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CITY OF LOS ANGELES  
Department of Recreation and Parks

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TO: BOARD OF RECREATION AND PARK COMMISSIONERS  
FROM:   
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General Manager  
SUBJECT: STATUS OF CAPITAL IMPROVEMENT PROJECTS THAT ARE UNDER OR  
SHORT FUNDED

Introduction

A number of capital improvement projects for the Department of Recreation and Parks (RAP) and managed by the Bureau of Engineering (BOE) are under or “short” funded for various reasons. Under or short funded projects are projects with identified potential shortfalls in which design and construction cannot be completed due to lack of funds for the life of the project, whether through a single fiscal year or multiple fiscal years. It should be noted that most of the projects are funded as a “lump sum”, i.e., a total funding amount over the life of a project, such as is the case with State funded projects (Propositions 12, 40, 84) and Federally funded projects. Although Proposition K funds are approved by fiscal year, the overall funds available for specified Proposition K projects are determined in the measure. Currently, there are 28 projects with funding needs of approximately \$55 million. Until the projects are actually advertised and bids are received, the actual shortfall amount is only an estimate, however, RAP and BOE try to identify funds to make up shortfalls prior to advertising a project whenever possible.

RAP and BOE are working with the Offices of the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), the various Council Districts, and the Mayor to address the project shortfalls. A Project Shortfall List is updated regularly and submitted to the CAO for discussion and consideration of possible funding sources. Various fund sources (Quimby, Sites and Facilities, General Funds, State bond funds, CDBG, etc...) are used to make up project shortfalls when such funds are available. Attached is the list of RAP projects which have been identified to have shortfalls/potential shortfalls.

Discussion

Capital improvement projects managed by BOE are initiated by requests from RAP Planning and Construction Division or by the City Council approval of project funds for the Proposition K or other funding programs. When the project is initiated, BOE evaluates the project description and available funding amount. Project shortfalls are identified when more detailed information is known about the project through research and studies including environmental review,

known about the project through research and studies including environmental review, geotechnical studies, structural and other code compliance evaluations, and other site specific evaluations.

The most common reasons for project shortfalls are the following: (1) shortfall due to insufficient funds at project inception; (2) shortfall due to adjustments to the project's scope of work; and (3) shortfall due to unforeseen conditions.

*Shortfall Due to Insufficient Funds at Project Inception*

Examples of projects with insufficient funds at project inception are some Proposition K Specified projects. The Proposition K measure was approved by the voters in November 1996 and in the measure, there are 183 specified projects. For the specified projects, the measure contains both project specific description of work and funding amounts. In some cases, a project may be listed for the construction of a new gym for \$3 million or the construction of a new swimming pool for \$2.5 million. Where projects may have been sufficiently funded in 1996, these funding amounts are no longer reasonable in the current construction climate. Some projects require the acquisition of land for the construction project. The funding amounts listed in the measure for acquisition may no longer be feasible for the current market. While Proposition K specified projects qualify for interest and inflation funds, it is often insufficient to make up for the full project shortfall due to the time which has elapsed since its inception, and the limitations on interest and inflation funds availability. Requests for available interests and inflation funds are submitted to the CAO for recommendation to the L.A. for Kids Steering Committee and approval by the City Council.

*Shortfall Due to Scope Adjustments*

The current Fiscal Year 2009-10 is the 13<sup>th</sup> year of the Proposition K Program. Each year, only a limited number of projects are recommended for funding through the Regional Volunteer Neighborhood Oversight Committee (RVNOC) process and approved by the City Council. These funds total \$25 million for all projects including non-Recreation and Parks projects. Scope adjustments occur when the initial project description from 1996 no longer meets the needs of the park or when code requirements add additional scope to the project. Since the projects were not all funded in the first year of the program, the original project description may now need to be expanded to accommodate the current needs of the park or may now need to comply with new code requirements and/or ordinances that were not in effect or were not considered to be required in 1996.

*Shortfall Due to Unforeseen Conditions*

Shortfalls due to unforeseen conditions are most common in renovation projects and in new site development projects. Renovation projects require a thorough investigation of the existing facility. In some cases, as-built drawings may not be available or may not fully provide the actual construction condition of the facility. Additional structural, mechanical, and/or electrical upgrades may not be found until the walls are opened during construction. For new site development projects, unknown soil conditions and possible soil contaminations issues may not

be found until after the project is initiated and the geotechnical investigation has been performed. Thorough recommendations for site stabilization, foundation footing requirements, or soil clean-up may not be available until the site is acquired.

The L.A. for Kids Steering Committee and RAP staff are informed when projects are identified to have funding shortfalls. Projects with shortfalls are regularly added to the Project Shortfall List and submitted to the CAO for discussion and funding strategy consideration and project specific reports are provided to the Committee. In the future, the updated shortfall list will also be provided to the Board as soon as it is updated to ensure that the Board is fully aware of all identified funding shortfalls.

This report was prepared by Cathie Santo Domingo, Project Manager, and Neil Drucker, Program Manager, Recreational and Cultural Facilities Program, Bureau of Engineering, and reviewed by Susan Huntley, Recreation and Parks Grants Administration.