved by the Board on June 1, 2005 (Board Report No. 05-148).

The following seven City Deductive Alternates were not exercised in the original contract due to an estimated funding shortfall:

1. Four basketball courts and two tennis courts including, lighting, fencing, and bleachers (Deductive Alternate No. 1 – \$210,000)
2. Sports field lighting for the multi-purpose synthetic turf field (Deductive Alternate No. 2 - \$80,000)
3. Sports field lighting for the four junior soccer fields (Deductive Alternate No. 3 - \$174,000)
4. Sports field lighting for the baseball and softball fields (Deductive Alternate No.4 - \$140,000)
5. Children's play area (Deductive Alternate No. 5 - \$300,000)
6. Splash pad (Deductive Alternate No. 6 - \$200,000)
7. Park office/community building (Deductive Alternate No. 7 - \$850,000)

However, since the original contract award, funding has been identified and the exercise of City Deductive Alternates 1, 2, 3, 4, 5, and 6 were awarded as authorized by the Board pursuant to Board Report Nos. 06-17 and 06-178. The price of the remaining City Deductive Alternate No. 7 as listed in the bid was guaranteed by contract for 120 days after execution from the date of the contract and expired on February 17, 2006. Staff is now in the process of re-negotiating the price of City Deductive Alternate No. 7 and has confirmed that the price will not exceed \$1,100,000. This

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represents a proposed increase of \$250,000 from the price submitted in the original bid. The original bid price is now over one year old. The price escalation is due mainly to the general increase in cost of building materials, particularly, concrete and steel. It is highly likely the cost of this building will continue to rise should we not move forward at this time with this change order. Staff firmly believes that by constructing this building by change order, it provides the most benefit in time and costs to the City.

To date, there have been a total of \$1,270,128 in change orders agreed to on this project. Of that amount, \$1,067,317 was used to award City Deductive Alternate Nos. 1, 2, 3, 4, 5 and 6. Therefore, the actual change order value resulting from errors, omissions and unforeseen conditions is \$202,811, which represents only 2.7% of the original contract. This is significantly less than the 10% to 15% normally expected on a project of this scale.

The park office/community building is approximately 2,500 square feet consisting of public restrooms, a 1,000 square foot community room, storage, and park office space. This building represents the final piece of the project to be completed and is critical to operations and maintenance of the park.

Additional funds from Proposition 40 Per Capita (\$350,000) and Proposition 12 Per Capita (\$302,015), pending approval by City Council, have recently been identified to cover the funding gap necessary to complete construction of the building. The remaining balance is coming from funds contained within the project contingency. Sufficient contingency funds will still exist to cover any unanticipated issues that may arise during completion of the balance of contract work. The availability of the additional Proposition 12 and 40 funds (\$652,015) required to fully fund the project is contingent upon the receipt of the funds from the State. Upon final City Council approval of the funds and issuance of a Notice to Proceed to the contractor, the Department will request these funds from the State. Pursuant to this Board Report, when the additional funds are received from the State, they will automatically be appropriated to this project and payments will be expended to the extent of such appropriation, subject to the terms and conditions of the contract. The contractor will not be required to do any work in excess of the amount of the current funding, plus any additional funding appropriated by the City, if any, for this project. When the additional Proposition 12 and 40 funds are received from the State, the contractor will be notified and the contractor shall be required to complete all contract work for Deductive Alternate No. 7.

The project has been in construction for approximately 11 months. The contractor has completed approximately 90% of the work with no significant issues, and the project is approximately two months ahead of schedule. It is the intent of the Contractor to complete this work by March 21, 2007, which is the original completion date of this project; however, it is likely the Department will take beneficial occupancy of the park in advance of March 21, 2007 with exception to the park office/community building. In the event this occurs, the necessary safety precautions will

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be taken to secure the construction area around the building to allow for the community to enjoy the many other amenities contained in their new 40-acre park.

FISCAL IMPACT STATEMENT:

The Department is in negotiations with State Parks for a collaborative approach to maintaining the forty-acre park and will be coming back to the Board under a separate report outlining the agreed terms and conditions of the maintenance agreement. Furthermore, the Department did receive initial maintenance funding in the 2006-2007 budget and is preparing a full 2007-2008 budget request for operations and maintenance for the 20 acres of leased parkland including the park office/community building.

This report was prepared by Michael A. Shull, Superintendent, Planning and Development.