

APPROVED

12-14-2016

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 16-245

DATE December 14, 2016

C.D. 3

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: WOODLAND HILLS RECREATION CENTER – PARK RENOVATIONS (PRJ20090) (W.O. #E1907454F) PROJECT – ACCEPTANCE OF STOP PAYMENT NOTICE AND ACCEPTANCE OF RELEASE OF STOP NOTICE BOND TO MONEY WITHHELD ON STOP PAYMENT NOTICE ON CONSTRUCTION CONTRACT NO. 3515

AP Diaz _____	V. Israel _____
<i>Jes</i> R. Barajas <u>CSD</u> _____	K. Regan _____
H. Fujita _____	N. Williams _____

Ramon Barajas for
General Manager

Approved ✓ Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Direct staff to withhold the amounts claimed in the following Stop Payment Notice, plus an additional sum equal to 25% thereof, to defray any costs of litigation in the event of court action, if said amount of said funds are available;
2. Accept the Release of Stop Notice Bond on money withheld on Stop Payment Notice, filed by Royal Construction Corporation, general contractor for Woodland Hills Recreation Center – Park Renovations (PRJ20090) (W.O. #E1907454f) Project; and,
3. Direct the Board Secretary to notify the contractor, surety, and other appropriate parties that the Stop Notice was accepted, and that the Release of Stop Notice Bond on money withheld was also accepted.

STOP PAYMENT NOTICE

The Department of Recreation and Parks (RAP) is in receipt of a legal notice to withhold construction funds, pursuant to California Civil Code Sections 8520, 8530, and 9350, on the following contract, dated October 25, 2016:

<u>Contract 3515</u>	<u>CD 3</u>	
Woodland Hills Recreation Center – Park Renovations (PRJ#20090) (W.O. #E1907454F) Project	Construction Status: Construction	Project Impact: none
General Contractor:	Royal Construction Corporation	Claimant: Armstrong & Aceves Company, Inc.
Amount:	\$251,419.40	

BOARD REPORT

PG. 2 NO. 16-245

RELEASE OF STOP NOTICE BOND ON MONEY WITHHELD ON STOP PAYMENT NOTICE

On November 9, 2016, RAP received the following Release of Stop Notice Bond on money withheld on Stop Payment Notice filed by Royal Construction Corporation, which releases the Board from any and all liability for withholding funds from the general contractors or the sureties:

Contract 3515 CD 3

Woodland Hills Recreation Center – Park Renovations (PRJ20090) (W.O. #E1907454F)
Project

General Contractor:	Royal Construction Corporation	Surety:	The Guarantee Company of North America USA
Stop Notice Claimant:	Armstrong & Aceves Company, Inc.	Amount of Bond:	\$314,274.25

Construction Status: Construction

Project Impact: none

The Bond was filed in accordance with California Civil Code Section 9364, which states, (a) A public entity may, in its discretion, permit the direct contractor to give the public entity a release bond. The bond shall be executed by an admitted surety insurer, in an amount equal to 125 percent of the claim stated in the stop payment notice, conditioned for the payment of any amount the claimant recovers in an action on the claim, together with court costs if the claimant prevails, and b) On receipt of a release bond, the public entity shall not withhold funds from the direct contractor pursuant to the stop payment notice.

FISCAL IMPACT STATEMENT

Acceptance of the Stop Payment Notice and the Release of Stop Notice Bond on money withheld on Stop Payment Notice has no impact on the RAP's General Fund, as monies were previously appropriated for this project.

This Report was prepared by Iris Davis, Commission Executive Assistant I, Board Office.

ATTACHMENTS

1. Stop Payment Notice
2. Release of Stop Notice Bond

3515

STOP PAYMENT NOTICE

LEGAL NOTICE TO WITHHOLD CONSTRUCTION FUNDS
(Public or Private Work of Improvement)
(Per California Civil Code Section 8520, 8530 & 9350)

To: City of Los Angeles Department of Parks and Recreation
(Name of owner, public entity or construction lender)
221 N Figueroa Street Suite 350
(Address, if directed to a bank use address of branch holding fund)
Los Angeles, CA 90012
(if directed to public entity, to the department or officer whose duty it is to make payments)

Project: Woodland Hills Recreation Center
(Name)
Park Renovation W.O. E1907454 Contract 3515
(Street Address or Legal Description)
5858 N. Shoup Ave., Woodland Hills, CA 91367

Name and address of the Project Owner (or reputed owner): City of Los Angeles Department of Parks and Recreation
221 N Figueroa Street Suite 350, Los Angeles, CA 90012
Name and address of the Direct Contractor: Royal Construction Corporation
11680 Goldring Road, Arcadia, CA 91006
Name and address of the Construction Lender (if any): _____

TAKE NOTICE THAT Armstrong & Aceves Company, Inc. (Claimant)
(Legal name of the person or firm claiming the stop payment notice)
whose address is 3299 Horseless Carriage Dr. Suite H, Norco, CA 92860
(Address of person or firm claiming stop notice)

has performed labor and furnished materials for a work of improvement described above as Project. The relationship of the Claimant to the other parties is: Sub-Contractor
The work furnished by claimant is: Roofing and Sheet Metal Work
(generally describe labor, service, equipment, or material furnished or agreed to be furnished by claimant)
The labor and materials were furnished at the request of the following party: Royal Construction Corporation

Total value of the whole amount of labor and materials agreed to be furnished is	\$ 466,976.00
The value of the labor and materials furnished to date is: 10/31/16	\$ 434,226.00
Claimant has been paid the sum of:	\$ 182,806.60
and there is due, owing and unpaid the sum of:	\$ 251,419.40

You are required to set aside sufficient funds to satisfy this claim as provided by law. You are also notified that claimant claims an equitable lien against any construction funds for this project which are in your hands.

