

APPROVED
MAY 16 2012

REPORT OF GENERAL MANAGER

NO. 12-139

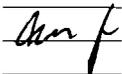
DATE May 16, 2012

BOARD OF RECREATION
& PARK COMMISSIONERS

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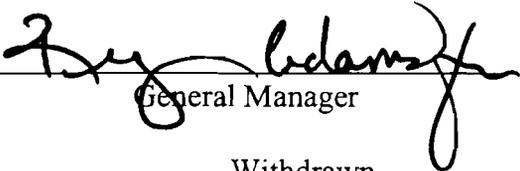
BOARD OF RECREATION AND PARK COMMISSIONERS

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, 2012

R. Adams	_____	K. Regan	_____
H. Fujita	_____	*M. Shull	
V. Israel	_____	N. Williams	_____

Approved _____

Disapproved _____


General Manager

Withdrawn _____

RECOMMENDATIONS:

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 (see attached), 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 26, 2012; and
2. After rescission of any such award, authorize the General Manager to execute a Memorandum of Understanding (MOU) on June 29, 2012, 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the Board Office, in each case to incorporate the scope of the project from the contract for which the award has been rescinded, subject to the approval of the City Attorney as to form.

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SUMMARY:

Proposition K is a City of Los Angeles approved proposition, which assesses owners of residential properties \$25,000,000 per year for thirty (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. The current fiscal year ends June 30, 2012. If all of the funds are not obligated prior to June 30, 2012, the assessment must be reduced by the amount not obligated, and these funds will be forever lost to the City for any purpose.

On June 2012, the Board of Recreation and Park Commissioners will vote to award two (2) 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 either of the two (2) Proposition K projects are unable to obtain and provide the City with the necessary payment, performance bonds, and insurance, and to execute the contract, within the ten (10) days allotted for this effort, but in no event later than June 26, 2012, there would 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 their respective Contract Agreements. The proposed contingency plan consists of authorizing the General Manager to execute an MOU between RAP, GSD 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 list of the Proposition K Projects which remain unexecuted is provided in the Attachment.

FISCAL IMPACT STATEMENT:

There is no anticipated fiscal impact to the Department's budget by transferring as many as two (2) Proposition K contracts from private contractors to GSD as it is anticipated that GSD could perform the contracts for the amount bid.

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This report was prepared by Cathie Santo Domingo, Project Manager, Recreational and Cultural Facilities Program, Bureau of Engineering (BOE). Reviewed by Neil Drucker, Program Manager, Recreational and Cultural Facilities Program, BOE; Deborah Weintraub, Chief Deputy City Engineer, BOE; and Michael A. Shull, Superintendent of Planning, Construction and Maintenance Division, Department of Recreation and Parks.

ATTACHMENT

Project Name

Work Order No.

- 1 Los Angeles Riverfront Park – Phase II
- 2 Palms Recreation Center – Soccer Field

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