Dated 11/08/16
NAME: Armstrong & Aceves Company, Inc.
(Name of stop notice claimant)
By: [Signature]
(Owner or agent of stop notice claimant must sign here and verify below)
Authorized Capacity: Project Accountant

VERIFICATION
I, the undersigned, state: I am the Project Accountant of the claimant named in the
(Title - "President", "Partner", "Owner", "Agent", etc.)
foregoing Stop Notice; I have read said Stop Notice and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
Executed on November 8, 2016, at Norco, California.
(Date this document was signed) (name of city where stop notice signed)
By: [Signature]
(personal signature of the individual who is swearing that the contents of the stop notice are true)

ISSUED IN TWO (2) ORIGINAL COUNTERPARTS

RELEASE OF STOP NOTICE BOND
(Public Works)

BOND NO: SU1142534

\$ 4,387.00 premium is for
a term of (1) ONE year(s)

KNOW ALL MEN BY THESE PRESENTS:

That we, ROYAL CONSTRUCTION CORPORATION, as Principal,
and THE GUARANTEE COMPANY OF NORTH AMERICA USA, a corporation organized and doing business
under and by virtue of the laws of the State of MICHIGAN and duly licensed to conduct
a general surety business in the State of California as Surety, are held and firmly bound unto
CITY OF LOS ANGELES DEPARTMENT OF PARKS AND RECREATION

as Obligee, in the sum of FOUR HUNDRED THIRTY EIGHT THOUSAND SEVEN HUNDRED NO/100

(\$ 438,700.00) Dollars, for which payment, well and truly to be made, we bind ourselves, our heirs,
executors and successors, jointly and severally firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT, WHEREAS, the above named Principal has been
furnished labor and/or materials by ARMSTRONG & ACEVES COMPANY, INC.

against which there is still unpaid the sum of THREE HUNDRED FIFTY THOUSAND NINE HUNDRED SIXTY NO/100

(\$ 350,960.00) Dollars, in connection with construction of SUBCONTRACTOR - ROOFING AND SHEET METAL
AT WOODLAND HILLS RECREATION CENTER - 6858 N. SHOUP AVE. WOODLAND HILLS, CA 91367

WHEREAS, ARMSTRONG ACEVES COMPANY, INC., claimant, has filed a verified claim
and Stop Notice covering labor and/or materials, and has requested said Obligee to withhold funds and whereas said
Principal desires to have funds released, said Principal is required to file an undertaking in the sum of FOUR
HUNDRED THIRTY EIGHT THOUSAND SEVEN HUNDRED NO/100

(\$ 438,700.00) Dollars, being one and one quarter (1 1/4) times the amount of the said claim as required
under Section 9364, of the Civil Code of the State of California.

NOW, THEREFORE, the condition of this obligation is such, that if the Claimant in this matter shall receive
judgement in any action brought on said claim, the Principal shall pay said judgement and costs to Claimant, in
an amount not exceeding the sum specified in this undertaking, then this obligation shall be null and void; otherwise
to remain in full force and effect.

IN WITNESS WHEREOF, the seal and signature of said Principal is hereto affixed and the corporate seal and the
name of the said Surety is hereto affixed and attested by its duly authorized Attorney-in-Fact at

SAN FRANCISCO, California, this 3RD day of NOVEMBER, 2016 YEAR

ROYAL CONSTRUCTION CORPORATION
Principal

THE GUARANTEE COMPANY OF NORTH AMERICA USA
Surety

By: [Signature] HANSON HO

By: [Signature]
KEVIN E. CHAMBERS
Attorney-in-Fact

ISSUED IN THREE (3) ORIGINAL COUNTERPARTS

BOND RIDER

ATTACHED TO AND FORMING A PART OF:

Bond No.: SU1142534

Principal: ROYAL CONSTRUCTION CORPORATION

Obligee: CITY OF LOS ANGELES DEPARTMENT OF PARKS AND RECREATION

Surety: THE GUARANTEE COMPANY OF NORTH AMERICA USA

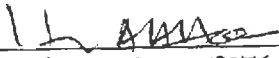
Effective NOVEMBER 9TH, 2016, it is agreed that:

THE BOND AMOUNT HAS DECREASED FROM FOUR HUNDRED THIRTY EIGHT THOUSAND SEVEN HUNDRED NO/100 (\$438,700.00) TO THE REVISED AMOUNT OF THREE HUNDRED FOURTEEN THOUSAND TWO HUNDRED SEVENTY FOUR 25/100(\$314,274.25).

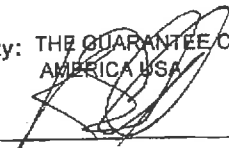
Nothing herein contained shall be held to vary, waive, alter, or extend any of the terms, conditions, agreements or warranties of the above mentioned bond, other than stated as above. Provided, however, that the liability of the company under the attached bond as changed by this order shall not be cumulative.

Signed this 29TH day of NOVEMBER, 2016

Principal: ROYAL CONSTRUCTION CORPORATION


By: HANSON HO, PRESIDENT

Surety: THE GUARANTEE COMPANY OF NORTH AMERICA USA


KEVIN E. CHAMBERS Attorney-in-Fact

PRODUCER: PHILIP E. VEGA
534 E. BADILLO ST.
COVINA, CA 91723